



Employees are required to complete a range of mandatory training modules throughout the year. In 2021, such modules were completed by 99.6% of all employees within the Group.

There are also policies that apply to the business as a whole and govern our operations, including:

- Data Protection and Retention policies to ensure that the Group protects its customer data and manages and retains it fairly and appropriately.
- Conduct Risk Framework, including treating customers fairly to ensure that the Group conducts its business fairly and without causing customer detriment.
- Conflicts of Interest Policy to ensure that the Group can identify and, if possible, avoid conflicts, and where this is not possible, to manage conflicts fairly.

Customer engagement

We take a personal approach to our customers, treating each customer as an individual and listening to their needs.

Many of our customers are also members of the Kent Reliance Provident Society (KRPS or the Society), the Society formed from the membership of the former Kent Reliance Building Society. OSB and the Society have benefitted from member engagement through the online 'portal' launched late in 2015, enabling input from a geographically broader range of members. During 2021, two major studies were undertaken, assisting the Bank to understand opinions of savers.

Customer complaints

Whilst we concentrate on providing an excellent service, when things go wrong, we aim to put them right and learn from any mistakes made.

- Complaints Handling Policy – ensures that the Group responds to complaints swiftly, fairly and consistently and that customers' concerns are taken seriously. We investigate complaints competently, diligently and impartially, supported by appropriately trained employees. Through the Operations Committee, management information on complaints is collected and reported on a regular basis to the Board and other relevant Committees (as appropriate) for them to consider if additional actions are required. Root cause analysis is used to identify and solve underlying issues rather than apply quick fixes.

Employees

The skills, expertise and commitment of our colleagues have always been fundamental to the achievement of our strategic goals.

Despite the pandemic-related challenges, throughout 2021, we continued to invest in training, development and employee engagement activities in order to ensure that the Group provides a compelling and attractive employee proposition both for our existing employees and for candidates considering joining the Group.

Inevitably, a large proportion of employee communications during 2021 continued to relate to the pandemic, including guidance to ensure the safety of those employees who, due to the nature of their roles, were required to work from our office and branch locations. In addition, regular guidance and support was provided for employees who were required to work from home for considerable periods of the year.

When office working restrictions relaxed, a significant project was progressed developing and implementing the Group's approach to hybrid working. This approach provides ongoing flexibility for the vast majority of employees and allows them to split their working week between their office and home, reflecting broader global trends. The ability to fully embed our hybrid working approach was somewhat curtailed by the government's work from home guidance being reintroduced in late 2021; however, it will remain a key area of focus in the future.

The pandemic-related office working and travel restrictions inevitably caused challenges for managers in developing face to face relationships with new employees. Whilst this was a challenge that all employers faced, it was magnified throughout the Group as a significant number of managers have had teams spread across different geographical locations as a result of the Combination with CCFS and the related restructuring activities associated with the progression of Target Operating Models.

Recruitment

The Group's Talent Acquisition team ensures that across all locations, an internal recruitment specialist partners with each hiring manager, in order to provide them with bespoke support in attracting high quality candidates for vacant positions and, through robust interview and selection processes, assist them in making strong recruitment decisions.



Social responsibility (Continued)

The Group's recruitment demands increased significantly during 2021 as a result of; (i) significant numbers of newly-created roles arising from departmental Target Operating Model restructuring; (ii) generic organisational growth; (iii) activating historic vacancies which were placed on hold in 2020 as a result of the pandemic; and (iv) an increased level of regretted attrition.

During the year, the Talent Acquisition team filled 387 UK vacancies and 239 in OSB India, significantly exceeding the number of vacancies filled in 2020 (approximately 170 in the UK and 110 in OSB India).

A key focus for our Talent Acquisition team was again placed on proactively identifying potential candidates directly and through improved use of our website and external job boards. In 2021, they filled almost 30% of UK vacancies on a direct recruitment basis, resulting in a saving in excess of £800,000 on agency recruitment fees. Within OSB India, around half of all the vacancies which closed in 2021 were as a result of direct recruitment activity.

Our recruitment procedures are fair and inclusive, with shortlisting, interviewing and selection always carried out without regard to gender, gender reassignment, sexual orientation, marital or civil partnership status, colour, race, caste, nationality, ethnic or national origin, religion or belief, age, pregnancy or maternity leave or trade union membership. In addition, Executive sign off is required for senior vacancies where it has not been possible to identify or progress a female candidate through to the interview process. A similar process is followed where there no male candidates are identified for junior vacancies.

In 2021, The Group welcomed almost 200 new UK employees (compared with just under 130 in 2020) with a similar number joining OSB India (90 in 2020). Our Group-wide employee base at the end of 2021 totalled 1,782, which is similar to the 1,786 reported as the end of 2020.

Training and Development

The People Development team, based in both the UK and India, concentrate on providing learning and development opportunities for all employees, using a mix of internal and externally-sourced content, which are delivered through a range of media, including workshop and digital formats.



Despite the challenges associated with restrictions requiring remote rather than face to face activities, the People Development team continued to provide a wide range of workshops, with these relating to a broad spectrum of skills and behaviours; three separate management development programmes to suit varying levels of leadership experience; and regulatory training along with business change content to support operational and other training needs.

Throughout 2021, around 950 separate internal workshops were delivered by the People Development team and the recorded number of training hours for delegates attending these workshops averaged over 2,300 hours per month, exceeding what was achieved prior to the pandemic. In addition, People Development facilitated the attendance of over 100 employees at other learning events, which were either delivered externally or delivered internally by external training providers.

Vacancies filled by the Talent Acquisition team

387

Throughout 2021, a high level of focus was applied to the Group's Fit to Practice Scheme, which requires Line Managers to play a proactive role in identifying development needs, providing developmental feedback and establishing appropriate activities to continually progress the competence levels of their direct reports. With Line Managers being required to record three separate activities within each three month rolling period (a 1:1 discussion, a performance observation and a quality assessment), with the average activity completion rate throughout 2021 for over 1,000 employees in-scope for the Fit to Practice Scheme (UK and India) being just under 90%. Significant work was progressed in expanding the scheme to CCFS employees, with over 150 individuals already included as part of a pilot.



Group-wide, monthly mandatory regulatory training requirements were completed throughout 2021 and less than 0.5% of employees were more than one month late in completing their training, demonstrating the importance we place on ensuring that our employees are suitably aware of key requirements.

The Group is also committed to supporting employees undertaking professional development; in 2021, 118 UK employees received financial support to pursue their professional qualifications.

Retention and Progression

The Group has a genuine desire to retain, support and develop its employees. During 2021, almost 140 UK employees were formally promoted to a more senior grade along with 36 employees at OSB India.

We advertise vacancies internally in order to provide career development opportunities for existing employees and in 2021, around 35% of UK vacancies were filled by way of internal appointments with 10% of vacancies at OSB India filled by existing employees.

As a result of the pandemic significantly reducing external recruitment opportunities, our Group-wide regretted attrition figures for 2020 were artificially low at just under 7% (UK) and just over 11% (India). Retention has been a challenge throughout the banking sector during 2021, as record numbers of vacancies were advertised with an unprecedented number of individuals resigning in order to join new employers in the market.

The decision by certain employers to offer full remote working created additional external opportunity by removing the requirement to live within commuting distance to an office location. The Group's approach centred around a core principle of being a primarily office-based employer; however, our hybrid working was implemented, providing the vast majority of UK employees the flexibility to split their working time between their office location and home.

The Group's 2021 UK regretted attrition rates increased to almost 14%, with the rate for OSB India increasing to just under 17% (this compared favourably with average rates within their local market).

In terms of non-regretted attrition, the majority of planned restructuring activities designed to achieve the Target Operating Models established as a result of the Combination with CCFS were completed in 2020. With less restructuring activities taking place in 2021, the UK non-regretted attrition rate fell significantly from 11% in 2020 to just over 7% in 2021. Within OSB India, the non-regretted attrition rate was again very low at 5% and similar to the rate seen in 2020.

2021 saw a continued focus on leadership development with our People Development team delivering three separate programmes, each of which are bespoke to different levels of existing leadership and management experience. Throughout the year, we saw 31 employees join our Future Supervisors and Managers Programme, 58 current managers commence the Essential Managers Programme; and among our more senior managers, 16 individuals joined our Stellar Leadership Programme.

A comprehensive approach to succession planning was undertaken during 2021 to ensure that a proactive focus was applied to identifying individuals who, over a period of up to five years, had the potential to step up into roles at Group Executive Committee level or the senior management positions which report directly into an Executive role. In addition, gaps were identified and mitigating actions put in place, should the current incumbent vacate their existing role.

The Group engaged with an external specialist to provide our most senior management beneath the Group Executive Committee with the opportunity to aid their ongoing career progression. In late 2021, we saw 23 individuals embark on a robust process of establishing their core development needs by undertaking psychometric and business reasoning assessments and an intensive competency based interview. These formed a bespoke and independent report from the external specialist specifying the individual's key developmental themes to be discussed with their Executive Line Manager and agree related development activities to be progressed.

Employee promotions across UK and India

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Remuneration and Benefits

The Group believes in rewarding our employees fairly and transparently, enabling them to share in the success of the business. Details of the Group's remuneration policies can be found in the Remuneration Report on pages 147 to 153.

One of our key area of focus during 2021 related to embedding the new Group grading structure and a wide range of newly-harmonised approaches in order to ensure that, from a reward and employee benefits perspective, all UK employees had the same offerings.

All related activities were progressed as scheduled, with single external benefit providers established to replace the multiple providers that were in place prior to the Combination. Where non-core benefits were previously only available to one of the legacy entities, these were expanded to all UK employees in 2021, providing a robust and compelling benefits proposition for all.

In addition to embedding harmonised generic terms and conditions of employment, the methodologies for determining annual pay increases and discretionary bonus awards were also harmonised. In terms of new employee benefits, we launched our Technology Purchase Scheme and in late November 2021 our Electric Vehicle Lease Scheme, which supports our ESG agenda and saw 10 orders placed for new vehicles by year end.





Social responsibility (Continued)

Our harmonised approach to benefits also provided employees with an element of choice, enabling them to determine their preference for a higher employee pension contribution and a slightly lower discretionary bonus opportunity or vice versa. In addition, employees had an opportunity to select from two separate health and insurance packages, depending on desired level of cover for life insurance, income protection, private medical insurance and a medical cash plan. Our second annual benefit choices window opened in November 2021 and saw 65 employees elect to change from one or both of their existing packages, with new selections becoming effective from 1 January 2022.

We also encouraged our employees to hold shares in the Group for the long term, via our Sharesave Scheme, which is offered annually to all UK employees. The Sharesave Scheme allows employees to save a fixed amount of between £5 and £500 per month over a three year period in order to use these savings at the end of the qualifying period to buy shares at a fixed option price. 300 employees joined the 2021 Sharesave scheme and, taking into account the schemes launched in previous years, nearly 700 (around 58%) UK employees were Sharesave Scheme members as at the end of 2021.

Redundancy and Redeployment

Our Group Redundancy and Redeployment Policy is designed to ensure that, ahead of any potential redundancy situation, we take all reasonable steps to identify feasible alternatives that meet the needs of the business. Should redundancy situations become unavoidable, the Group ensures that employees are appropriately informed and consulted, that internal redeployment opportunities are explored and that outplacement support is made available to assist them in obtaining employment externally.

The Board has further safeguarded the existing contractual and statutory rights of the Group's employees for a period following the Combination by way of enhanced redundancy payments.

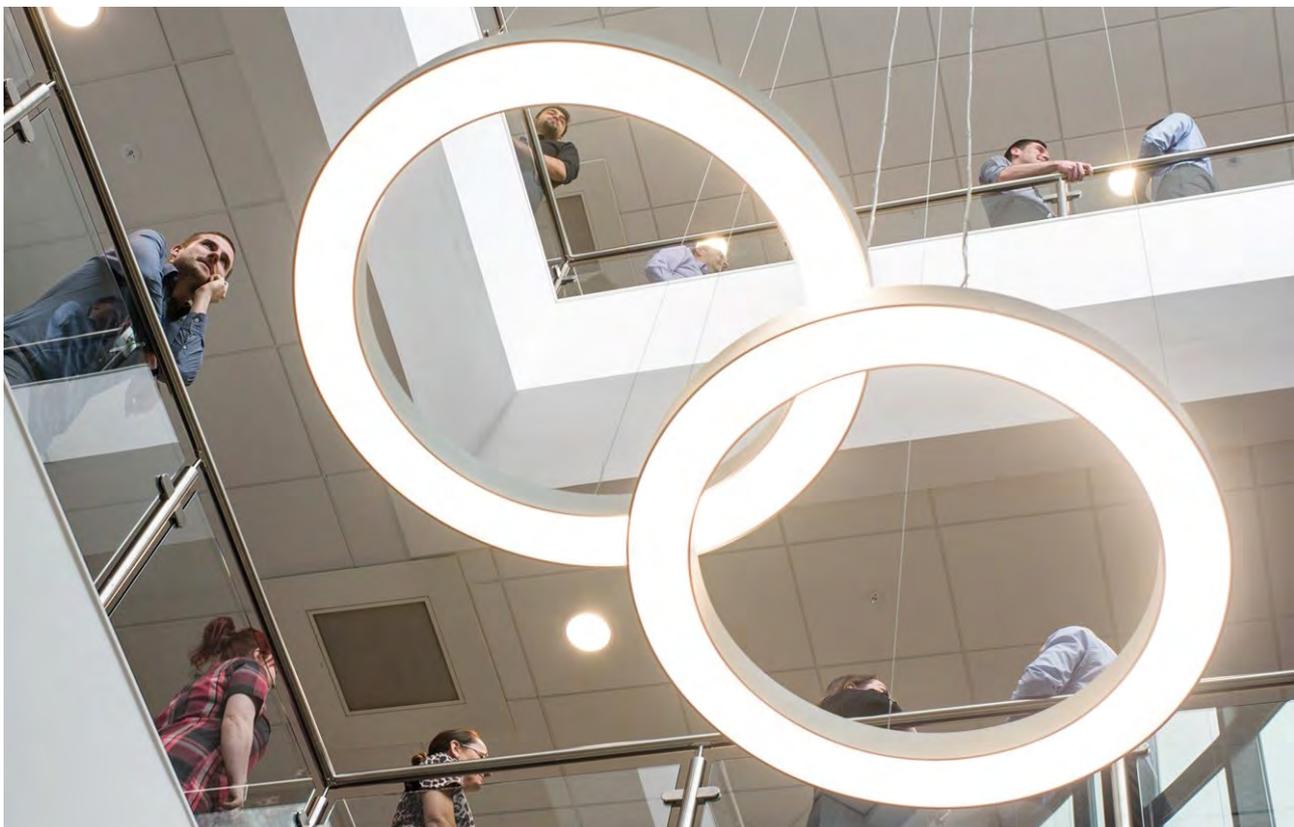
The Group concluded all significant restructuring activities to achieve the desired Target Operating Models in 2021. Whilst these restructures led to around 40 UK employees leaving the Group by way of redundancy, our proactive efforts in identifying redeployment opportunities saw around 20 other employees secure internal redeployment into alternative positions.

Employee Engagement and Culture

The 2022 Best Companies to Work For survey was undertaken in December 2021 and saw an impressive 77% of UK employees submit responses. Given the challenges posed by the pandemic as well as the restructuring and harmonisation activities relating to the Combination, the survey results were 1.4% lower than in the previous year. The Group retained an overall 'One Star' rating, with Best Companies defining this as a very good level of employee engagement.

The Group also participated in the 2021 Financial Service Culture Board (FSCB) survey for the fifth time, with the aim of influencing positive change throughout the banking sector and providing insight into employees' perceptions of the application of the Group's values, potential barriers to challenge and to voice any observations of unethical or inappropriate behaviour.

Aligned to the engagement challenges detailed above, the Group's baseline FSCB survey score reduced by 2.75% in comparison to the previous year.





When considering the results of both of these surveys, it was recognised that the degree of harmonisation and integration-related change was more profound on our Wolverhampton employees. There will be enhanced engagement to address these concerns.

OSB India participates in a separate employee engagement survey, run by the Great Place to Work Institute, and was officially certified as a 'Great Place to Work' for the fifth year, with strong results in all five survey categories (credibility of management, respect for people, fairness at the workplace, pride and camaraderie between people). The 2021 baseline saw an increase of 4% on the previous year, reflecting the strong brand and culture that exists throughout the team in Bangalore.

The new Group values (Stronger Together, Take Ownership, Aim High, Respect and Stewardship) were launched in early 2021 along with a new Purpose, Vision and Values, with the intention that over time, they will drive true cultural harmonisation irrespective of workplace location. Whilst four of the five new values linked closely to those previously in place, our new Stewardship value provides an opportunity for additional focus on behaviours that relate to the Group's responsibilities from an environmental, social and governance perspective.

Throughout the Group, the values and the related behavioural expectations provide an opportunity for Line Managers to assess and provide behavioural feedback within appraisal processes and consider related learning development activities. The values are also aligned to established award programmes and a range of ongoing communications.

The Group's Workforce Advisory Forum (OneVoice) met regularly throughout 2021, including employee representatives from all core geographical locations, including OSB India. The aim of the forum is to further enhance the level of engagement that the Group Executive Committee and the Board have with the wider workforce. To achieve this, in addition to employee representatives, the forum is attended by rotating Non-Executive Directors and Group Executive Committee members to ensure that they can hear directly from the employees and share feedback (positive or negative) on important matters.

The Group operates a Whistleblowing Policy, championed by the Chair of the Group Audit Committee. We encourage employees to feel confident in raising serious concerns at the earliest opportunity and we provide multiple channels to do so confidentially, protected from possible reprisals. Regular reports were provided to the Group Audit Committee, including an annual report, which was also presented to the Board.

Employee Recognition and Awards

In 2021, the Group recognised the significant tenure of almost 150 UK employees who reached a 5, 10, or 15 year milestone of employment via our Long Service Award programme. There were two employees who reached 20 years' service and our longest-serving employee has now been with the Group for over 34 years.

In addition to harmonising Long Service Awards, the Group expanded the provision of a week of additional annual leave for all employees reaching a 10 year service milestone, a benefit previously available only to Wolverhampton employees.

Each quarter, all employees within the Group, are invited to nominate their colleagues as part of our Galaxy Award Scheme. Nominations are sought for five separate categories, linking directly to each of our Values with individual winners and runners-up for each category determined by a detailed process. Throughout 2021, nearly 500 nominations were submitted and the details of all nominees were published on the Group's intranet along with details of the quarterly award winners and their nomination rationale.

Additionally, the Group's 'Thank You' facility provided an opportunity for employees to publicly recognise the contributions of their colleagues and during 2021, there were over 1,500 thank you messages posted on the intranet.

Diversity and Inclusion

We recognise the benefits that diversity brings to the business and we actively promote and encourage a culture and environment that values and celebrates our differences. In 2021, we continued our journey to become a truly diverse and inclusive organisation which is committed to providing equal opportunities through the recruitment, training and development of our employees.

OSB median gender pay gap as at 5 April 2021

32.0%

5 April 2020: 36.4%

CCFS median gender pay gap as at 5 April 2021

19.8%

5 April 2020: 14.4%

The commitment to actively promote an environment where disabled candidates and employees are welcomed remained an area of focus. In line with our Disability Confident Employer (Level Two) status, we are proud that the Group offers employment to employees who are registered as disabled.

2021 saw a continued focus on supporting mental health and well-being via the provision of related workshops which were delivered on a remote basis, including specific guidance, support and training relating to the pandemic.

The Group published its 2021 Gender Pay Gap Report in line with legislation that applies to all UK companies with more than 250 employees. The full publication is available on the Group's website (www.osb.co.uk) and shows that OSB's median gender pay gap as at the snapshot date of 5 April 2021 was 32.0%, reducing from the 2020 reported figure of 36.4%. The CCFS median gender pay gap at the same snapshot date was significantly lower at 19.8%; however, it increased from 14.4% reported in the previous year. Across both OSB and CCFS, the bonus pay gaps reduced significantly and the percentage of females awarded a bonus was slightly higher than male employees.

Whilst it is pleasing to see continued progress across the Group, we are committed to reducing these gaps further. Fundamentally, for both OSB and CCFS, the gaps relate to the structure of our workforce and reflect the fact that we have more men than women in senior roles and more female employees undertaking clerical roles. Progress has been made to positively impact both aspects of our workforce structure and we remain confident that our gaps will continue to close.



Social responsibility (Continued)

We recognise that we need to focus on improving our gender balance and we made solid progress towards the most recent commitment that the Group made as a signatory of HM Treasury’s Women in Finance Charter that by the end of 2023, 33% of senior management positions within the UK would be undertaken by female employees. Having ended 2020 at 29.8%, there was positive progress in 2021, ending the year at 32% and bringing us closer to our goal.

Our Group-wide Diversity and Inclusion (D&I) Working Group ensures an employee led focus on a wide range of D&I matters, with their core purpose being to raise awareness and tackle issues of inclusion so that every single employee is included and treated equally and fairly and, that we celebrate our differences – whatever they may be.

A range of activities were undertaken last year which from a gender perspective included celebrating International Women’s Day, a facilitated Q&A with female members of our Board and Group Executive Committee, the launch of menopause training and the sharing of personal stories from colleagues which addressed some difficult topics around post-natal depression and being childfree or childless.

In terms of broader diversity and inclusion topics, the Group celebrated International Men’s Day, Black History Month and Disability Awareness Week which helped our colleagues understand how to better support colleagues and customers with hearing impairments. Mental Health was an ongoing subject of focus throughout the year, with colleagues sharing their personal experiences of related challenges.

In July, the Group published its Transgender Equality Commitment. As a part of PRIDE month and National Inclusion Week in September, there were a range of activities including an employee Forum with members of our Board and Group Executive Committee sharing experiences from their respective diverse backgrounds.

The Group is also a member of the Employers Network for Equality & Inclusion (ENEI), the UK’s leading employer network, covering all aspects of equality and inclusion issues in the workplace. We were delighted that ENEI completed a Talent, Inclusion & Diversity Evaluation (TIDE), measuring the Group across eight different areas of diversity and inclusion which resulted in a silver standard TIDE mark award.

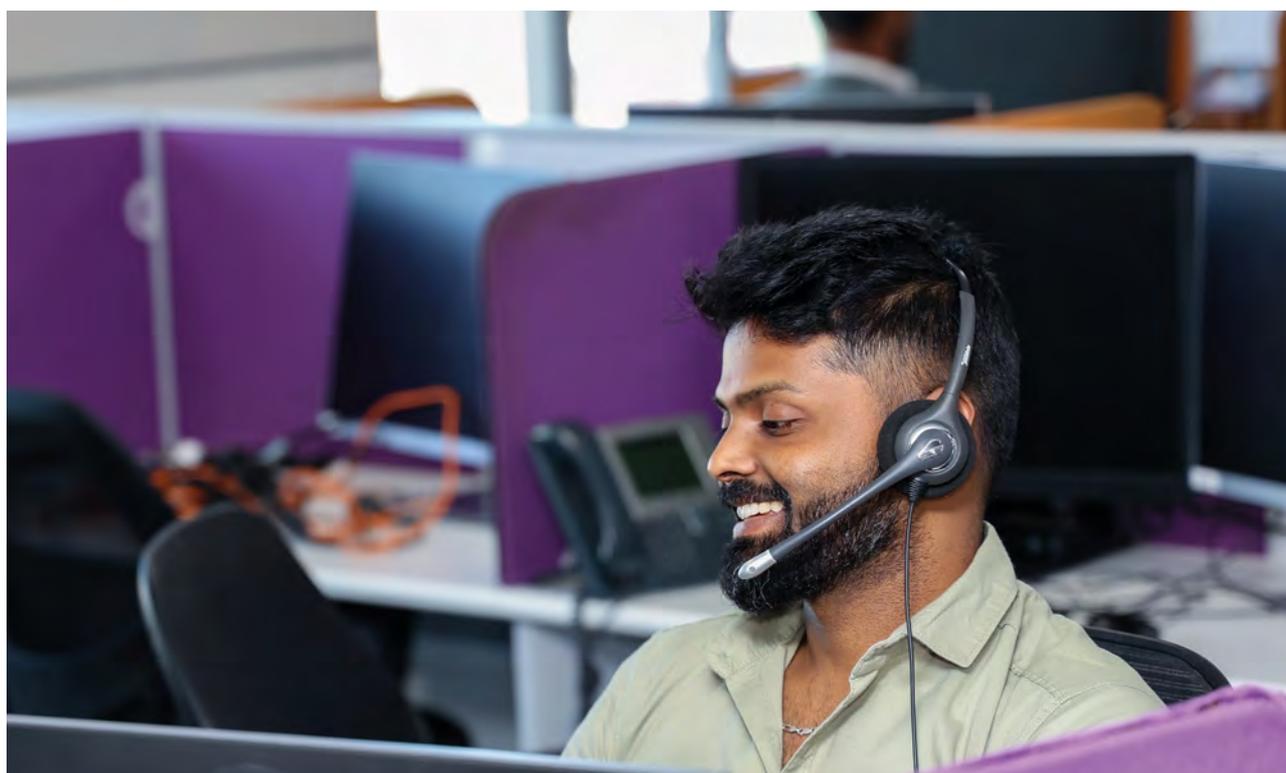
In the year, work was undertaken to obtain a more comprehensive overview of ethnicity throughout the Group which will aid our efforts in increasing the percentage of ethnically diverse employees undertaking senior management positions.

Over 10% of our UK employees work under a formal flexible working arrangement relating to part time hours and over 30 additional employees compress their full time working hours into less than five days a week.

At the end of 2021, around 57% of our UK workforce was female and at OSB India, females constituted 41% of all employees; 18% of our Group Executive Committee were female as was 50% of the OSB Group Board.

	Male	Female
Number of Board Directors (OSB Group)	4	4
Number of Directors of subsidiaries	16	4
Number of senior managers (not Directors) ¹	104	51
All other employees ¹	737	876

1. Includes OSB, OSB India and CCFS. Senior managers are employees within the Grade A to E population.





OSB India

OSB India, a wholly-owned subsidiary of the Group, is based in Bangalore and as at the end of 2021 had 571 employees. OSB India supports the Group across various functions including Support Services, Operations, IT, Finance and Human Resources. OSB India is a holder of ISO 27001: 2013 certification, demonstrating high standards of information security.

OSB India's business continuity site in Hyderabad was converted to a fully-fledged operational site in late 2021 in order to accommodate both organisational growth and further enhance operational resilience. By the end of the year, around 61 employees from a range of functions were operating permanently from the Hyderabad office, with this number expected to increase significantly during 2022.

In compliance with the Modern Slavery Act, OSB India does not support excessive overtime and all employees in India are encouraged to work in accordance with local legislation. Employees are based in our modern Bangalore and Hyderabad offices and are provided with a range of benefits which include 22 days of annual leave, 12 days' sick leave and cafeteria services.

Human rights

We want each employee and all stakeholders to be treated with fairness, dignity and respect.

The Group endorses the UN Declaration of Human Rights and supports the UN Guiding Principles of Business and Human Rights. The Group adheres to the International Labour Organisation Fundamental Conventions and does not tolerate child labour or forced labour. The Group also respects freedom of association and the rights of employees to be represented by trade unions or works councils. The Group does not discriminate on the basis of any of the protected characteristics within the Equality Act 2010 and fosters a culture of inclusiveness, demonstrated by the internal publication of a Transgender Commitment Statement, with a Menopause Support Statement due to be published shortly. Our Diversity and Inclusion Policy applies throughout the Group and an overview is communicated to our employees during induction training.

The Group's fifth annual statement in accordance with the Modern Slavery Act 2015 was published on our website in June 2021. In the year, no instances of modern slavery were reported and the Group adopts a pervasive approach to its internal policies which aim to ensure that we establish good employment practices, act ethically and with integrity, including the provision of relevant mandatory training. The Group continued to actively engage with its existing and new suppliers and enhanced the ability to classify third party services based upon the level of risk ensuring the inclusion of contractual mechanisms, where appropriate, in respect of modern slavery. The Group updated and published its Vendor Code of Conduct and Ethics to document its expectation of suppliers in compliance with modern slavery regulations and other ethical considerations including Diversity and Inclusion and environmental concerns. We were also cognisant of the risks of modern slavery due to the pandemic.

The Group has an Anti-bribery and Corruption Policy, which is reviewed annually and approved by the Group Audit Committee. The Group will not accept or condone any behaviour connected with accepting, requesting or offering any bribe or inducement in return for providing a favour.

The Group is not itself considered to be at a high risk of bribery; all business is conducted in the UK and the only significant outsourcing arrangement is with a wholly-owned subsidiary of a UK building society in relation to CCFS' deposit-taking business.

In relation to the procurement of goods and services, the anti-bribery and corruption policies operated in conjunction with a number of other Group policies which were incorporated into the Conflicts of Interest Policy, Modern Slavery Act Statement, and Vendor Management and Outsourcing Policy.

If an employee suspects that any of these policies are not being followed, they are required to immediately report this in accordance with the Group's Internal Fraud Policy and Response Plan or the financial crime reporting procedure, as appropriate. The Group's Whistleblowing Policy and process are also available as an alternative reporting channel, if for whatever reason, it was felt that the other procedures described above were not appropriate.