ESG REPORT 2023

TOGETHER WE'RE MAKING AN IMPACT

YORKSHIRE BUILDING SOCIETY

Helping real life happen

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INTRODUCTION FROM THE BOARD

On behalf of the Board, I am pleased to introduce the Society's third standalone Environmental, Social & Governance (ESG) Report.

For 160 years, Yorkshire Building Society has been a purpose-led organisation committed to serving our members' long-term interests; fostering a great place to work and contributing to the broader communities in which we operate. In recent years, the Board has taken a more structured approach to oversee the Society's plans, ensuring that our broad "ESG agenda" is well articulated, impactful, and directly aligned to the Society's overall strategic purpose and priorities.

The Board and its various Committees oversee the effective governance of the Society, details of which are set out in our 2023 Annual Report and Accounts, outlining matters reserved for the Board and those covered by the respective Committees. During 2023, we conducted an externally facilitated Board Effectiveness review that will inform further enhancements to the Society's governance in the coming years.

At every meeting, some aspect of the ESG agenda is covered at Board level. This practice further strengthens the work of the ESG Committee which was formed in 2022. This dedicated Committee primarily focuses on environmental and societal priorities, allowing the Board and its Committees to directly address governance matters.

As the newly appointed Chair of the Society, I'm committed to ensuring that we continue to make progress on the strong foundations laid by my predecessor, John Heaps, and the Board over his nine year tenure.

Going forward, the Board will continue to oversee delivery of the Society's commitments to build a greener society including reducing our own direct and indirect environmental footprint. The Society will continue to be an employer that attracts, retains, and develops high quality talented individuals and teams in an inclusive environment. We'll demonstrate our contribution to the broader communities in which we operate through programmes such as FareShare, Citizens Advice and Money Minds.

The Society has an ambition to grow to help more members and customers to have a place to call home and to improve their financial wellbeing. Supporting this, the Board will oversee the evolution of the Society's governance practices. This will ensure that we operate responsibly with financial strength and resilience over the long term generating consistently meaningful value for members.

When reading this ESG report, I feel privileged to have joined such a purpose-led, principles-driven Society at this juncture. So much has been achieved to date but, as always, there remains more to do. The Board will continue to support and challenge our CEO, Susan, and her leadership team to deliver against our ambitious plans, within which our ESG priorities are firmly embedded.

Annemarie Durbin
Chair

WELCOME FROM OUR CEO

It's my pleasure to introduce our latest Environmental, Social and Governance (ESG) Report. In this third publication, we share the results of our latest materiality assessment, present our updated ESG priorities and ambitions, highlight the progress we've made against our goals, and provide an overview of our areas of focus for the coming year.

As a mutual, Yorkshire Building Society is owned by and run for the benefit of our members. Our rich heritage spans almost 160 years and we have demonstrated a successful track record of providing Real Help with Real Life over that time.

Whether that's helping people to have a place to call home, improving their financial wellbeing, investing in our colleagues or our contribution to building a greener society, we continue to find solutions that make a positive difference.

We are dedicated to advancing responsible business practices, which involves constantly refining our ESG strategy based on the values of our stakeholders and aligning with our core business objectives. In 2023, we undertook our second full materiality assessment to identify the most significant ESG themes. These findings not only determine the topics to focus on but also guide us in prioritising initiatives that make a meaningful impact.

Members and customers remain front and centre of everything we do. To directly meet customers' needs, we've launched new savings and mortgage products, improved key processes, and rewarded loyalty, all while supporting people through the continued cost of living challenges. We proactively offer support to borrowers facing rising repayments, and we've helped people to improve their financial resilience by continuing to pay savings rates above the market average (average 1.01 percentage points higher than the market average).

Our community programmes are designed around alleviating financial hardship, building employability skills, and improving access to high quality financial education. I'm delighted we're partnering with FareShare who, alongside fighting hunger and tackling food waste, strive to alleviate the root causes and impact of food poverty in the UK. Having seen first-hand the incredible work they do, I'm confident our efforts to raise £1million by June 2026 to fund employability programmes, will help 2,500 people to overcome financial hardship through education.

I'm also pleased that we are partnering with Citizens Advice in 45 of our retail locations. Their advisers support both members and non-members to help improve their financial wellbeing and resilience.

We have continued to take positive steps on our environmental journey, which will remain a key area of focus and improvement in 2024. We remain committed to supporting the UK Government's national Net Zero target by 2050, across all emission scopes, and are pleased to share details of our financed emissions for the first time in this report.

In order to create meaningful environmental change, we know we still have a lot more to do. We will work collaboratively with others and continue to call for significant changes and further clarity in policy and government interventions.

I'm confident this next year will see further positive progress towards a more sustainable future.

Susan Allen, OBE
Chief Executive

2023 PERFORMANCE

We're pleased to report that we've either achieved or made significant progress against the majority of our 2023 Goals.

Further details about how we've performed against these metrics can be found on pages 67 - 70, and the methodology used to calculate them is available in the Basis of Reporting on pages 71 - 78.

Our performance against these goals is monitored and scrutinised by the ESG Committee on a quarterly basis, to ensure appropriate oversight of our progress. More information about our ESG Governance is available on page 11.

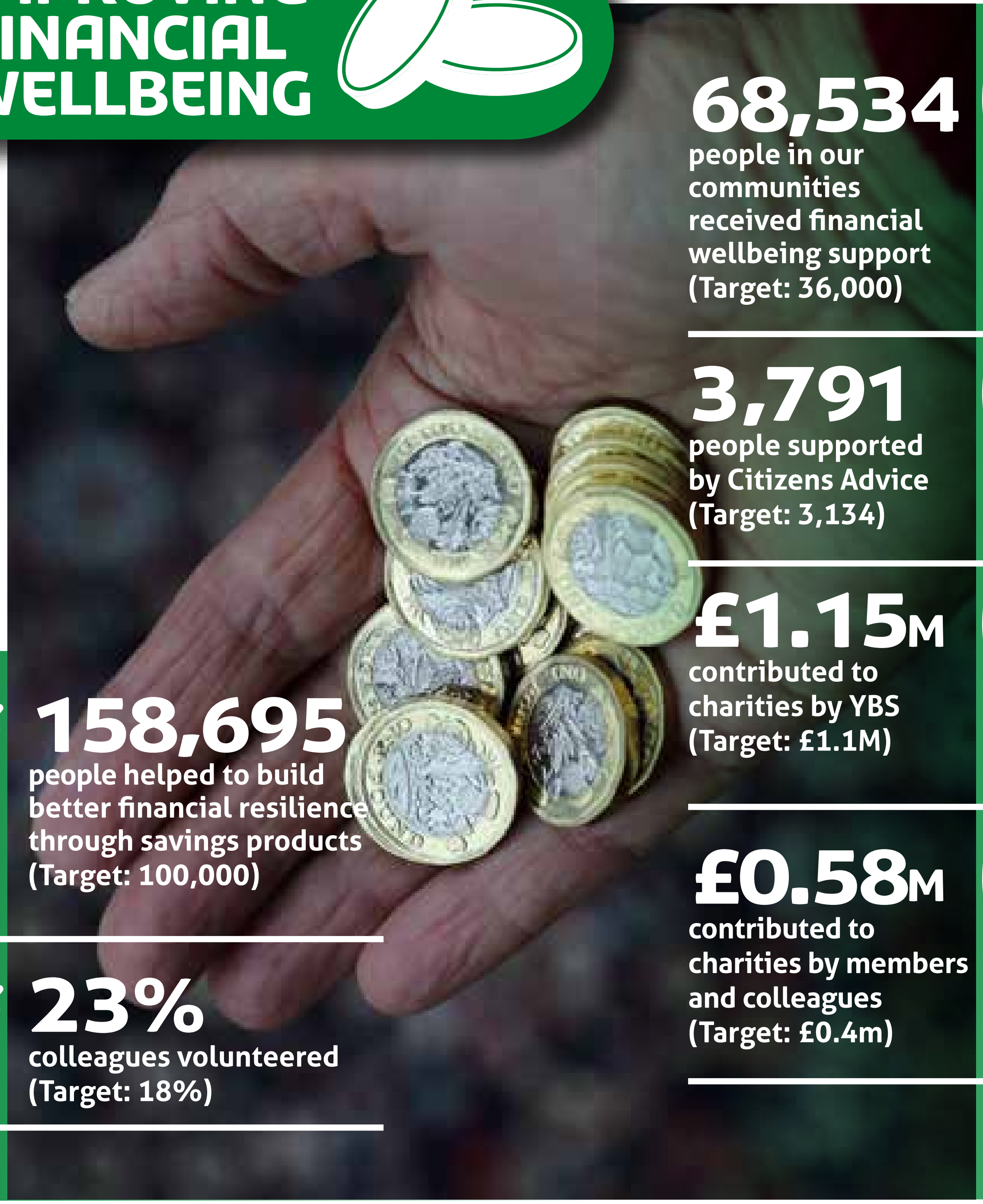
KEY

ACHIEVED	Reported performance for the year is in line with or above the yearly target.
BEHIND	Reported performance is below the associated target.
ON TRACK	We're working towards a longer-term goal.

PROVIDING A PLACE TO CALL HOME

4.2%
mortgage market share
(Target: 3.5%)

IMPROVING FINANCIAL WELLBEING



158,695
people helped to build better financial resilience through savings products
(Target: 100,000)

23%
colleagues volunteered
(Target: 18%)

68,534
people in our communities received financial wellbeing support
(Target: 36,000)

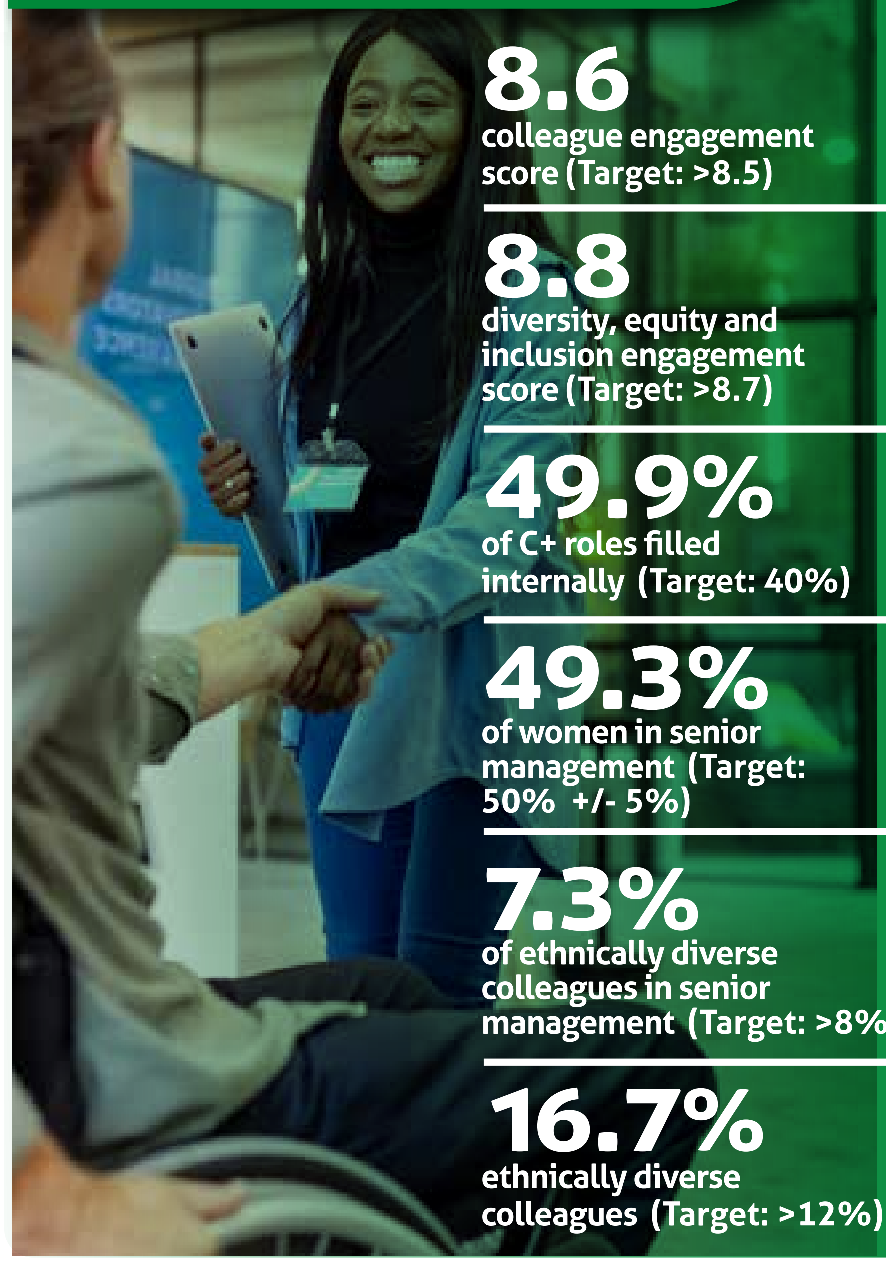
3,791
people supported by Citizens Advice
(Target: 3,134)

£1.15M
contributed to charities by YBS
(Target: £1.1M)

£0.58M
contributed to charities by members and colleagues
(Target: £0.4m)

2023 PERFORMANCE

INVESTING IN OUR PEOPLE



8.6 colleague engagement score (Target: >8.5) — ACHIEVED

8.8 diversity, equity and inclusion engagement score (Target: >8.7) — ACHIEVED

49.9% of C+ roles filled internally (Target: 40%) — ACHIEVED

49.3% of women in senior management (Target: 50% +/- 5%) — ACHIEVED

7.3% of ethnically diverse colleagues in senior management (Target: >8%) — BEHIND

16.7% ethnically diverse colleagues (Target: >12%) — ACHIEVED

BUILDING A GREENER SOCIETY

-99.9% market-based scope 1 and 2 carbon footprint reduction (Target: Net Zero by 2035) — ON TRACK

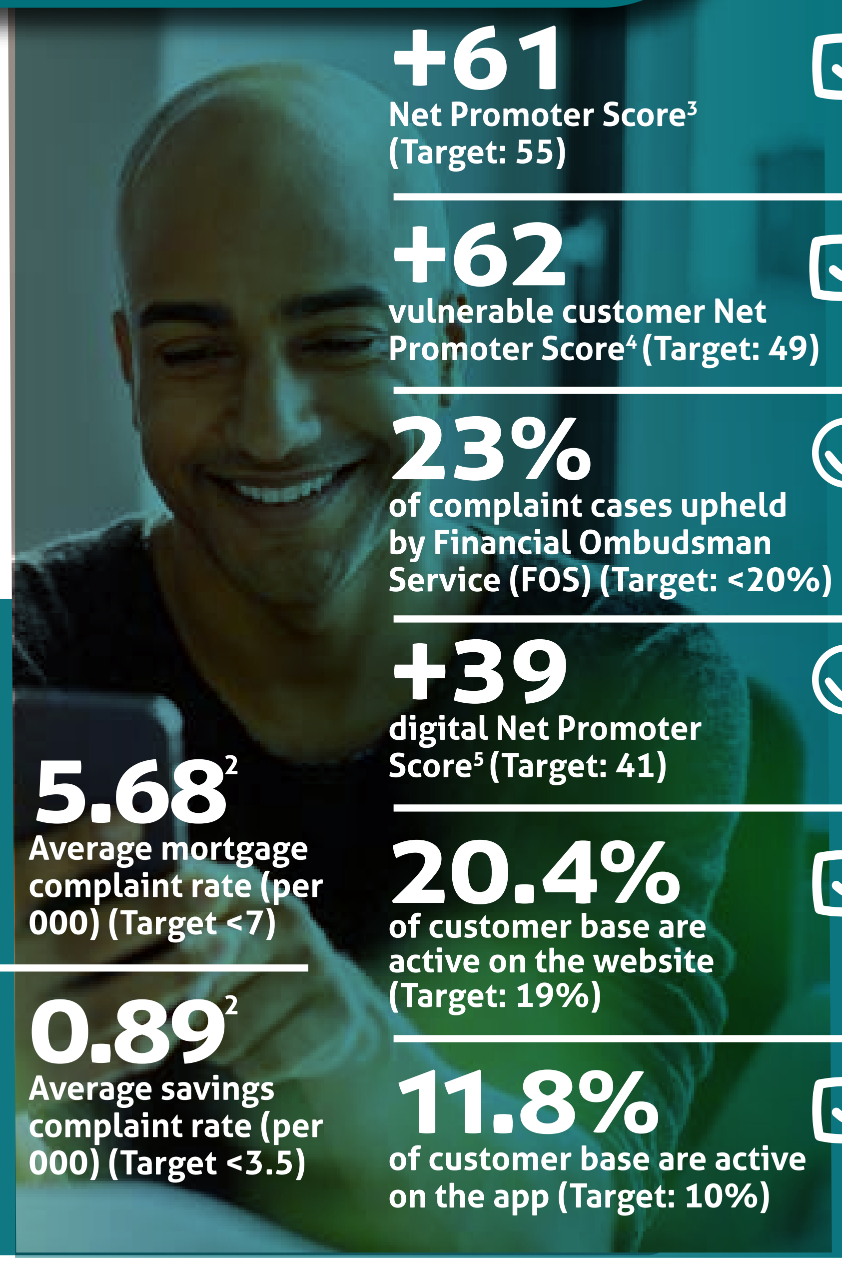
-76% operational scope 3 carbon footprint reduction (Ambition: Net Zero by 2050)[1] — ON TRACK

98.7% of waste diverted from landfill (Target: 97%) — ACHIEVED

20 people signed up to energy-related products (Target: 59) — BEHIND

100% renewable energy (Target: 100%) — ACHIEVED

OPERATING RESPONSIBLY



+61 Net Promoter Score[3] (Target: 55) — ACHIEVED

+62 vulnerable customer Net Promoter Score[4] (Target: 49) — ACHIEVED

23% of complaint cases upheld by Financial Ombudsman Service (FOS) (Target: <20%) — BEHIND

+39 digital Net Promoter Score[5] (Target: 41) — BEHIND

5.68[2] Average mortgage complaint rate (per 000) (Target <7) — ACHIEVED

0.89[2] Average savings complaint rate (per 000) (Target <3.5) — ACHIEVED

20.4% of customer base are active on the website (Target: 19%) — ACHIEVED

11.8% of customer base are active on the app (Target: 10%) — ACHIEVED

KEY

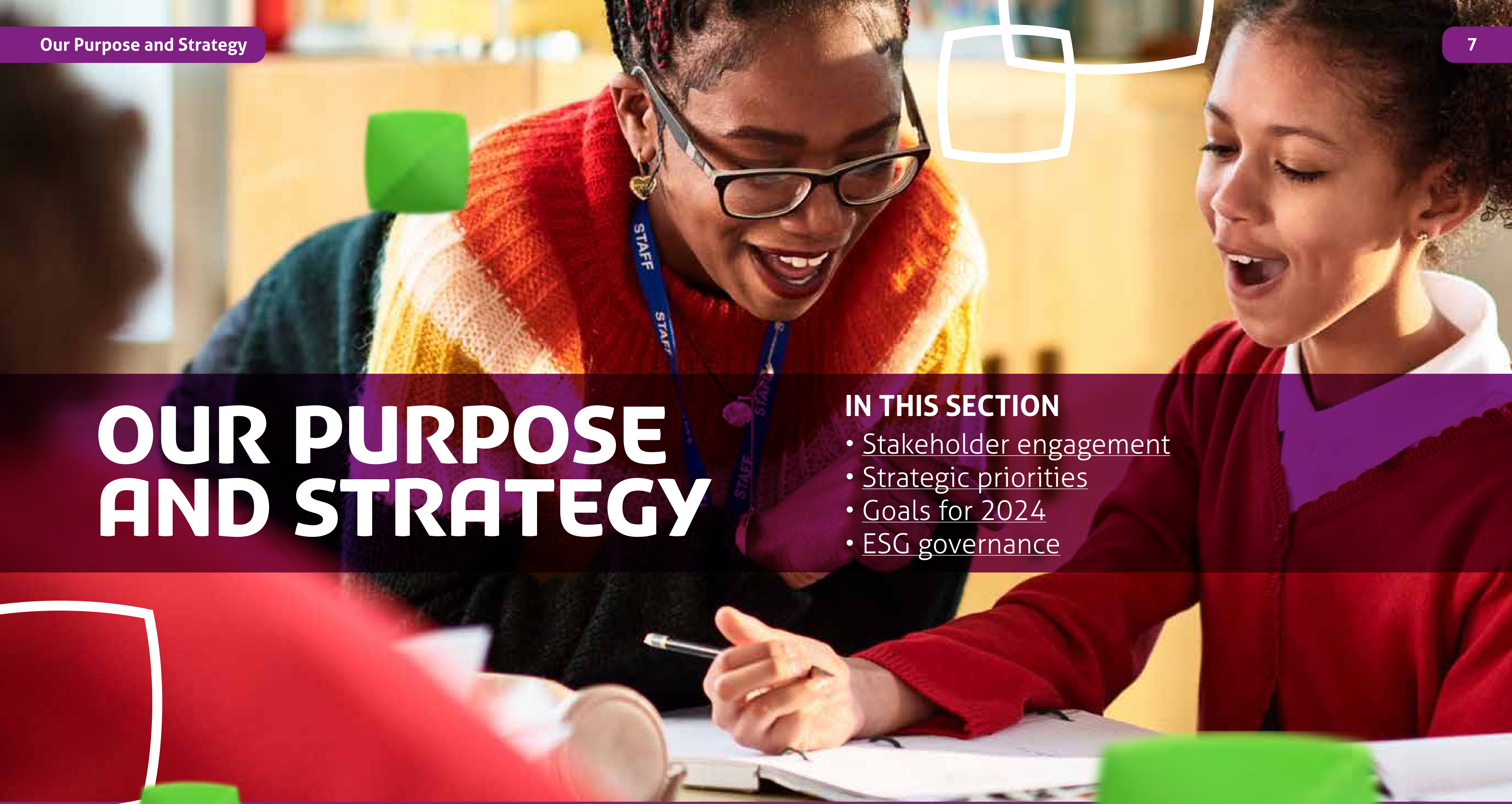
- **ACHIEVED** — Reported performance for the year is in line with or above the yearly target.
- **BEHIND** — Reported performance is below the associated target.
- **ON TRACK** — We're working towards a longer-term goal.

Following the materiality assessment we conducted in 2023 and the subsequent refresh of our ESG priorities, we've refined these goals accordingly for 2024, which are available on page 10.

[1] Calculation does not include the new colleague emissions. [2] This figure is for H2 2023 [3] Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2023, based on 58,586 responses.

[4] Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2023, based on 412 responses.

[5] Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2023, based on 24,136 responses.



OUR PURPOSE AND STRATEGY

IN THIS SECTION

STAKEHOLDER ENGAGEMENT

In 2023, we conducted a comprehensive materiality assessment to identify our most significant ESG themes and help us refresh our ESG strategy. We're committed to undertaking this stakeholder engagement exercise every three years, supplemented by additional desk-based materiality refreshes as required in-between.

The materiality research was supported by an independent third-party expert and included:

- Defining a revised list of relevant ESG themes, based on insight from investors, non-financial rating agencies, regulatory expectations, existing stakeholder feedback and peer benchmarking.
- Conducting online surveys and interviews with over 1,900 stakeholders, including current and potential colleagues, existing and potential members and customers, mortgage brokers and key opinion leaders.
- Holding workshops with senior leaders from across the organisation to identify the themes most material to the long-term success of the Society.
- Analysing the views of stakeholders and sharing key findings with the ESG Committee, prior to sharing these with Board for review and input in early 2024.
- Reflecting the results of the materiality assessment when refreshing our approach to ESG, by simplifying the number of priorities we focus on to maximise alignment with key material issues.

The research highlighted a few key changes compared to our previous materiality refresh:

- Increasing importance of 'financial inclusion', which complements existing social themes shown as highly material internally and externally, including 'financial resilience', 'home ownership', 'responsible lending' and 'flexible access to products and services'.
- Most governance themes, such as 'business resilience' and 'data privacy and information security', were deemed as highly material. This is reflected in the comprehensive set of policies and established oversight processes that these are currently managed through, and our plans to continue building upon this as we strengthen and evolve our governance capabilities in the years to come.
- Themes relating to our colleagues continued to be highly material, with 'Diversity, Equity and Inclusion (DE&I)' and 'colleague health and wellbeing' ranked as essential by stakeholders, whilst 'talent attraction and retention' continues to be a key priority for the Society.
- Although environmental themes were seen as less crucial by some stakeholders, the importance to the Society of 'pathway to net zero', 'sustainable homes' and 'impact of climate change' increased compared to 2022, reflecting the rapidly changing expectations of investors and regulators.

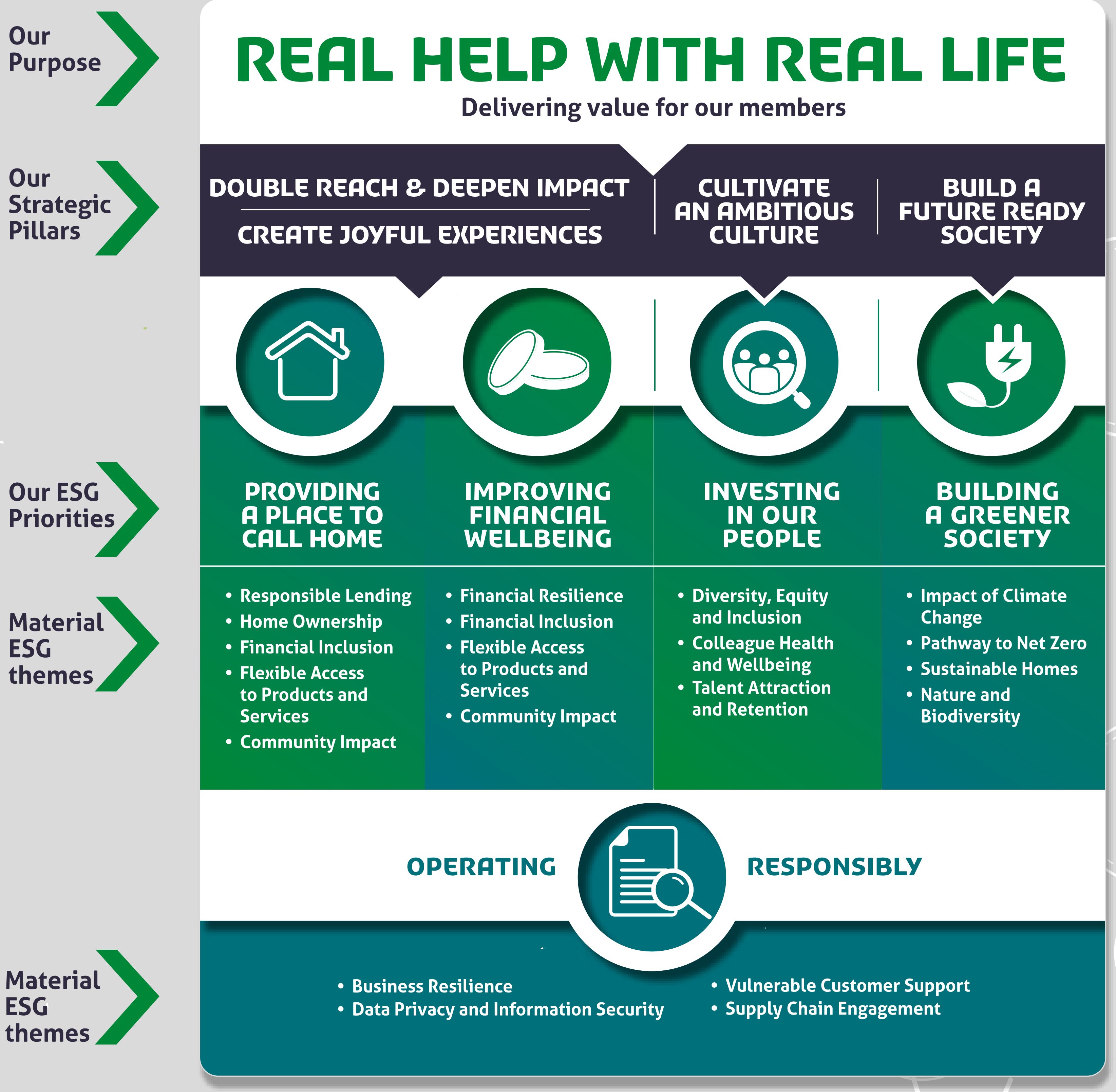
STRATEGIC PRIORITIES

Our purpose, to provide Real Help with Real Life, aligns with our four ESG priorities: helping people to have a place to call home, supporting them towards greater financial wellbeing, investing in our people, and building a greener society. Our purpose is rooted in our mutual ethos of delivering value for our members and underpinned by a core foundation of operating in a responsible and transparent manner.

The materiality assessment confirmed the importance of our four ESG priorities, with the majority of the ESG themes naturally fitting under them. These priorities also closely align to our new strategic pillars, introduced following the review of our business strategy in 2023. In 2024, we'll be looking at ways to better integrate our ESG priorities into our business strategy, to ensure they become core to our strategy and embedded into decision making and governance processes. The governance related themes that sit within Operating Responsibly will be managed by the appropriate risk committees, with updates shared as necessary with the ESG Committee.

The material ESG topics that we have identified as most relevant to our stakeholders has informed the Global Reporting Initiative (GRI)[6] topics which we are reporting against in this document; a full GRI table can be found on page 64.

We've also continued to map our ESG priorities to the United Nation's Sustainable Development Goals (SDGs)[7], to better understand how our work supports global efforts to achieve some of these goals by 2030. More information about this is available in our Principles for Responsible Banking Report, on page 84.



[6] GRI (Global Reporting Initiative) is an independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. More information can be found **here**.

[7] The United Nations Sustainable Development Goals refer to 17 goals that were agreed by world leaders in 2015, aiming to create a better world by 2030, by ending poverty, fighting inequality and addressing the urgency of climate change. More information can be found **here**.

GOALS FOR 2024

We've provided an update on our progress against our ESG priorities and material themes throughout this report, as well as on pages 5 - 6 in 2023 Performance. Following the materiality assessment we conducted in 2023, we've refreshed our goals for 2024 and will report on our performance against these in our 2024 ESG report.

Further details about these metrics and the methodology used to calculate them is available in the Basis of Reporting on pages 71 - 78.

PROVIDING A PLACE TO CALL HOME

51,300
people helped to have a place to call home (#)

24,300
people helped to have a place to call home through our first-time buyer mortgages (#)

IMPROVING FINANCIAL WELLBEING

103,000
customers helped to build their financial resilience through savings (#)

27,000
people receiving support with their financial wellbeing through community programmes (#)

33%
Proportion of colleagues using volunteering hours (%)

INVESTING IN OUR PEOPLE

TOP QUARTILE FOR OUR INDUSTRY

1) Colleague engagement score (Peakon #/10)

2) Diversity, Equity & Inclusion Colleague engagement score (Peakon #/10)

50% (+/-5%) of women in senior management (grade E roles and above %)

>8% of ethnically diverse colleagues in senior management (%)

35 HOURS of training annually per permanent colleague (hrs)

BUILDING A GREENER SOCIETY

MAINTAIN >99% Carbon Footprint reduction since baseline disclosures in 2012 (scope 1 & 2 – market-based) (%)

NET ZERO BY 2035 Carbon Footprint reduction since baseline disclosures in 2012 (scope 1 & 2 – location-based) (%)

NET ZERO BY 2050 Carbon Footprint reduction since baseline disclosures in 2012 (operational scope 3 – location-based)[8] (%)

NET ZERO BY 2050 Carbon Footprint reduction since baseline disclosures in 2023 (financed scope 3)[8] (%)

60% total EPC data coverage: Residential (%)

65% total EPC data coverage: Commercial Lending (%)

[8] It is important to note that this is not a rigid target but rather an ambitious benchmark that we will actively work towards, adapting our strategies and efforts as needed to progress towards our ambition.

ESG GOVERNANCE

In 2022 we established an ESG Committee, a sub-committee of the Executive Committee, which has delegated authority to drive progress on the ESG strategy. The role of the ESG Committee is to support the Board in overseeing the delivery of the Society's ESG strategy, ensuring alignment with our purpose and business strategy. The ESG Committee also reviews the content of the Society's annual ESG report and mandatory environmental disclosures and recommends it to the Audit Committee for approval.

The Board remains responsible for the effective oversight of ESG risks, which are embedded into existing governance structures, detailed in the Annual Report and Accounts' Corporate Governance Report.

In 2023, we've also strengthened the governance and management of Environment as well as Diversity, Equity and Inclusion by re-working the structure of the forums and working groups, which now feed into the ESG Committee. It's important to note that the ESG Committee holds responsibility for overseeing governance of Environmental and Social aspects, whilst the governance of the Society is overseen by the Board, ensuring accountability, transparency, and ethical conduct across all operations. Further details can be found in the Annual Report and Accounts' Board Governance and Nominations Report.

The ESG Committee is chaired by our Chief People Officer, aligning with their responsibility for the Social Purpose and Sustainability team who lead on our ESG agenda. Its membership includes the Chief Executive Officer, Chief Commercial Officer, Chief Financial Officer, Chief Internal Audit Officer, and Chief Operating Officer, all of whom lead functions crucial to the delivery of the strategy.

The ESG Committee's principal responsibilities include:

- Review, challenge, and oversight of the Society's ESG strategy, to ensure alignment with the Society's purpose, priorities, and behaviours.
- Implementation of a consistent approach to the execution and embedding of the ESG strategy across the business.
- Alignment and balance between the ESG strategy and other commercial priorities to ensure the delivery of the corporate plan and wider business strategy.
- Development, review, and approval of appropriate ESG KPIs, targets and metrics, aligned with the Society's purpose, and oversight of progress against these.
- Review of reports and management information from other relevant Committees, Forums and Working/ Steering Groups relating to the Society's wider ESG strategy.
- Review the content of the Society's annual ESG report and mandatory environmental disclosures and recommend to the Audit Committee for approval.
- Keep up to date with ESG industry good practice and thought leadership, keeping under review the extent and effectiveness of the Society's external ESG reporting, including by monitoring scores and feedback received from non-financial rating agencies.
- The consideration of the Society's position on relevant existing and emerging ESG issues, and where appropriate, the review of updates on material regulation and legislation on ESG issues.

ESG GOVERNANCE

In 2023, the ESG Committee meetings have covered a number of topics, such as:

- Results from a comprehensive ESG materiality assessment based on qualitative and quantitative research with key stakeholder groups, to identify the most up-to-date and important material issues for the Society.
- Quarterly updates on performance against 2023 ESG measures and targets.
- Overview of the performance ratings and feedback received from non-financial rating agencies, as well as our plans to continue addressing flagged areas for improvements.
- Regular progress updates against the Society's climate commitments, including updates on the changing regulatory landscape, emission disclosures and climate risk management.
- Update on the Society's approach to green finance propositions and participation in the new and emerging 'green market'.
- Updates on the progress and impact of our community programmes and partnerships, including the approval of our new partnership with FareShare and expansion of our partnership with Citizens Advice.
- Approval of our updated approach to Diversity, Equity and Inclusion from 2024 onwards, to continue building on progress to date.

In 2024, we'll continue to focus on driving and measuring progress in the following ways:

- Finalise plans to deliver on our updated ESG strategy and ambition levels and continue to drive measurable progress on each of our priority areas, whilst continuing to further integrate these into the wider business strategy and corporate plan.
- Agree an improved set of performance measures for 2024 to track progress against our ESG priority areas.
- Work towards full compliance with the UNEP's Principles for Responsible Banking by establishing baseline performance and setting targets to improve in those areas identified as where we can have the most significant impact.

We're committed to supporting people to have a place to call home. We achieve this by offering tailored mortgage products that address specific needs, and by regularly reviewing our lending criteria to help individuals who might not find suitable options within the broader market.

For first-time buyers and individuals pursuing homeownership, we provide accessible mortgage options that acknowledge the unique challenges they face. We also recognise that not everyone chooses or is currently able to buy a home, so we also extend our support to the rental market by offering buy to let and commercial mortgage solutions.

PROVIDING A PLACE TO CALL HOME

IN THIS SECTION

PROVIDING A PLACE TO CALL HOME - AT A GLANCE

2023 HIGHLIGHTS

- **52,215**[9] people helped to have a place to call home[10].
- **4.2%** market share achieved for residential mortgages[11].
- **INTERGEN MORTGAGE** launched, one of our new purposeful products, enabling family members to help another family member into a home.
- **£2,000 CASHBACK** mortgage launched to help first-time buyers when they need it most.
- **MORTGAGE CHARTER** signed to help homeowners with rising repayments during the cost-of-living challenge.

2024 PRIORITIES

Widen our purposeful mortgage propositions to support first-time buyers to buy a home sooner.

Extend the intergenerational propositions of our mortgage range to be available directly with the Society, not just through intermediaries.

Leverage our existing purposeful product range to reach and support more customers.

Work with lenders, regulators, government, and non-political stakeholders, to find a lasting solution to provide affordable housing stock which meets the evolving needs of today's population.

[9] Place to call home measure based on average residents in properties against which loans have been advanced in the period (excluding remortgages and further advances but including buy to let and social housing). [10] Includes people we've helped to rent a home through buy to let mortgages, and social housing.

[11] Based on the CACI applications data which approximately covers 76% of the total market and an uplift has been factored to aggregate the data to reflect total market balances. Data period January – December 2023.

SUPPORTING HOME OWNERSHIP

Owning your home

Our residential mortgages cater to first-time buyers, home movers and those remortgaging.We understand that everyone's journey into a home is unique, so we make sure our mortgages suit borrowers with straightforward requirements and those with more complex needs. Our mortgages are designed to meet the needs of borrowers who are underserved by the wider market, and we're committed to making sure inclusivity is at the forefront of our initiatives.

First-time buyers

We understand buying a first home can be exciting, but expensive. That's why in 2023 we introduced a market-leading mortgage that gave first-time buyers £2,000 cashback[13], to offer a helping hand when it's needed the most. Paid on completion, the cashback was designed to ease the costs that come with setting up a home, from buying new furniture to softening the cost of legal bills. This mortgage can be taken out directly with one of our mortgage specialists or through a mortgage broker using our intermediary channel, Accord Mortgages[14].

Some of our first-time buyer mortgages also come with free standard valuation and no, or lower than usual, product fees on selected deals - each with the aim to reduce upfront costs for those taking their first step on to the housing ladder. Early repayment charges apply, and other fees and charges may apply.

Joint Borrower Sole Proprietor

The launch of the Joint Borrower Sole Proprietor (JBSP) mortgage is another way we're supporting people into homeownership, through Accord. Its launch was a direct response to the increasing affordability challenges people face when trying to secure a home loan on their own. This innovative solution - which allows borrowers to utilise the income of an immediate family member in their affordability calculations - often assists younger first-time buyers, although it's not limited to those buying their first property and can be used by those further up the housing ladder. Since its launch in the summer of 2023, almost 86% of applications have been from first-time buyers. We'll be working on enabling customers who apply for a mortgage directly with the Society to have access to a JBSP mortgage in 2024.

In 2023 we helped

52,215

people to have a place to call home through our residential mortgages, our buy to let mortgages to landlords and social housing lending[12]

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

[12] Although this product is currently off sale, the referenced numbers include previous social housing lending.

[13] According to Moneyfacts data as of 25th July 2023. Best Buy deal based on the overall true cost of the package.

[14] Accord Mortgages is a subsidiary of Yorkshire Building Society which offers residential and buy to let mortgages through intermediaries only.

Mortgages with purpose

Through brokers, we offer a mortgage range that enables customers to get a higher loan-to-value (LTV) mortgage than they would previously have been eligible for, by applying different acceptance criteria.

Our Cascade Score range automatically considers borrowers who wouldn't typically have qualified for higher LTV mortgages. This enabled us to help more first-time buyers into their first home in 2023 and support more customers with their remortgage needs as their previous products came to an end.

We assess affordability based on specific customer characteristics to ensure we lend responsibly[15] and that mortgage repayments are affordable. For some customers, this assessment shows that they have borrowing capacity at higher levels of loan to income (LTI) multiple.

In 2023, we extended our Accord Boost LTI range to include Offset options. This range of products offers customers on higher incomes the opportunity to borrow up to 5.5x their income, meaning more customers can buy the types of homes that meet their family's needs, in the places they want to live, but without taking on more debt than they can afford. By enhancing the Boost LTI range with the Offset feature, we have recognised and provided a solution for those customers who are more likely to have savings to be able to optimise their savings against their mortgage, providing even greater optionality for these customers.

Offset mortgages

An offset mortgage is a way of reducing the amount of interest paid by linking savings to a mortgage. Instead of earning interest on their savings balance, the savings offset the amount borrowed on a mortgage. While this can help reduce total interest paid and potentially pay off the mortgage sooner or lower monthly payments, withdrawing savings could increase the mortgage costs. We also offer Offset Plus on mortgages taken out directly with the Society, which allows friends and family to help customers with their mortgage, while still having access to their own funds whenever they need it.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

IN ACTION:

Using our savings to offset our mortgage.

Luke, who lives in West Yorkshire, chose an offset mortgage with the Society to make his savings work harder.

"Offsetting our mortgage balance with our savings and reducing the amount of interest we pay is a great way to maximise our finances. It helps that it reduces our monthly payments compared to non-offset mortgages, but it's also nice to know we could access our savings if we needed to. Renovating a house and raising two small children can be costly, so the flexibility our offset account offers us, works for us."

[15] As a responsible lender Accord will consider each application on its own merits. This will include an assessment of the overall personal and financial situation for each applicant. This may mean that we are not able to lend in certain circumstances despite the applicant's ability to satisfy other elements of our criteria.

Evolving our existing propositions

We know the needs of our customers vary. That's why we regularly review our criteria to make sure we're supporting borrowers as best we can. Across our brands, we're pleased to have continued to identify areas of our lending policy where we are able to improve and enhance criteria to meet the evolving needs of customers in our target markets. An example of a change we made in 2023 was enhancing our interest-only options to provide greater flexibility to customers, by increasing the number of acceptable repayment strategies.

Foreign nationals' criteria

In November, we updated our lending criteria for foreign nationals who either hold non-UK passports or reside in the UK and lack indefinite leave to remain, to offer more choice to underserved borrowers. Across all our brands, we increased the maximum LTV to 95% on joint mortgage applications where one person is a British citizen or has indefinite leave to remain in the UK. Previously, the maximum LTV for non-UK residents was 75% LTV but with an increase in the number of multi-national couples and families, this change is more inclusive and means we can support more people to own their own home.

Income affordability

To support greater social mobility, we expanded the acceptable income and benefit types considered in our affordability calculation to allow a wider array of income sources as part of our mortgage assessment process. By doing so, we can cater to more customers, making the mortgage application process more inclusive and accessible.

Tracker mortgages

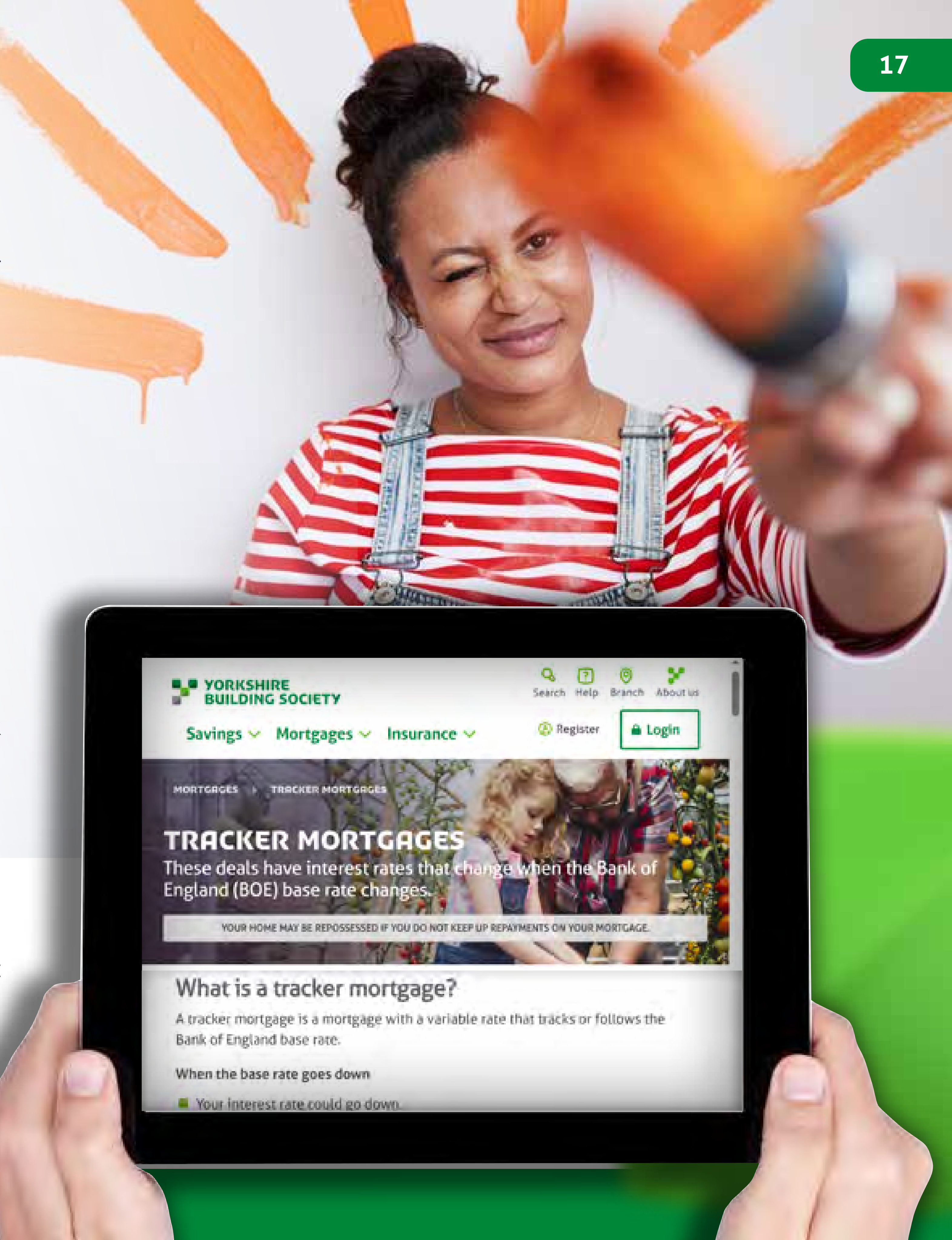
We now offer Bank of England Base Rate[16] (BBR) tracker mortgages across all our residential existing customer ranges, in place of Discounted Standard Variable Rate mortgages previously offered. This change followed feedback from both brokers and customers, indicating that BBR trackers were more prevalent in the market.

Additionally, as part of our commitment to providing customer-focused products we've introduced a range of tracker products that exclude any early repayment charges for new residential customers, enabling them to have flexibility if their circumstances change. This is just another example of providing borrowers with flexible solutions during challenging times.

Supporting existing customers to transfer products

To help our existing mortgage customers during times of higher interest rates and financial pressures, we took action to identify the support our customers needed. We formed a dedicated working group whose sole purpose was to drive forward initiatives, at pace, to proactively support those most affected.

We've also improved our product transfer criteria, meaning more customers will now be eligible to take a new product with us when their current deal ends. This means they can choose products with different interest rates, fees, and cashback options.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

[16] Discounted Standard Variable Rate (SVR) mortgages followed our standard variable rate (SVR) at a specified 'discount' for a specific period of time.

Mortgage Charter

In 2023, HM Treasury published new standards to protect and support mortgage customers, known as the Mortgage Charter. These standards ensure that individuals facing higher mortgage payments are treated fairly and receive extra support they may need.

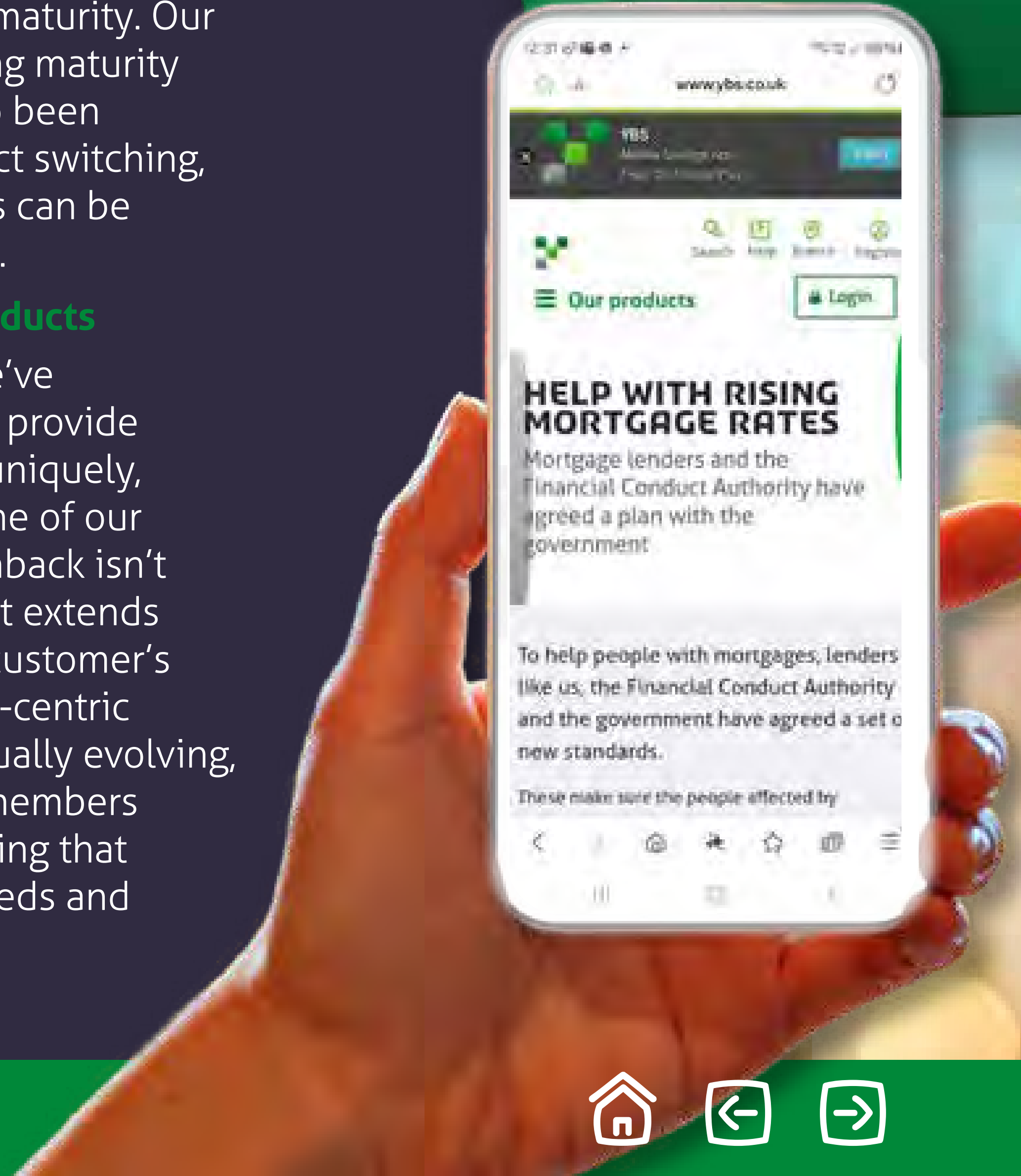
We're committed to providing the support outlined in the Charter, regardless of whether the mortgage was obtained through a broker or directly with us. We've made positive changes to support the Charter, for example allowing customers undertaking a product transfer to switch to a lower rate product if rates reduce during their maturity window. Customers can request a product switch up until 14 days before maturity. Our communications to customers approaching maturity and within the maturity window have also been updated to provide information on product switching, and all the support available to customers can be found on the **Mortgage Charter webpage**.

Rewarding our members: our loyalty products

In recognition of our members' loyalty, we've developed new mortgage products which provide extra cashback to savings members and, uniquely, their friends and family if they take out one of our loyalty mortgage products. This extra cashback isn't just a financial incentive; it's a gesture that extends the benefits of membership to include a customer's broader network. In line with our member-centric heritage, our loyalty proposition is continually evolving, and we actively seek feedback from our members to refine and expand what we offer, ensuring that it remains responsive to their evolving needs and aspirations.

IN ACTION:

Supporting our customers through the Mortgage Charter



The introduction of the Mortgage Charter by the government in June 2023 followed an unprecedented steep rise in mortgage rates and aimed to provide more support to borrowers during the cost-of-living crisis.

Some elements of the Charter were already a priority for us - such as borrowers being able to call us to discuss their mortgage without it impacting their credit file - but where it wasn't, we quickly made changes to make sure we could provide borrowers with the right support. This included things like offering temporary interest only payments or temporary term extensions, where it was in the best interests of the borrower, and the option to switch a new product deal to a lower rate ahead of a product maturing, where available.

We set up a specialist team to deal specifically with Mortgage Charter queries and proactively called customers to discuss their circumstances, making sure the right support was in place for those who needed it. Among other improvements, we also created a new online process to help borrowers and Accord brokers request a product transfer switch if needed.

As a result, these changes give borrowers a range of options that offer real help to homeowners.

SUPPORTING THE RENTAL MARKET

Buy to let

Understanding not everyone is in a position to buy a home, or indeed wants to, we support landlords to provide homes for tenants to rent. Demonstrating our strong performance in the sector, our buy to let book grew 14% in 2023, and our Accord business won Best Lender for Buy to Let at the Legal & General Mortgage Club Awards. Our dedicated buy to let product development and underwriting teams deliver a consistently high level of service, and with criteria that includes lending on new builds up to 75% LTV, and the flexibility to use income to top up rental shortfalls, we're confident we have a strong offering for landlords.

As part of our responsibility to ensure there are good conditions for people living in a rental property, we've always required our panel of valuers[17] to only accept buy to let properties that are well maintained, both internally and externally, and are readily mortgageable, insurable and saleable with good demand. This policy means that 100% of our lending on rental properties should meet, and exceed, the governments' Decent Homes Standard (DHS) even though this is currently only compulsory for social housing.

In advance of possible legislation that will extend the DHS to the private rented sector we're making it an additional, explicit, requirement for our panel valuers to decline any properties that do not meet this standard. However, we don't anticipate any change in valuation outcomes due to our existing policy's requirements being to at least this level.

Commercial lending

We offer commercial lending through the Society, providing loans to commercial owner occupiers and corporate entity landlords of commercial and residential properties.

In 2023 we launched new commercial and residential investment products in response to landlord demand, to provide consistent support to professional landlords in a higher rate, more volatile environment. This support and consistency should also translate to improved conditions for commercial and residential tenants.

Relationship directors at our established hubs directly serve local markets, enabling professional landlords nationwide to access stable, long-term borrowing for diverse residential investments. Our responsible lending approach includes updated policies addressing climate risks, with a focus on environmental sustainability, and our robust lending processes ensure areas like fire safety and Energy Performance Certificate (EPC) requirements are met, and that private renting is of a good standard[18].

Expanding our initial regional commercial lending hubs, we've reinforced our capabilities with 56 new roles being created in 2023, more than half of which were filled with internal candidates. This aligns with our growth strategy and commitment to invest in our people.

We were delighted to have our high levels of service recognised at the **2023 Business Moneyfacts Awards**, where YBS Commercial Mortgages won Best Service from a Commercial Mortgage Provider. As part of our ongoing expansion strategy, we'll create more roles, emphasising digitalisation and focusing on propositions, distribution, lending journeys, and streamlined processes for professional landlords.

...our buy to let book grew

14%

in 2023.

WINNER
Business Moneyfacts Awards 2023
Best Service from a Commercial Mortgage Provider

[17] This is a term used for a collective group of Valuation / Surveying firms and individuals that are approved to provide the Society with physical inspection reports and valuations to support our lending. The 'panels' are managed by Sesame Bankhall Valuation Services in the Retail Mortgages side and by CVN for Commercial Lending side.

[18] The Society's high level Lending Policy is approved annual by the Board. Detailed lending criteria (Lending Standards) are constantly under review, changes are approved by the Retail & Commercial Credit Risk Committee throughout the year.

SIMPLIFYING AND ENSURING RESPONSIBLE LENDING

Ease and simplicity

Our teams continually work on improving the mortgage process, so customers can focus on the excitement of owning their own home. We prioritise simplicity, ease, and accessibility. Our streamlined process ensures that securing a mortgage is straightforward, eliminating complexities and making home ownership more attainable for everyone.

We were delighted to be named one of only three **Which? Recommended Providers for mortgages in 2023**, following their survey of thousands of mortgage holders across a range of measures, from ease of application process to ease of banking online and customer service.

Underwriting and common-sense lending

We've continued the expansion of multi-skilling across our colleagues in underwriting so they can service both residential and buy to let to maintain consistent levels of service even when volumes fluctuate. As a result, two thirds of underwriters are now able to work across two of the three operational areas: Accord Residential Lending, Accord Buy to Let Lending and Direct Lending (the latter of which refers to mortgages taken out directly with the Society). This enables us to use our colleagues' time and skills effectively and has been reflected in reduced turnaround times[19] across all three areas.

In July, we began the migration of Direct Lending onto the same platform as Accord Residential and Buy to Let. Since then, all new residential lending arranged directly with the Society was underwritten on our Mortgage Sales Origination (MSO) platform, which uses a decision-engine to automate much of the process[20].

Alongside our increased use of automation, we have a common-sense lending approach that enables us to provide customers with a wider range of options to meet their needs. This approach works by having a single point of contact and decision-maker for each case, who can assess how best to apply our policy and decide if any flexibility on lending criteria can be offered.

As a result, we've continued to increase the number of times we've been able to be more flexible with our lending criteria from 24.95% of cases in 2022 to 26.95% of cases in 2023.

Common-sense lending continues to be well received and has been a contributing factor to our increasing Net Promoter Score (NPS, which measures if customers would recommend our products and services to friends and family) for brokers supporting both residential and buy to let lending, which are above target level.

Which?

Increasing flexibility in our lending criteria to

26.95%

of cases.

[19] Turnaround Times are calculated from the date we receive the application to the date the Mortgage Offer is calculated. The following reduction times in days were recorded: Accord Residential 14.61 (2022) to 13.27 (2023) Accord BTL: 19.22 (2022) to 15.71 (2023) and Direct non-MSO: 14.91 (2022) to 11.69 (2023).

[20] The decision-engine calls out 3rd party systems such as Equifax / Experian to understand and review credit history, validate ID, overlay our Policy rules and known higher risk characteristics – and push out specific 'tasks' for an Underwriter to review and make decisions on.

Lending responsibly

We have an established and proven responsible lending policy, designed to ensure borrowers can afford to repay their mortgage over its term.

The low risk profile of our mortgage book is reflected in our current low level of arrears, both historically and compared to the current market average[21]. The proportion of our customers who are more than three months in arrears, including repossessions, is 0.50%, which is an increase of 0.06% from 2022 - significantly lower than the 2023 Q4 market average of 0.94% (2022 Q4: 0.73%).

Continued cost of living challenges, alongside the enduring constraints of the UK housing market, may negatively impact some existing mortgage holders. Any fall in house prices increases the risk of negative equity, and borrowers may struggle to meet their monthly payments - especially those on variable rates.

Ahead of customers' annual mortgage reviews in January, we proactively engaged with those in arrears to understand how increased mortgage payments would impact their ability to address their arrears, exploring solutions that may help them. We're also taking the same approach with customers we've identified as being most at risk of experiencing affordability pressures so we can discuss available support before they fall into arrears.

We expect 2024 to be a challenging year, so our teams continue to work together to find new ways to support customers. We'll also continue our proactive work with borrowers facing difficulties and will support them to navigate their individual circumstances.

We've also reviewed our customer communication to ensure we meet the new **Consumer Duty** requirements. This involved reviewing letters relating to Standard Variable Rate (SVR), Bank Base Rate (BBR) and Mortgage Annual Reviews to further improve the clarity of the messaging, customer understanding of the economic environment, the options available to them and the impacts of the increases to their mortgage and payments.

The tone of these communications is now more personal and encourages customers to contact us to discuss how the increases could affect their payments and to consider recalculating their payments at the time of mailing, rather than when their annual review takes place in March. In addition, the product maturity suite of communications was reviewed to align with the other improvements that have been made, including information on the Mortgage Charter and further support around the cost of living.

We have a dedicated team that works with mortgage customers who find themselves in financial difficulties, and a number of ways we can help borrowers in arrears, working with them to find the best solution. In 2023, we helped 2,557 people in arrears onto payment plans.

Repossession of a property is always a very last resort, but unfortunately, it's sometimes the only available solution to prevent members from getting into unmanageable debt, as well as being in the best interests of our whole membership and long-term financial sustainability. In 2023, we repossessed 85 properties, which is a small decrease from 88[22] in 2022.

In 2023, we continued to refer customers to the **Money Advice Trust**, where their circumstances would benefit from specialist support. **The Money Advice Trust's National Debtline** and **Business Debtline** services provide free, impartial and confidential debt advice and resources to help customers take control of their debts and deal with their financial problems.

[21] Arrears are calculated as the total amount outstanding / the current contractual monthly payment amount.

[22] This was previously incorrectly reported as 70 in the 2022 ESG Report.

We want to help everyone feel more financially secure.

We're committed to doing more than just traditional banking – we make it easy for people to save and we also work with our customers and communities, teaching them about money and helping them gain employment skills. Our aim is to make sure the people, communities, and businesses who count on us for their money needs feel supported, in control, and confident about what's ahead.

IMPROVING FINANCIAL WELLBEING

IN THIS SECTION

IMPROVING FINANCIAL WELLBEING - AT A GLANCE

2023 HIGHLIGHTS

- **158,695** customers helped to build more financial resilience.
- **UK SAVINGS WEEK 2023 HEADLINE PARTNER** helping educate new and existing savers.
- **£441.1M ADDITIONAL VALUE** returned to members due to the rates we provided being on average 1.01 percentage points higher than the market average.
- **68,534** people supported through our community programmes.
- **CITIZENS ADVICE PARTNERSHIP EXPANDED** to 45 locations across the country.
- **£1M RAISED FOR AGE UK** during the two-and-a-half-year partnership.

2024 PRIORITIES

- Support 100,000 people through our range of access saving products, resources and partnership with FareShare.
- Develop savings products that help people to save for their first home.
- Support savers to earn a better return on their money by raising awareness of the value lost in low interest-paying accounts.
- Continue to offer tiered products and use them to protect the least resilient members from the expected rate reductions should the Bank Base Rate fall later in the year.
- Raise £350,000 through our first year of partnering with FareShare.

ENABLING GOOD SAVING HABITS

Savings products

Our savings products and support for customers aim to help build their financial resilience over the longer-term, by having money to fall back on in emergencies. However, inflation has eaten into household incomes across the country, making prioritising saving even more difficult, whilst having savings to fall back on has perhaps never been so important.

We provide a range of savings accounts to meet the differing needs of our members: fixed rate accounts for those wanting to put money away for longer; easy access accounts for those saving for emergencies or a special occasion; and regular savings accounts to help build a healthy savings habit, often rewarded with higher rates for regular deposits.

We prioritise the financial wellbeing of all our members, striving to provide exceptional member value. Across all our savings products in 2023 we were able to deliver rates that were on average 1.01 percentage points higher than the market average.

This underpins our commitment to maximising the returns and delivering value for our members.

Our savings propositions team aims to develop products which specifically help our customers improve their financial wellbeing, in line with our purpose.

Rainy Day Account

Since its launch in September 2022, we've helped encourage our members to create a safety net and build up their savings pot with our Rainy Day Account. As part of UK Savings Week 2023 (see further details on page 26), we enhanced this product, increasing the size of the balance tier which receives our highest interest rate – whilst also increasing the interest rate at the same time to encourage people to continue their savings journey, whilst having sufficient money to fall back on, in line with our insight around savings shortfalls in the UK. As a result of these enhancements, we helped 39% more customers open a Rainy Day Account in 2023, compared to the previous year.

Christmas Saver

We supported over 34,800 customers to save for Christmas 2023 by encouraging people to start putting money aside early in the year to lessen the financial burden once the festive season arrived[23]. This is an increase of 278% compared to the equivalent 2022 account, and we'll aim to continue this positive trend in 2024 with a similar themed account.

Regular Saver

In 2023, we reintroduced our standard Regular Saver which sits as part of our savings range[24] and is designed to support both new and existing customers to develop a good savings habit. Since its launch in June, over 20,000 customers have opened this product, increasing the total number of customers we've helped build their financial resilience through regular saver products, to over 127,000 in 2023.

We supported over
34,800
customers to save for Christmas 2023.

[23] The Christmas 2023 Regular Saver was a standard regular saver product which allowed deposits of up to £300pm and had a maturity date for all accounts which was 31 October 2023, unlike our BAU regular savers that usually mature 1 year from opening.

[24] Our saving range currently includes easy access, cash ISAs, fixed rate bonds, restricted access, loyalty & Christmas savers. More details can be found on **our website**.

Rewarding our members: loyalty products

With inflation remaining high throughout the year and people starting to feel the pinch financially, rewarding our members for their loyalty was a key focus for us in 2023. One way we did this was through our loyalty accounts – rewarding eligible customers with exclusive accounts paying higher interest rates. Building on the success of previous loyalty products, we offered a record four loyalty products in 2023 starting with the Loyalty Six Access Saver ISA in March, the Loyalty Bond in June, the Loyalty Regular Saver in September, before rounding off the year with the Loyalty Six Access Saver in October.

Throughout 2023 we contacted over 1.3 million eligible customers by either post or email to raise awareness of our loyalty product range. Our loyalty products formed an integral part of our commitment of passing back value to our members, helping contribute to the additional £441.1m we paid in interest in 2023 to members, compared to the market average (2022: £198.6m). Providing this support has been particularly important at a time when the increased cost of living makes it difficult for more people.

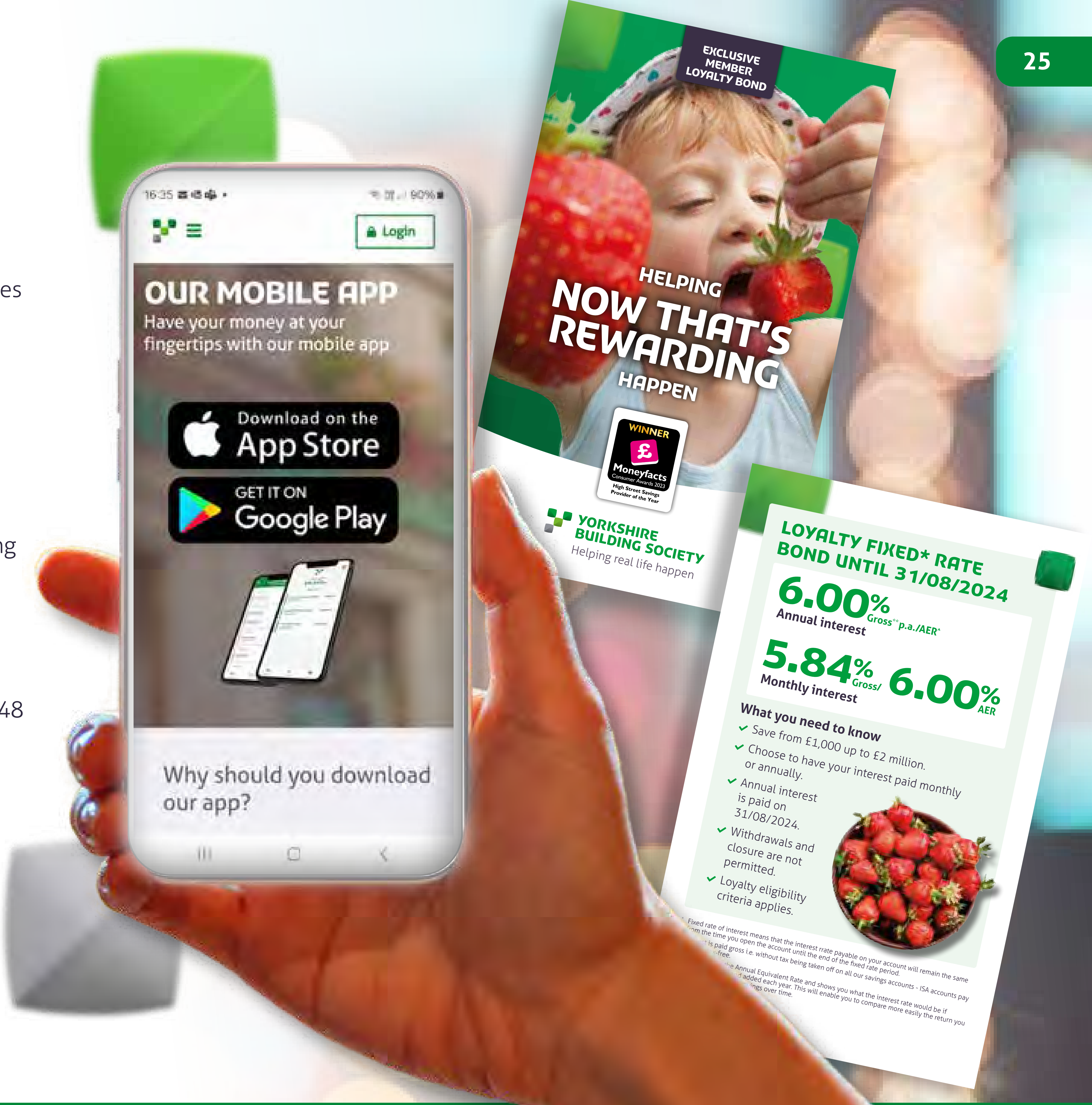
To support our members, we have a national retail network consisting of branches and agencies to ensure we provide a service that meets their needs - it's part of ensuring we deliver member value. We're proud to have been recognised for this service as we were crowned the High Street Provider of the Year for both mortgages and savings at the Moneyfacts Consumer Awards 2023 – demonstrating our commitment to providing customers high-quality service at our branches up and down the country. You can read more about our branch network on page 58.

We know some members prefer to bank online and to help this we've invested in our web journey. We've introduced more accessible and user-friendly features. For instance, members can now provide proof of address digitally, enabling them to access their accounts immediately, subject to passing the relevant checks, rather than waiting for 24 hours. We've also enhanced our mobile app through a greater range of self-service functionality. Our progress so far has been recognised by customers and is reflected in the NPS of our mobile app increasing from +48 to +63.

Our NPS mobile app score has increased to

+63

from +48.



BUILDING FINANCIAL CONFIDENCE

Financial confidence

This year we've stepped up our support for those who want to know more about managing their money, starting a savings pot, or dealing with the unexpected. The focus of our financial capability initiatives is to support customers to build resilience and skills, so they can better deal with price increases and know where to go for help and information.

Navigating the cost of living

Given the cost of living pressures facing many people in the UK, including our members, we created a dedicated **cost of living page** on our website including a range of articles on saving money on bills, useful contacts and resources for getting support, as well as a guide to avoiding energy scams, which has been an emerging trend in 2023.

Across our branches and head office sites, we've been helping both customers and colleagues cope with the increasing cost of living challenges, organising face-to-face support sessions in collaboration with our charity partners Citizens Advice and FareShare.

UK Savings Week

Following on from its inaugural year in 2022, the Society was a headline partner for UK Savings Week 2023, which continues to highlight the importance of saving more and provides access to useful resources and information to both new and existing savers.

This year's activities included the launch of two savings accounts designed to support financial wellbeing, the offer of savings reviews to customers using our branches, encouraging people to think and talk about the best ways to save via our savings tip prize draw[25] (with over 1,800 tips shared). To house all these resources and more, we created a **UK Savings Week hub** on our website and reached hundreds of thousands of customers through our e-newsletter.

Complementing the week, colleagues also used some of their volunteering allowance to deliver our Money Minds financial education programme to thousands of children across the country, introducing them to managing money and budgeting through age-appropriate financial education sessions.

As well as raising awareness of financial resilience with customers we also worked hard to engage politicians, policy makers and influencers on some key areas where regulatory or political change could make a huge difference and help even more people to build their financial resilience.

[25] The saving tip prize draw ran from 9am on 4 September 2023 to 5pm on 30 September 2023 and was open to anyone aged over 18 who lived in England, Northern Ireland, Scotland or Wales and had an open account (Savings or Mortgage) with YBS, Chelsea Building Society, Norwich & Peterborough Building Society or YBS Share. The account must have been open on the date of entry and hold at least the minimum operating balance as outlined in the product terms and conditions on the date the prize draw is drawn. YBS employees, agency personnel or contractors were not eligible to enter the prize draw.

IN ACTION:

UK Savings Week

Speaking about the UK Savings Week roundtable, our Chief Executive, Susan Allen, said:

"Now more than ever, with current and potential future economic uncertainty, it's important for providers to work together to help people improve their financial wellbeing. It's clear from the conversations during the session that we share the same ambitions to support people to save where they can, but we need meaningful action in the form of more financial education and better initiatives from policy makers."

A group of colleagues attended a parliamentary reception launch event for this year's UK Savings Week at the Houses of Parliament. They met with a range of stakeholders, including MPs and peers, to share more about what we're doing to encourage and support people across the UK to save, and talk about what the Government can do to help create a better savings environment.

Our CEO, Susan Allen, and Director of Savings, Chris Irwin, also hosted a roundtable event at our Leeds office with local charity leaders, think-tank representatives and Emma Hardy MP with the conversation focused on financial wellbeing.

During the session we shared findings from our Saving the Nation report[26], which highlighted the stark savings reality faced by many people across the UK. The Saving the Nation report helped to analyse consumers' financial resilience and compared the changing financial behaviours of UK adults over the last five years. It revealed the impact economic shocks in this period have had on individuals' financial capabilities and attitudes, including the cost of living crisis and the implications of the Covid-19 pandemic. The report showed that consumers in the UK are facing a savings crisis and highlighted the fragility of people's finances across the country.

It prompted discussion about improving financial wellbeing through better financial education (such as our Money Minds programme) and the different approaches to encouraging people to save money.

UK Savings Week was supported by 289 organisations in 2023, up from 72 in 2022, and was organised in partnership with the **Building Societies Association**, its members and key partners.

Regular communication

To encourage savings members to build and maintain a strong savings habit, we have a pipeline of regular communication. For example, our newsletter audience is c.545,000 existing members and includes both savings and mortgage holders.

We've made significant changes to improve the readability score[27] of content across our website, to ensure it is even more accessible and understandable. We've created **educational articles** to help members make informed decisions about savings options and stay safe online. This included proactively providing guidance to help members avoid parcel delivery scams.

We've created a series of **ISA guides**, explaining how allowances, transfers and ISA rules work which have been visited 42,403 times in 2023. We've also created a **mortgage hub** to help people who are buying their first home, moving house or remortgaging, with over 20 articles about a range of topics from negative equity to offset mortgages.

Additionally, we've used our social channels to connect with our customers and members. At the end of 2023 we had reached 41,000 followers across Facebook, X (formally Twitter), Instagram and LinkedIn. Our content was well received with over 1,000 pieces of content being seen more than six million times and engaged with 29,000 times.

[26] The Saving the Nation report, which was produced and published by our External Affairs team, seeks to analyse consumers' financial resilience, and compares the changing financial behaviours of UK adults over the last five years. The full Saving the Nation report can be found **here**.

[27] This score rates the document on a scale of 0-100, with a higher score indicating that the text is more easily understandable. Financial Service providers need to ensure that their customer communications score at least a 60 on the Flesch-Kincaid readability scale.

SUPPORTING OUR COMMUNITIES

Our community programmes

Our work in communities across the UK is centred on helping people to improve their financial wellbeing. Our initiatives target various issues, from supporting those experiencing financial hardships through our partnership with Citizens Advice to helping people unlock an income through employability programmes. Moreover, we focus on delivering financial education to build financial resilience and provide digital resources that offer practical financial guidance that help many.

To achieve this, we have a powerful community programme that includes national partnerships to maximise our reach, funding for charities in our local communities through the Yorkshire Building Society Charitable Foundation, and a range of volunteering options for colleagues to provide practical, hands-on support wherever they live and work. This is often delivered through, or in association with, our extensive branch network, more details of which can be found on page 58.

The financial and economic challenges facing households in 2023 saw demand for our programmes continue to increase, and as a result we supported 127,000[28] people to improve their financial wellbeing (2022: 96,000).

Our impact in communities was recognised by the Third Sector Business Charity Awards in May 2023, which crowned our team the **Corporate Social Responsibility Team of the Year**, further endorsing the work we do to support financial wellbeing.

Financial hardship

We offer a range of support, delivered with the help of our colleagues and partner organisations, aimed at lifting people out of financial hardship[29].

Citizens Advice

Our **award-winning partnership** with Citizens Advice continued to go from strength to strength in 2023, with the Society investing additional funding to grow this valuable service. Citizens Advice advisers are positioned within select branch locations to offer free, face-to-face independent and impartial advice on a wide range of issues, including financial wellbeing. This service is accessible to the entire community, not just our members.

Due to the success of this partnership, coupled with the growing demand for this service, we expanded to 45 locations across Scotland, Yorkshire, the Northwest, East Anglia, and the Southwest[30] in 2023. The feedback from branch colleagues continues to demonstrate the positive impact the service is having in communities, which benefited almost 3,800 people, more than double the number in the previous year.

Since the start of the partnership in May 2021, we've helped to unlock nearly £2.5m worth of estimated additional income for clients – the money they could expect to receive if they act on advice given to them in the appointments - often relating to missed benefits, tax credits and grants.

[28] Includes people we've supported through our community programmes with personal interactions, including face to face and telephone. This figure is different from the one published in the ARA on pg. 42 due to supplementary data supplied by partner organisations later. [29] We define financial hardship as those who can't afford to meet their basic needs, such as appropriate food, clothing, housing and heating. This could be for a number of reasons, such as unemployment, low income, or due to personal setbacks and unforeseen circumstances. [30] Full list of the locations can be found **here**.

One beneficiary from our Citizens Advice partnership shares their story.

IN ACTION: Citizens Advice

Mariam* says:

"Earlier this year, I saw a sign for Citizens Advice in YBS. I was very worried about my finances at the time – I'm a recent widow with three kids, and although I put in long hours as a support worker, I was in lots of debt. So I booked an appointment to see if Citizens Advice could help me feel more in control of my money.

"My adviser Jo* has helped me so much. She said I should be entitled to more Universal Credit (UC) than I was getting, and told me exactly what to say to the UC team. Now, I receive twice as much UC each month as before. I even received a one-off payment of £400, to make up for being underpaid.

"Jo has helped me manage my outgoings, too. I was struggling to afford many of my bills, and she gave me advice on how to talk to my providers about my situation. Now, I am allowed to make flexi payments for my childcare and energy bills. And I get free extra mobile data – which is so helpful, given how much my kids need the internet. She also gave me a budgeting plan full of ideas, like batch-cooking to save on electricity, gas and ingredients.

"This support has really helped my mental health, and I feel more confident about managing my money. I'm now hoping to volunteer at Citizens Advice in my spare time, so I can help others like Jo helped me."

*Name changed

Age UK

Our partnership with Age UK concluded in June 2023, and we take immense pride in the contributions we made during this two-and-a-half-year collaboration, which raised a total of £1.02m. Donations from our customers, colleagues and members of the public, combined with the launch of an innovative savings account[31], and additional funding from Yorkshire Building Society helped fund Age UK's Building Better Lives programme. This service played a pivotal role during challenging times, including the Covid-19 pandemic and the ongoing cost of living crisis.

Through the programme, beneficiaries were provided with one-to-one support sessions with trained advisors, focusing on addressing financial hardship resulting from life events, such as health diagnoses, the loss of a partner, or changing care needs. During this partnership, over 4,900 individuals received support, and more than 3,600 benefit claims were made, unlocking £8.2m worth of benefits[32] for older people that they were unaware they were entitled to. Our support also enabled Age UK to answer over 40,000 calls to their advice line, from people who didn't know where else to turn.

Colleagues in communities

Our commitment to community extends to all our colleagues. Every colleague employed by Yorkshire Building Society benefits from up to 31 hours per year to volunteer across our community programmes. In 2023, 23% of colleagues used their volunteering time, collectively contributing 6,500 hours, 19% more hours than in 2022.

The Society's volunteering efforts initially focused on financial education and employability skills. However, in the autumn of 2023, our focus broadened to include addressing financial hardship. This broader approach allows colleagues to use their skills and time to meet the immediate needs of local charities and community organisations.

Colleagues can also use their volunteer allowance to support the Society's charity partner or use their professional skills to provide pro-bono support, become a trustee, school governor or mentor.

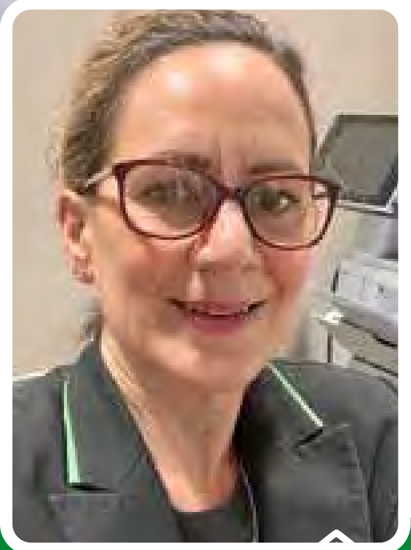
Colleagues also hold cause collections, to collect items required by local charities and good causes. In 2023, 246 collections were held, and items worth £15,000 were donated[33].

[31] Charity Fixed Rate Bond whereby 0.05% of the Bond Value (the total deposits attracted into the Bond over the Offer Period (14 July 2021 until 18 August 2021)) plus 0.01% VAT was paid to Age UK as a charitable donation. [32] Age UK advisors submit benefit claims for older people. Each claim is followed up and if the person has received confirmation from the source, e.g. DWP, that the financial entitlement will be paid to the person, it is added to the amount unlocked during the partnership. [33] Colleagues count the number of items collected under animal, toys, easter eggs, food, clothing, toiletries and 'other' categories. They then estimate the total value of each category to give an overall total for their collection.

IN ACTION:

Our retail networks at the heart of our communities

Our commitment to living our purpose drives us, and we actively support colleagues in engaging with their communities through a range of volunteering activities. Last year, colleagues from a branch in Kent came together to make a meaningful difference volunteering at a local homeless charity.



"The expansion of the Society's volunteering policy meant we were able to provide physical support to a charity doing great things to alleviate financial hardship in our community.

Medway Street Angels helps homeless people and families on low incomes, with much of their great work funded by charity shops selling donated items. Our team has spent the equivalent of four days volunteering at their distribution hub, helping to sort through donations to sell in their shops, be sold as rags or be distributed directly to the homeless.

Volunteering our time is so rewarding, but ultimately it's benefiting those in our community who need a helping hand from this fantastic charity."

Customer Consultant, Kelly

Financial education

Money Minds

Our flagship volunteering programme, Money Minds, teaches children, young people and adults about money and prepares them for the world of work. Many of the sessions are delivered by our colleagues, in school classrooms, to help children and young people learn more about money through appropriate activities. Younger children for example learn how to keep money safe, consider wants and needs when it comes to spending or plan a party to experience budgeting.

In 2023 we reached 16,000 children and young people aged five to nineteen (2022: 16,000), and as part of UK Savings Week in September 2023 alone, branch colleagues delivered over 200 sessions to over 3,100 people.

The programme's expansion to an **online platform** provides teachers, parents, and caregivers with an accessible resource for enhancing financial literacy, both within and outside the classroom.

Covering a range of topics such as budgeting, lending and borrowing, and relationships with money, the content includes fun activities for young people aged 11-19, lesson plans for teachers to download and support for parents and carers to start having conversations about money, work and careers.

The positive impact of this initiative has been well established, with 15,000 unique users[34] of the site and 3,300 downloads of the materials in 2023.

Our Money Minds programme can also be delivered to adults via local community groups and charitable organisations on a range of topics, including the cost of living and how to protect from fraud and scams, with signposting to further advice and support where necessary. In 2023, we reached almost 2,300 adults through this programme.

Employability and skill development

Emerging Talent

Our Emerging Talent programme represents an innovative collaboration with carefully selected schools and colleges in Bradford, prioritising education settings with a significant number of lower socio-economic students or situated in diverse communities. Hosted at our head office, it delivers tailored educational sessions focused on employability skills and meaningful workplace experiences, preparing students for the world of work.

In 2023, the programme focused on a two-day employability experience with AQA-certified workshops[35], attended by 82 students.

Good Things Foundation

Throughout 2023, we continued to work with **Good Things Foundation** and local community partners in the National Digital Inclusion Network, to help deliver essential digital skills training to Black, Asian, and ethnically diverse people in Bradford. The project aims to help people acquire and improve their digital skills and is specifically targeted toward ethnic minority communities where the social exclusion and skills gaps may be more pronounced.

The programme supported 489 people in 2023 (2022: 442), 72% of whom said they felt more confident using a digital device and the internet, and 73% said they felt the digital skills learned have enabled them to apply for a job or training that they would not have been able to do previously.

[34] We use analytics to identify the number of unique visitors to the Money Minds website each year.

[35] The Emerging Talent programme awards three AQA certificates, with the content devised by YBS and approved by AQA: Teamwork, World of Work and Problem Solving. AQA Certificate is a qualification offered by AQA Education, an awarding body in England, Wales and Northern Ireland.

IN ACTION: Volunteering for our charity partner FareShare

YORKSHIRE BUILDING SOCIETY
Helping real life happen

Proudly supporting
FareShare
fighting hunger, tackling food waste

FareShare

In November 2023, we launched a new partnership with FareShare, who we'll be supporting until June 2026. FareShare is the UK's biggest charity fighting hunger and food waste, redistributing surplus food to over 8,500 local charities and community groups supporting thousands of vulnerable people every week, not just with food but with skills to help lift themselves out of financial hardship.

Our goal is to raise £1 million to fund FareShare's Building Skills for the Future programme, spanning London, Bristol, Milton Keynes, Yorkshire, Edinburgh, Merseyside and Cardiff. This initiative will support, equip, and prepare over 2,500 people for employment, helping them regain their financial independence.

Richard (pictured right), who volunteered at the Barnsley distribution centre, said: "Helping FareShare redistribute food in their warehouse to charities and community groups where it's needed most was so rewarding. Knowing we're contributing to their fantastic work is really inspiring, and combined with our fundraising efforts, I genuinely believe we're making a positive difference to people in financial hardship."

Colleagues can volunteer at local FareShare distribution centres to help pick and pack crates of food ready for distributing to local community groups, schools and charities.

Measuring what we do

We strive to ensure our community investment has a meaningful impact. To monitor this, in 2022 we joined the **Business for Societal Impact (B4SI)** network and are actively aligning our programmes with the B4SI Community Investment Framework, which helps us evaluate the social impact our community programmes and partnerships have in the communities we serve.

In 2024, we'll enhance the evaluation of our Money Minds programme and work with Citizens Advice and FareShare to align key performance metrics with B4SI. We want to clearly understand the extent to which our communities are benefitting from our programmes by using B4SI's three depths of impact - connect, improve and transform. Part of our B4SI journey will include contributing to the 2024 B4SI Global Benchmark to manage and measure our performance and inform our longer-term community investment strategy.

The Yorkshire Building Society Charitable Foundation (The Foundation)

The Foundation is an independent, registered charity with its own Board of Trustees[36], of which Yorkshire Building Society funds the running costs.

Small Change Big Difference Scheme

The Foundation is predominately funded by members opting into the Small Change Big Difference Scheme, which enables them to donate the annual pence of interest from their savings accounts or round up their mortgage payments to the nearest pound once a year. At the end of 2023, 923,000 accounts were signed up, raising £358,000 for the Foundation.

In 2023, the Board of Trustees agreed to focus the Foundation's support on areas of deprivation and charities supporting marginalised groups, so funding is directed to where it's needed most. Similarly, smaller, grassroots charities are prioritised to ensure donations make the biggest difference. The Board also increased the maximum donation amount to £2,500 and relaxed application guidelines to give charities greater freedom to spend donations flexibly. As a result of these changes in 2023 the Foundation donated £285,000 to 258 charities (2022: £283,000).

Real Help with Real Life Fund

Each year, the Society donates £100,000 to the Yorkshire Building Society Charitable Foundation Strategic Fund, which is currently funding four projects delivering support for those experiencing financial hardship and supporting people with employability skills. The charities have been carefully selected to help reach underserved groups, such as vulnerable young people and those from minority ethnic communities.

- **Albert Kennedy Trust** was awarded £29,000 to support homeless and vulnerable LGBTQIA+ individuals in Manchester, providing access to emergency support and accommodation.
- **Bradford Central Foodbank** received a donation of £10,680 to fund a staff member at a Job Club and IT Help Hub for those using the foodbank. So far, this has supported 153 people and of the outcomes reported so far 10 people have secured employment and 8 have gone into further education or training.
- The Foundation's partnership with **Refugee Action**, which launched in 2021, has continued and will now run until 2024. The charity has benefited from £60,000 to date which has funded the Pathways to Work Project, an employability skills course for 79 refugees and those seeking asylum. Society colleagues are also mentoring refugees to help them into secure employment after re-settling in the UK.
- Vulnerable individuals in a deprived area of Hull have been supported into employment and training opportunities thanks to a £28,000 donation to the **Vulcan Learning Centre** – helping 332 people in 2023.

[36] All trustees are independently appointed by the Yorkshire Building Society Charitable Foundation's existing board with external trustees serving an initial term of 3 years. This can then be extended for a second term, with a maximum tenure of 7 years. Internal trustees have an unlimited term but must remain an employee of Yorkshire Building Society while on the board. Their details can be found on the **Foundation's page on the Charity Commission website**.

Our aim is to create a workplace where everyone can truly be themselves.

We do this by making sure our people feel valued and heard.

We strive to attract, develop and retain diverse talent and we know that our colleagues are our strongest asset, shaping both our business and how we support our customers.

INVESTING IN OUR PEOPLE

IN THIS SECTION

INVESTING IN OUR PEOPLE - AT A GLANCE

2023 HIGHLIGHTS

TOP 10 FAMILY-FRIENDLY EMPLOYER by the independent work-life balance charity Working Families.

2023 Top 10 Employer for Working Families

NEW FAMILY LEAVE POLICY supporting colleagues to care for their loved ones.

24/7 DIGITAL GP introduced offering all colleagues and their families free access to help manage their health.

NEW MENTORING PLATFORM launched which saw 333 colleague's sign-up by the end of 2023.

NEW REACH LEADERSHIP PROGRAMME for Black, Asian, and ethnically diverse colleagues has launched, with 12 colleagues completing it.

2024 PRIORITIES

Recognise our colleagues and celebrate their performance with new reward programme and recognition programmes.

Develop the priority skills needed across the business through our North Star leadership programme, our redefined Leadership Essentials and expanding our apprenticeships to over 150 colleagues over the next three years.

Drive social mobility by working with our new partner 'Progress Together'.

Launch new Diversity, Equity and Inclusion goals to ensure we're doing more to create an inclusive working environment.

Continue to engage colleagues with the new strategy, launched at the end of 2023.

Evolve our Employee Value Proposition to demonstrate our authentic approach, which will aim to attract and retain talent and enhance colleague engagement.

EVOLVING OUR CULTURE

Working environment

Our people are our greatest asset in providing the brilliant level of service valued by our customers and members. It's vitally important to us that all our colleagues feel valued, listened to, and fairly rewarded for their contribution to the Society.

We pride ourselves on having a great culture and working environment. We offer a warm, welcoming, inclusive, and flexible workplace, and we help careers happen. We know there's no single right way of working which fits everyone, and that's why we're not trying to find one. Instead, we're doing everything we can to make sure that when we're working together, and apart, we're working at our best.

We've empowered our teams to decide for themselves the mix of remote working and in-person attendance that allows them to deliver great service to our customers, while also recognising the needs of individuals in the team. We've supported them with guidance and reasonable adjustments to make their working environment safe and effective while at work, whether that's at home or in the office. Our approach continues to create more internal opportunities across the Society for those who previously would not have been able to change job due to location-specific roles.

In April, we launched two Ways of Working guides – one for all colleagues and the other for our people leaders. These guides aim to help everyone understand the different ways of working we have across the business, and our guiding principles. At the end of June, we announced internally that we would be investing over £3m into Yorkshire Drive, our head office in Bradford. This will fund a significant redesign of much of the internal space, including making accessibility improvements such as installing accessible compliant desks and lowering refreshment stations.

Our behaviours

We're guided by a clear set of behaviours: we care about people, we say it straight, we reach for better, and we make it happen. Each one defines who we are as an organisation, and our colleagues demonstrating them is essential for maintaining our character.

This year, our focus has been on empowering our colleagues to recognise the positive impact they make by living these behaviours. We've implemented a behaviour embedding plan, providing clarity on our goals, highlighting examples of people using the behaviours in action, and helping colleagues understand how behaviours play into daily operations. This initiative included the creation of a behaviour guide for leaders and encouraging colleagues to share stories of how they have exemplified the behaviours. We believe taking our behaviours to the next level will propel us forward and help foster engaged colleagues who find purpose in their work and feel empowered to voice their opinions, making them more likely to proactively seek solutions, and ultimately enhance the service we provide to our customers.

- WE CARE ABOUT PEOPLE
- WE REACH FOR BETTER
- WE MAKE IT HAPPEN
- WE SAY IT STRAIGHT

To bring our behaviours to life, we teamed up with Steve Williams, a two-time Olympic gold medallist rower, to help colleagues champion our behaviours:

Steve led a series of masterclasses where colleagues collaborated in small groups to tackle real business challenges and apply our behaviours through learning and experimentation.

Colleagues were introduced to tangible and inclusive tools and concepts from the world of elite sport, for them to experiment with in their day job.

One of our Retail Area Managers, Sharon, took part in the course. She said: "The masterclass sessions were a fantastic opportunity for me as a leader. The course had a diverse range of activities that built on our existing experience, and it was also great to network with colleagues from across the Society. I finished the course with renewed enthusiasm and empowerment helping shape my approach to various pieces of work and to support my team further."

IN ACTION: Embedding our behaviors

Colleague engagement

A key method of measuring the levels of engagement across our organisation is through an annual survey, supplemented by ad hoc temperature checks.

In 2023, 90% of colleagues completed the annual survey, and the Society's overall engagement score was 8.6 (2022: 8.6) which maintains our position in the top quartile for engagement amongst financial organisations[37]. Our employee NPS (eNPS), which measures if colleagues would recommend the Society as a place to work to friends and family, improved to 68 (2022: 66), which keeps us firmly in the top 5% of financial organisations.

To promote an open and supportive workplace culture, we prioritise understanding our colleagues' perspectives and offer various platforms for them to share their thoughts. This includes our Colleague Forum, established in 2019. The Colleague Forum hosts regular discussions involving colleagues, representatives from the senior leadership team and Board members, focusing on vital business topics. These conversations ensure that our colleagues' voices are heard and valued, and we act on their input.

2023 saw us launch our inaugural Society-wide Organisational Health Index survey[38]. This has a broader lens than engagement and gives us access to a wealth of benchmarking data against other organisations. 64% of colleagues completed the survey which has deepened our insight into our organisational strengths and areas for improvement, directly informing our business strategy review.

In 2023, focused discussions with our senior leaders helped us to understand the factors impacting their personal engagement and ability to successfully engage their teams. As a result, when we launched our new strategy at the end of 2023, we delivered an engaging, face-to-face event, that equipped leaders with comprehensive materials to help inform and engage their teams.

Our Board listening sessions, held in January and July 2023, gave colleagues from across the business the opportunity to share their views with non-executive Board members. The sessions were facilitated by members of our senior leadership team, and colleagues were encouraged to share their diverse perspectives and experiences of working for the organisation.

In 2023, the Society's overall engagement score was 8.6 which maintains our position in the top quartile for engagement amongst financial organisations

[37] Benchmark sourced from Peakon and only includes financial organisations that use their platform.

[38] The Organisational Health Index is owned by McKinsey & Company. More information can be found here.

Launching our new strategy

In 2023, we retired our old 'Strategic Blueprint' and launched our new strategy with a 'North Star' to give colleagues clear direction over the long term. Our core purpose remains unchanged - to provide real help with real life – but four new pillars guide how we'll do that.

We'll double our customer reach and deepen the impact we have on their lives; create joyful experiences for all our customers who will trust and love us; cultivate an ambitious culture that enables us to move together at pace and we'll build a Society that's future-ready and fit to serve generations to come.

The 'ambitious culture' pillar is sponsored by our Chief People Officer and is all about our people; making sure they are clear on what they're accountable for, and that they work together with others at pace to meet customer needs. It's about ensuring our colleagues have the skills they need now and for the future, that leaders are aligned on priorities and provide both support and challenge, and that high performance is rewarded, with how and what people deliver being equally important.

In 2024, there will be a regular drumbeat of communications to keep colleagues informed of progress, clear on the part they play, and inspired to do their very best.

Double reach and deepen impact

Create joyful experiences

Cultivate an ambitious culture

Build a future ready Society

ATTRACTING AND DEVELOPING TALENT

Onboarding

Joining the Society is a really critical moment in a colleague's relationship with us and we want to ensure that they have a good onboarding experience, from the moment an offer is made through to the first few weeks in role. New starters can access a pre-boarding portal and magazine, welcoming them to the Society before they've officially started their role, which allows them to hit the ground running from day one. Once they've officially started, they're given access to an Onboarding Guide which has a range of self-led support. This includes tips and content to support them through their first quarter, and they're encouraged to join one of our Welcome events, which allows for wider networking and the opportunity to hear more about the business. Their people leader also receives a guide to ensure they are well-equipped to support their new starter.

Learning and development

We want to make our organisation as successful as we can and ensure that we achieve everything we know we're capable of achieving – for our customers, communities, and our colleagues. To do this, we need to make sure everyone is continually learning and that we're enabling colleagues to learn and grow.

In 2023, we adopted the Future Skills Framework created by the **Financial Services Skills Commission (FSSC)** to ensure financial services organisations are addressing the skills shortages in the industry. We completed a business capability diagnostic to enable us to understand both current and future required skills. This clarified the skills we needed to prioritise, which include data analytics, digital literacy, creative thinking and empathy. We've accelerated the development of these skills through both self-led and programmatic learning, including apprenticeships.

Our apprenticeship scheme continues to provide colleagues with an opportunity to achieve a professional qualification whilst learning on the job. We're proud that a total of 60 colleagues are actively studying through various apprenticeships, which includes 24 colleagues developing their data capability through both literacy and fellowship programmes. We've also supported 9 colleagues to build their leadership capability by studying for the Building Societies Association (BSA) Master's in Strategic Leadership programme at Loughborough University[39].

In 2024, we plan to use our apprenticeships to support our strategic ambitions, and the development of our priority skills. We've set an ambitious goal to have 150 apprenticeships running over the next three years.

IN ACTION: Learning through an apprenticeship.

Our apprenticeship programmes help us to build skills and grow talent across the Society.

One of our apprentices, Mya, shares her experience. She said: "I wanted to learn new skills whilst doing the job to gain experience without the worry of having a large debt to pay off.

"Although it was very challenging, it went really well and was the best decision I've ever made. I graduated with a first in Digital Technology Solutions specialising in Software Development and now work in the Society's Digital team, putting my skills into practice and learning new ones."

[39] The three-year part-time MSc in Leadership and Management programme teaches critical management and leadership skills and gives awareness and knowledge of current key issues and challenges. More information can be found **here**.

Learning is accessible for all colleagues through our "Home for Learning" internal site, which hosts our Learn and Perform platforms, access to **LinkedIn Learning** and our new mentoring platform, **PushFar**. All colleagues are encouraged to use LinkedIn Learning to drive their own personal growth, with 1,771 unique users[40] over the year and 47% monthly repeat users, allowing self-development in these topics. Our mentoring platform has been successful in its first months of running, with 333 colleagues signing up in 2023. We see this as a great tool to better enable the sharing of knowledge and expertise across the business, helping our colleagues to develop their skills as well as supporting talent mobility and our diversity, equity, and inclusion agenda.

Our dedication to learning means that on average our colleagues spent 33 hours per year learning which is higher than the FSSC's average of 23.6 hours per person. The majority of learning hours were spent in 2023 on developing our four critical capabilities of data analytics, digital literacy, creative thinking and empathy.

We encourage a culture of learning for all colleagues. We have 48 learning champions who actively support learning programmes to enable peer-to-peer knowledge sharing. Our people leaders are provided with a Leadership Expectation Framework which outlines how they should support colleagues, as well as our new People Leader Responsibilities and associated guide, to help them understand the important role they play in supporting the key moments in our colleague lifecycle. Within this lifecycle there are key stages that we call 'moments that matter' - onboarding, development, performance, recognition and moving on. People leaders have a responsibility to support colleagues to deliver the best experience.

In 2024, we'll focus on the introduction of three programmes to continue the development of our leadership effectiveness. These include our 'North Star' leadership programme, which will focus on the skills required from people leaders as our organisation continues its transformation journey. We'll also be introducing a revised Leadership Essentials Programme, helping our leaders to confidently apply their leadership responsibilities, and finally an 'Aspiring Leaders' programme to support our pipeline of future leaders.

Reward and recognition

Providing recognition for our colleague's performance and support to help deliver exceptional products and services to our members and customers is crucial to our long-term success.

In 2023, we made significant investments in base pay, providing eligible colleagues with a 6% increase, accompanied by an additional 1% discretionary allocation for leaders to allocate where further adjustments were needed. We also reinforced support for our lowest-paid colleagues by introducing a Society-wide minimum salary of £22,000 (pro-rated for part-time colleagues), with the aim to further support colleagues with inflationary and cost of living pressures, as well as aligning with our commitment to maintain wages at or above the Real Living Wage[41].

Colleagues' dedication in achieving challenging targets was further acknowledged with a 10% bonus payment, the maximum allowed under our scheme.

We continue to evolve how we recognise colleagues and in 2023 we started a pilot programme for a more flexible, timely, and people leader-led approach to recognition. The insights and results from this pilot will guide our future recognition strategy, due to launch in 2024.

[40] Unique users on LinkedIn are colleagues who use LinkedIn learning for the first time within January 1st to 31st December 2023. If the same person visits the page multiple times within a period, they will only be counted as one unique user.

[41] The Real Living Wage is based on the cost of living, which is calculated by the Living Wage Foundation Charity. More information can be found **here**.

Collective bargaining

We recognise the importance and benefit of a collective bargaining process and have nurtured a strong working relationship with Aegis the Union, which has sole negotiation and consultation rights with the Society. All colleagues are able to join Aegis and information about joining is available during the onboarding process. Membership at the end of 2023 was at is at 39.6%, which is marginally lower than 2022 (42.3%). Employees who choose not to be members have the same working conditions and terms of employment as those who are. There is regular engagement between Aegis and our senior leadership team via our Joint Consultative and Negotiation Committee (JCNC), with the Chief Executive Officer attending at least once a year, alongside a rotation of Chief Officers.

Working in partnership with Aegis allows us to create a culture of trust and transparency. Constructive challenge helps ensure the best outcomes for colleagues, customers and the long-term sustainability of the Society. We also consult with Aegis on proposed organisational change and any material changes to terms and conditions of employment to ensure our people's needs are considered ahead of any changes. Where collective consultation is necessary, we comply with legal requirements and seek to consult for longer, where possible.

Leaving the Society

We help colleagues to progress in their career journey, wherever that may take them. As a business we're committed to the redeployment of colleagues across the organisation where possible, and last year 30.4% of vacancies were filled with internal candidates, with 44.4% for higher grade roles.

We appreciate however that the destinations people are heading will vary, as will the routes. And that means that some of our colleagues will choose to embrace new opportunities outside of the Society.

In the event of a colleague facing redundancy, we have several ways we support them in seeking alternative employment and our guide outlines how we actively work to redeploy colleagues into internal roles.

Where a colleague can't find a position internally, we have a partnership with an outplacement service, and colleagues receive credits to support with retraining, looking for jobs and interview skills. Our priority is retaining talent which means only six redundancies took place in 2023.

For colleagues nearing retirement, Fidelity, the Pension Trustee's pension scheme administrator, provides a programme of pre-retirement communications starting with wake-up packs[42] and signposting to **Pension Wise** - Money and Pensions guidance service - five years before the colleague's selected retirement date. Further communications are sent six months before the selected retirement date, or at any other time as requested by colleagues.

[42] Wake up packs designed to prompt people aged 50 to start thinking about their plans for retirement and are issued every 5 years from age 50.

PROMOTING DIVERSITY, EQUITY AND INCLUSION

Inclusive workplace

To create an inclusive workplace, we know we need to provide support and opportunities that ensure all colleagues can fulfil their potential with us. These interventions sometimes need to vary depending on the individual needs or circumstances of each colleague to ensure a fair outcome for all. To recognise this, we've evolved our approach from Inclusion and Diversity to Diversity, Equity and Inclusion (DE&I).

We've retained our place in the '**Top 10 Working Families**' organisations for the third year running, continued to work towards achieving **Disability Confident Leader Level 3**, and have remained a signatory of the **Race at Work Charter**, working towards achieving all of the seven commitments. In 2023 we also signed up to 'Progress Together' to support with improving social mobility across financial services and at our organisation. As part of our membership, we'll be collecting data from colleagues on their socio-economic background, and once we understand our benchmark and any areas to improve, we'll set ambitions (targets) to improve the identified areas of underrepresentation. We're one of the member organisations taking part in a pilot to support the development of managers from a lower socio-economic background, with more to be announced on this later in the year.

Governance

We've strengthened the governance of DE&I by splitting the former committee into the DE&I Working Group and DE&I Forum, with the latter reporting into our ESG Committee. These changes will be formalised as part of our new three-year strategy from 2024 and will empower our colleague network co-chairs and their senior leadership team sponsors to drive the delivery of agreed strategic activities through the Working Group, while the Forum will concentrate on providing challenge and monitoring progress against the agreed measures and strategy milestones.

We've fostered DE&I accountability across all levels, integrating a DE&I objective into Executive Directors' and senior leaders' objectives, which is tracked via the Leading for Value (LFV) bonus scorecard. LFV is one of the bonus schemes that Executive Directors participate in; performance is assessed against the delivery of measurable and targeted financial value for members, achievement of key strategic milestones, and ESG performance against colleague engagement, inclusion and diversity, and social impact targets. You can read more about this in our Directors' Remuneration Report on page 109 of the 2023 Annual Report and Accounts.

In 2024, we will review and updates our existing DE&I measures to better align to track and drive progress.

Colleague networks

Our five colleague networks - Accessibility, Ethnicity, Parents & Carers, Proud, and Women - have been instrumental in advancing our initiatives and promoting diversity, equity and inclusion. Established in May 2021, they are now deeply integrated into our organisation and have played a pivotal role in effecting positive change. We also have a men's health, wellbeing and allyship group, ManKind.

Each of our colleague networks is supported by two senior leader sponsors who advocate for their respective networks, with two additional senior leaders facilitating regular discussions with network co-chairs at the DE&I Forum.

These networks have helped to shape some of our processes and policies. Notable contributions include the Accessibility Network's support for the refurbishment of our Bradford office to ensure the design elements increased accessibility, the Ethnicity Network's improvements to contemplation and prayer facilities, and the Parents & Carers, and Proud networks have helped us make improvements to our people policies and benefits. This includes introducing features such as extended neo-natal leave, enhanced IVF leave, parental bereavement leave, and Gender Dysphoria coverage in our Private Medical Insurance offering.

PROUD NETWORK

WOMEN'S NETWORK

Accessibility NETWORK

PARENT +CARER'S NETWORK

ETHNICITY NETWORK

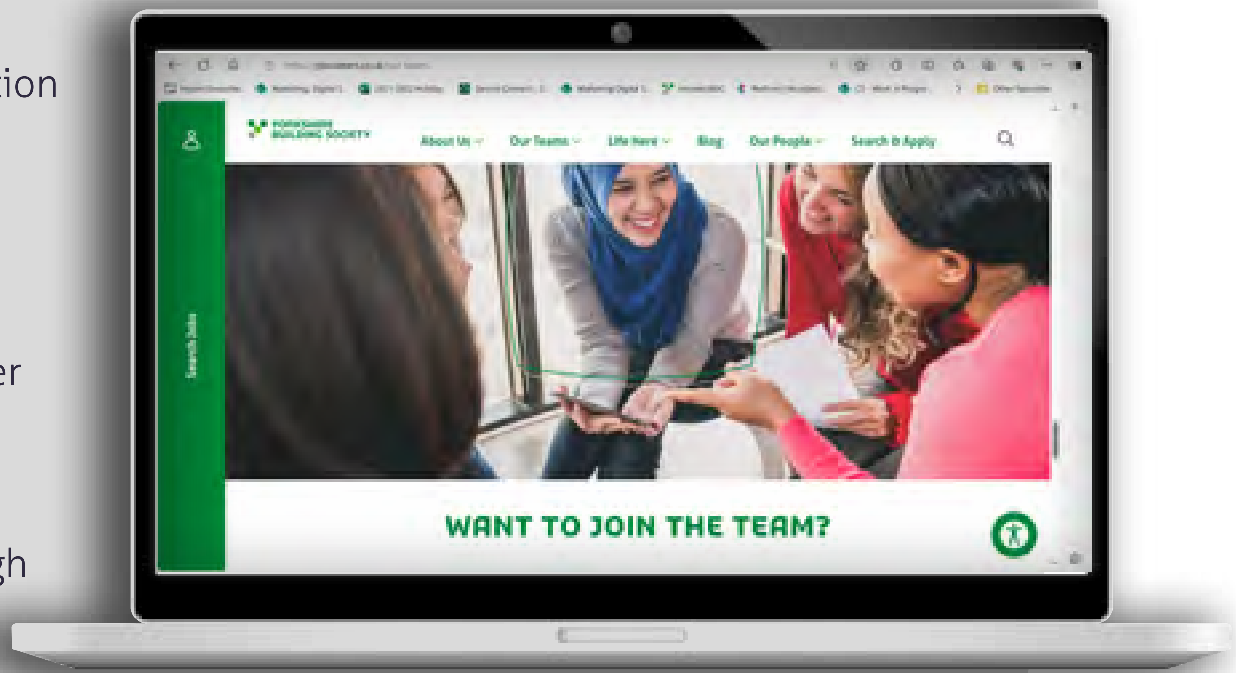
Monitoring our DE&I progress

Each year we conduct a DE&I engagement survey to understand colleagues' opinions and perspectives on how we're delivering an inclusive and diverse environment. The 2022 survey gave us fantastic insight from our colleagues, which helped to inform three key areas of focus: recruitment, opportunity, and data.

As a result, we've conducted a comprehensive review of our recruitment process and have made several changes, including the introduction of interview scripts for neurodiverse candidates and a hiring manager toolkit to support DE&I considerations in recruitment. These changes ensure hiring managers are equipped to have great conversations about reasonable adjustments throughout the interview and onboarding process.

To address the 'opportunity' area of focus, we ran four director role Careers Showcases in 2023 to provide colleagues with better visibility of internal career opportunities. These events gave colleagues the opportunity to learn more about other parts of the organisation, the different opportunities they offer, and the skills they look for.

Finally, we've used data to better understand our colleague demographics, enabling us to address areas of underrepresentation and measure the inclusivity of our culture. In 2024, we'll also be enhancing our reporting to better understand the demographics of our applicants as they move through the recruitment process.



Empowering high performing diverse talent

We champion diversity and work hard to ensure our workforce is reflective of the society in which we operate. In 2023, we built on the work over the last three years around inclusive recruitment, including:

- Ensuring our adverts are free from gender bias and advertise on more diverse platforms.
- Pro-actively sourcing diverse candidates and working with our colleague networks to seek referrals for vacancies.
- Providing hiring managers with a balanced shortlist and supporting them to have balanced interview panels.
- Guaranteeing an interview to candidates identifying as having a disability and who meet the minimum criteria for the role.
- Working in partnership with six education providers across West Yorkshire with high numbers of pupils from lower socio-economic backgrounds to deliver careers and financial resilience sessions, as well as bespoke training sessions on interview skills, networking and using LinkedIn. More details can be found in the Community section of this report.

In 2022, we signed the **Race at Work Charter**, and with the support of Business in the Community (BITC), we've committed to completing the seven charter commitments. As part of this, we launched REACH, our Black, Asian and Ethnically Diverse (BAED) leadership programme, to help address representation at senior management and director level. In 2023, 12 colleagues completed the programme, which included leadership skills workshops and senior leader and external mentoring. We've also welcomed and are aligned with the recommendation of the **Parker Review** to have at least one of our Board directors from an ethnic minority background. You can read more about our Board composition on page 41 of our Annual Report and Accounts.

In 2018, we signed the **Women in Finance Charter** and set a target to achieve 50% of women in senior management roles by June 2023. In 2023, we reported 49.3% of our senior manager and senior leadership roles as being held by women, with women occupying 58.3% of Board level roles in December 2023. We'll review these targets in line with our refreshed 2024 DE&I strategy.

Our 2023 **Gender Pay report** showed 23.4% and 23.8% for mean and median gaps respectively (2022: 25.7% and 24.0%). We've seen a reduction in our Gender Pay Gap for the past five years, which we know to be driven by the imbalance of women and men at different levels of the organisation. Our commitment to the Women in Finance Charter means we're building a talent pipeline for our senior manager and director roles, and we regularly review our talent data with senior leaders. We've made some progress as evidenced in the reduction of our Gender Pay Gap and the achievement of our Women in Finance target of a 50:50 split.

PRIORITISING HEALTH AND WELLBEING

Wellbeing

The health and wellbeing of our colleagues has never been more important, not only because we're an organisation that truly cares about its people but because we believe it to positively correlate with colleague engagement and productivity. We take a 'whole person' approach to wellbeing, supporting our colleagues across four pillars: mental, physical, financial and social health.

We've worked closely with our colleague networks and teams across the organisation to identify opportunities to promote the importance of wellbeing. Key examples of this include: the promotion of financial wellbeing as part of UK Savings Week; an in-person cost of living event; running a webinar on our people policies and resources to support working parents and carers as part of Carer's Week; and the creation of a Menopause Guide in collaboration with the Women's Network to support our colleagues' experiencing perimenopause or menopause.

The importance of our colleagues' wellbeing is reflected in our benefits offering, which includes discounted access to critical illness cover, private medical insurance, and health and dental cash plans. These benefits can be purchased via monthly salary deductions over a 12-month period.

We've also made enhancements to our Family Leave policy to support colleagues, introducing neo-natal leave for up to 12 weeks, in addition to other family leave entitlements that are available, improving IVF leave with both parents now covered for up to five days leave, as well as providing parental bereavement leave of up to two weeks for both parents in the event of early baby loss.

We closely monitor key wellbeing metrics including levels of sickness and absence. The sickness rate in 2023 was 4.23% (R12M[43]) compared to 4.43% in 2022. We'll continue to monitor these trends, alongside others, to ensure that our colleagues have access to the right level of support.

Mental wellbeing

Colleagues can access our confidential Employee Assistance Programme helpline and **Unmind**, an online platform with bite-sized learning and tools to promote overall wellbeing. We have Rest, Restore, Relax rooms at two of our main offices, and 15 mental health first aiders across the Society, who champion mental health and encourage people to think more proactively about positive mental wellbeing, whilst providing initial support and signposting in a crisis.

Physical wellbeing

We continue to support colleagues with their physical health with all colleagues having access to Bupa webinars on key topics such as selfcare, resilience, exercise and nutrition, and through education to help individuals and leaders have active conversations about wellbeing. All colleagues were again given access to Bupa's flu vaccine programme for the 2023 winter months. In addition, our diversity, equity and inclusion network groups lead conversations in relation to physical activity and its positive effects on mental health, and menopause, providing a safe space for individuals to discuss with like-minded colleagues. This year we introduced the **Zurich GP247 Digital GP Service** for all colleagues providing them and their immediate family access to medical advice 24/7, 365 days a year, completely free of charge.

[43] Reported on a 12-month rolling period, meaning the rate for the year preceding the current month.

Financial wellbeing

We support not only our customers' financial wellbeing, but our colleagues' too. Whatever our colleagues' personal financial situation, we give easy access to a range of tools and resources to help them make the most of their money, develop a savings habit, or get help if they're struggling financially.

In addition, we arranged a series of pension webinars to help colleagues plan for retirement at different stages in their life and created a financial wellbeing hub on our intranet with resources and practical support, such as calculators and budgeting tools.

Social wellbeing

We continue to focus on helping colleagues to create and keep connections in a hybrid working world. To support this, we championed a dedicated 'Wellbeing Week' in July and provided colleagues with access to interactive webinars, covering topics including neurodiversity at work and mindfulness. We also continued our annual 'Cuppa and Catch-Up' events, encouraging colleagues to reconnect in person or virtually.

We also piloted an initiative called 'Your Time' to empower colleagues to focus on their wellbeing, encouraging them to take time each month to concentrate on learning and development, wellbeing and social connection. The success of the pilot means we're continuing with 'Your Time' in 2024.

At the heart of our 'We care about people' behaviour lies the belief that volunteering significantly contributes to enhancing social wellbeing. We actively encourage participation in fundraising and volunteering, by providing each colleague with an annual 31-hour (pro-rata) paid volunteering allowance. For us this is important, as we know that beyond the act of giving back to local communities, volunteering becomes a powerful catalyst for building meaningful connections and improving social wellbeing. Our commitment to volunteering not only helps colleagues achieve their learning and development goals, but also fosters a sense of community. You can read more about our community investment on pages 28 - 33.

Health and safety

The health and safety of our colleagues, customers, contractors, visitors, and anyone else our activities impact is something we take very seriously.

We also make sure others we work with hold the same high standards when it comes to keeping people safe as we're committed to preventing injury and ill health in the workplace.

We comply with statutory standards as a minimum, with the aim of achieving best practice where possible. That's why we encourage a culture where continuous improvement in health, safety, and wellbeing is integral to our activities. We empower all colleagues to constructively challenge unsafe behaviours, and to use appropriate equipment and processes to prevent them and others coming to harm. To improve senior colleagues' awareness of health and safety in the business, we organised an 'Institution of Occupational Safety and Health for Executives and Directors' course which was attended by directors, Risk & People colleagues and a health and safety representative of Aegis the Union.

The Health and Safety team also rolled out cardiopulmonary resuscitation (CPR) training for all colleagues through a partnership with the **British Heart Foundation** and their free training tool RevivR.

To help create a safe work environment, wherever our people work, risk management plays an important role. For example, to support colleagues who work from home, we created a new annual assessment to determine if the home environment is considered safe to work in. Additionally, in the office, a fire risk assessment prompted the replacement of over 200 fire doors at our Yorkshire Drive head office, demonstrating the continued improvements we make to our workplaces.

Incident reporting

Accidents and near misses are reported centrally to the Property Helpdesk for investigation by the Health and Safety team. We've created a culture where colleagues know how and why it's important to report accidents and near misses, which is reinforced through annual mandatory learning and regular communications. Accidents and near misses are reported quarterly as part of the Health and Safety Forum, where any colleagues from across the business, including senior managers, can attend for an update on health and safety activity and performance, and to raise any concerns.

Accidents and near misses are also provided to the Union monthly for visibility and review. Our full health and safety performance is also reported annually as part of the annual Health and Safety Review, which is attended by the Chief Executive and other senior managers in the business. The Board of Directors also receive this to review.

In 2023, the number of total incidents (accident and near miss) reported was 91 - up 11% on 2022 (82) and down 15% on 2021 (107). The number of accidents[44] reported (74) are up 7% on 2022 (69), although down on an accident per colleague basis, and down 21% on 2021 (94). The vast majority of accidents result in no first aid, further treatment, or time off work. Near misses reported in 2023 (17) are up 31% on 2022 (13) & 2021 (13), which we see as a positive given our efforts to promote reporting of near misses – enabling us to act before any incident occurs.

[44] Accident reports at YBS include accidents where no injury has occurred as well as minor injuries such as bumps, knocks, grazes etc not requiring any treatment or time off work. We also include "Natural" incidents where someone may have an incident due to ill health or feeling unwell such as passing out on YBS premises and needing treatment either by a first aider, appointed person or medical services.

Our aim is to build a greener society for now and future generations to come. We prioritise reducing our operational carbon emissions across Scopes 1,2 and 3 as well as taking steps to support customers with purposeful initiatives.

However, we acknowledge that we need to intensify our pace and work with others in order to create real change, which is why we're calling for significant changes in policies, regulation, and technological advancements, all while collaborating with our peers.

BUILDING A GREENER SOCIETY

IN THIS SECTION

BUILDING A GREENER SOCIETY - AT A GLANCE

2023 HIGHLIGHTS

RESIDENTIAL MORTGAGE EMISSIONS	calculated and published for the first time.
NEW TEAM	established and dedicated to leading the Society's integration of climate change.
2,500 ENERGY REDUCTION PLANS	created by customers through the Energy Saving Trust Portal.
COLLEAGUE EMISSIONS	for travelling to work and working from home were calculated and published for the first time.
59% RESIDENTIAL EPC COVERAGE	increased from 57% in 2022.
RENEWED PARTNERSHIP	with Yorkshire & Humber Climate Commission and joined the Building Societies Association Green Task Force.

2024 PRIORITIES

Establish a Climate Champions Network to support the delivery of carbon literacy across the organisation.

Increase understanding and coverage of Financed Emission calculations aligned to The Partnership for Carbon Accounting Financials (PCAF) methodology.

Continue to improve data quality to support calculation of Financed Emissions.

Review all Scope 3 Operational Emissions categories to determine the emissions that should be allocated and assess the data availability and materiality for each.

Launch a new build enhanced affordability proposition and seek opportunities to develop more products to support our customers decarbonise their homes.

Rerun climate models scenario analysis and deepen our understanding of the risk posed to YBS by climate change.

REDUCING OUR CARBON EMISSIONS

Climate change journey

Continuing our environmental sustainability journey, we are actively developing specific climate targets for the short, medium, and long term. We're committed to supporting the **UK Government's national Net Zero target of 2050** across all emission scopes, including our financed emissions.

Operational emissions

A key part of our climate commitments is how we reduce our operational carbon footprint. This encompasses emissions from areas such as our office sites, branches, and transport.

In 2023, our total operational carbon footprint increased to 4,206[45] tonnes of carbon dioxide equivalent (tCO_2e), marking a significant jump from the 416 tCO_2e recorded in 2022. This increase can be attributed to two key factors. Firstly, we made the decision to disclose our homeworking and community emissions (category 7) for the first time. These emissions total 3,648 tCO_2e and account for most of the year-on-year increase. We recognise the importance of transparency as we further enhance our emission disclosures. In line with this, we've also continued to provide additional insight into our scope 3 carbon emissions disclosure gaps, detailed on page 82.

Secondly, as we navigated the post-COVID landscape and transitioned back to business as usual, we've seen an increase in business travel emissions. If we'd opted not to report our homeworking and commuting emissions and compared figures using the categories published in 2022, the Society's operational carbon footprint would have increased by 34%, rising from 416 tCO_2e in 2022 to 588 tCO_2e in 2023.

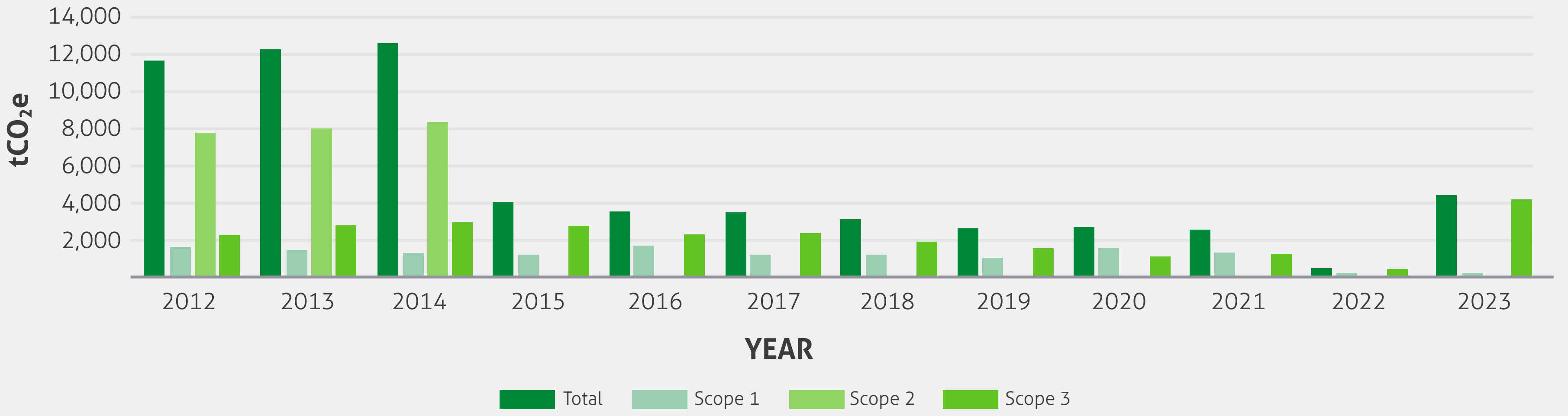
It's important to note that for the Society to align with our long-term emission reduction goals, a detailed understanding and disclosure of all carbon emissions are essential, even if this means short term increases. For a detailed breakdown of emissions by category, illustrating both decreases and increases, please refer to the Appendix on page 83.

[45] This is a market-based measurement. You can find the full location-based measurement on page 83.

Our ongoing efforts in 2024 involve creating and implementing a comprehensive Net Zero strategy. This is being developed in collaboration with our external sustainability partner who is assisting us in creating a roadmap that will ensure our journey toward Net Zero remains informed and effective.

SCOPE 1	Direct emissions from our own operations and assets that we directly control or own, such as gas usage.
SCOPE 2	Indirect emissions associated with the purchase of electricity in our operations.
SCOPE 3	Indirect emissions from sources not owned or controlled by us but are part of our value chain. This includes employee commuting and waste generation.

Operational carbon footprint (inc. scope 3) 2012-2023



Our Operational Footprint*	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021[3]	2022	2023
	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e
Scope 1	1,662	1,480	1,315	1,290	1,233	1,133	1,235	1,029	1,613	1,309	8	**5**
Scope 2	7,868	8,076	8,439	-	-	-	-	-	-	-	-	**0**
Scope 3**	2,264	2,877	3,009	2,811	2,318	2,367	1,932	1,598	1,094	645	408	**4,201*** **
Total	**11,794**	**12,433**	**12,763**	**4,101**	**3,551**	**3,500**	**3,167**	**2,627**	**2,707**	**1,954**	**416**	**4,206**

* The Society uses the market-based methodology to report its carbon emissions however you can find our location-based carbon footprint on page 83.

** You can find a full breakdown of Scope 3 emissions within the appendix of this report, on page 83.

*** Scope 3 emissions have increased due to the inclusion of Category 7 Employee data which have not been measured prior to 2023. If Category 7 Employee emissions were not included in this table, the total operational carbon emissions for 2023 would be 588 tCO_2e .Previous years have not been restated to reflect this adjustment.

Scope 1 and Scope 2 transition plan

We remain committed to achieving Net Zero on or before 2035 for our Scope 1 and Scope 2 emissions. We've already made significant advancements in reducing our energy use, and therefore our emissions across these scopes. Across all branches and offices, we've continued to procure electricity and gas backed by 100% Renewable Energy Guarantees of Origin (REGO) and Renewable Gas Guarantees of Origin (RGGO) certificates, and we've improved the monitoring of our own energy use across our operations on a more granular basis to consider our organisational level interim targets.

In 2023 we completed several retrofit improvements across the estate, including upgrading to full LED lighting systems in 31 branches to improve the energy efficiency of these sites. We're aiming to upgrade a further 48 branches by 2025, which currently have a mix of lighting.

During 2023 we decided not to renew our carbon offsetting contract. This decision has enabled us to consider and further develop our strategy which will prioritise emission reductions prior to offsetting. Going forward, we'll only consider specific carbon offsetting projects that lead to permanent and measurable emissions reductions or removals to compensate for any residual emissions once all reduction efforts have been exhausted.

Advancements in Scope 3 value chain disclosures

Operational

We're dedicated to delivering accurate and reliable information that proves valuable to our stakeholders. We want to be transparent about our journey towards addressing our Scope 3 disclosure gaps and progressing towards more comprehensive reporting of further material Scope 3 categories. You can find our disclosure gaps on page 82.

During 2023, we worked in collaboration with an external sustainability consultant to calculate our baseline operational Scope 3 emissions and we're pleased to be able to increase the number of categories we have disclosed.

We've assessed the carbon emissions arising from our colleagues' energy use whilst working from home or from their commute, adding 3,648 tCO_2e to our total emissions and increasing our overall operational Scope 3 emissions to 4,201 tCO_2e. These figures have now been included within our carbon footprint table which you can find on page 83.

We recalculated our 2022 supply chain emissions based on spend factors to highlight hot spots and challenges within our procurement process. In 2024 we'll continue to advance our understanding of these emissions to inform our reduction approach and aims to include them in future disclosures.

Additionally, we've calculated emissions generated by the operations conducted through the agency network, which will be included within our supply chain emissions calculation once finalised.

This enhanced analysis across Scope 3 represents a significant step forward from 2022, underlying our further understanding of our emissions footprint. The results of this assessment will not only help us to identify areas for improvement but will also serve as a foundation for targeted strategies to reduce emissions. You can find all of our operational Scope 3 disclosures on page 83.

In 2024, we're committed to reviewing all remaining Scope 3 operational emissions categories to determine the emissions that should be allocated to each. Each sub-category will then be assigned a data owner and assessed for data availability and quality, and emissions materiality to the Society.

Financed emissions

Scope 3 financed emissions relate to the carbon emissions from our lending portfolio and are an important metric in understanding the impacts our products and services have on the environment. We are pleased to disclose our Scope 3 financed emissions in relation to our residential mortgage portfolio as of 30th November 2023.

Scope 3 Residential Mortgage Portfolio Emissions	
Absolute financed emissions (tCO_2e/year)	662,265
Total mortgage properties	274,579
Energy Performance Certificates (EPC) coverage	59%
PCAF data score[46]	3.83
Emissions - 12 months to:	30th November 2023

[46] The PCAF data score is representative of the quality of the data used within the financed emissions calculation with (1) being the highest and (5) the lowest.

We calculated our financed emissions in line with the widely accepted industry standard from the **Partnership for Carbon Accounting Financials (PCAF) methodology**. As recommended, our approach uses the loan-to-value of the main mortgage to determine the Society's contribution towards the emissions generated from mortgaged properties. The emission data is taken from the property's Energy Performance Certificate (EPC rating) which can be sourced from the **UK Government's open-source EPC register**. For properties without a valid EPC, in line with PCAF methodology, we assume an emission value for the property based on the data within the PCAF emissions factor database. For a breakdown of our EPC data please see pages 36 and 37 in the 'Building a Greener Society' section of our Annual Report and Accounts.

Caution when assessing our Scope 3 financed emission results

While the measurement of our financed emissions is an important metric in our ambition to meet the UK Government's Net Zero target of 2050, they need to be considered with caution. The emissions disclosed relate purely to the Society's residential lending portfolio, including residential buy to let, but do not yet incorporate the Society's other assets, therefore overall emissions will increase alongside our disclosure coverage.

Energy Performance Certificates (EPCs) progress and challenges

EPCs are the main data input to residential emissions calculations and may highlight any transition risk for the Society. However, they hold their own limitations. The main one being that the rating reflects the cost to heat a home, not the emissions generated from it. Therefore, a low carbon home does not necessarily relate to a low EPC rating[47].

Another significant issue is that not all properties have an EPC rating, meaning there is a significant data gap. This is due to the certificate expiring after 10 years and only being required if selling or letting a home which reduces the number of properties with a valid rating, and those that do have a rating may no longer be accurate. The PCAF methodology tries to represent this through a data quality score (DQS), with emissions calculated using EPCs receiving a DQS of 3, while properties without an EPC have a DQS of 5. As EPCs become a key metric in understanding and acting on the emissions from a lending portfolio, it strengthens the need for improvement in their measurement.

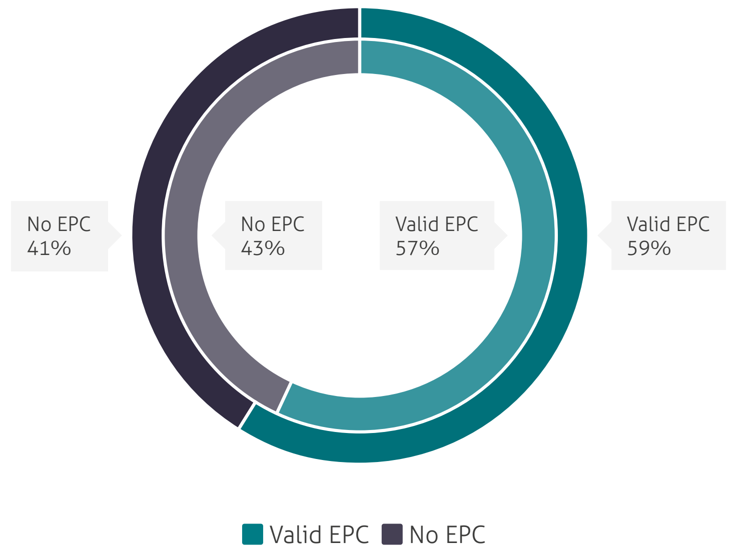
In 2022, 57% of our residential mortgage book had a valid EPC, with 39% rated EPC C or above. In 2023, this increased to 59%, with 42% rated EPC C or above.

We're focused on what we can control in relation to our financed emissions however, we acknowledge there are factors outside of our control that will ultimately impact our ability to achieve our ambition. We echo our peers in the need for appropriate government direction, reform, and policy for the industry to achieve alignment to the UK Government Net Zero 2050 commitment. We therefore welcome the Government's initial steps to bring about the necessary **changes to EPCs** to ensure their accuracy and usefulness during the transition to a green economy.

In 2024 we'll be working to develop our understanding from the emissions of our remaining assets, where PCAF methodology exists. This includes collaborating across internal departments to improve our data quality and outputs.

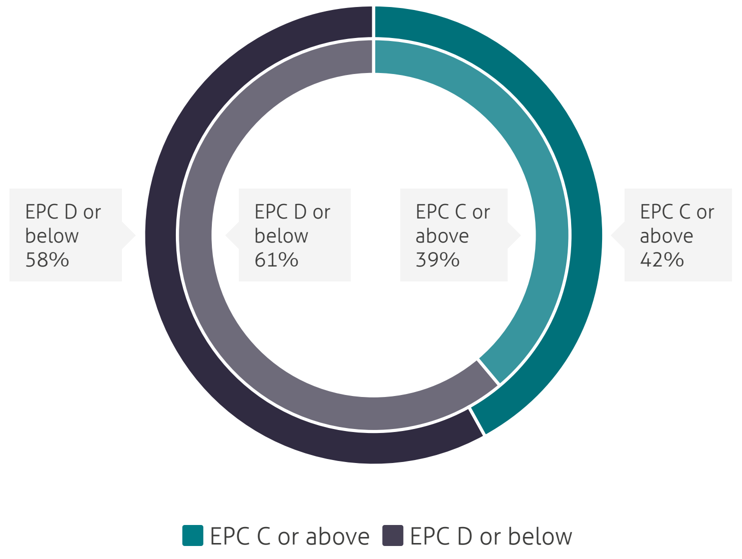
Proportion of residential mortgage book with a valid EPC

Outer circle: 2023 | Inner circle: 2022



Proportion of properties with a valid EPC that have EPC C or above

Outer circle: 2023 | Inner circle: 2022



[47] Which? - Why EPCs aren't ready for low-carbon heating.

Risk mitigation

Our climate modelling adheres closely to the **Bank of England's Climate Biennial Exploratory Scenarios (CBES) guidance**. Within the spectrum of financial risks stemming from climate change, we recognise two main categories: physical and transitional.

- Physical risks involve the impact of extreme weather events, such as flooding, coastal erosion, and subsidence.
- Transitional risks result from economic and policy changes as the UK progresses toward a lower carbon economy.

To safeguard our members and the Society, we've incorporated these potential risks into our risk models to inform business plans. Our most recent climate scenario analysis in 2022 laid the foundation, and we're committed to refreshing and rerunning the climate model in 2024 to deepen our understanding of these risks.

For a more in-depth understanding of how we manage climate change risk, refer to page 31 to 33 in our 2023 Annual Report and Accounts.

Incorporating climate risks into our policies

Climate change is identified as a cross-cutting risk in our Enterprise Risk Management Framework, and in 2023 we conducted a high-level review of its impact on the Society's principal risks.

Throughout 2024, our focus is on further enhancing and integrating climate considerations into our policies. This initiative involves a thorough review and update of our policies to ensure they align with the current and effective strategies for addressing environmental challenges and climate change. This update signifies a significant shift in our approach, aligning our policies with evolving best practices and global sustainability standards.

We continue to maintain an Environmental and Climate Change Risk Policy which is accessible on our **website** for stakeholder transparency. However, we've decided to discontinue our Environmental Management Manual, evolving our approach to better integrate climate considerations into our operational framework risk policies.

CLIMATE AND ENVIRONMENTAL GOVERNANCE

In line with the Prudential Regulation Authority (PRA) expectations (SS3/19) and our commitment to aligning our operations to Task Force on Climate Related Financial Disclosures (TCFD) principles, the Society has created a strong governance process for the risks associated with environmental and climate change.

The Board assumes ultimate accountability for addressing climate change risks and opportunities and is supported by a robust governance structure as set out in the Strategic Report of our 2023 Annual Report and Accounts.

HELPING CUSTOMERS INTO SUSTAINABLE HOMES

Commitment to a sustainable future for our customers

Our commitment to fostering a fair and just transition to the Net Zero economy hasn't changed. Recognising the evolving landscape of the UK climate regulation in alignment with the Government's 2050 Net Zero target, we understand the potential challenges many face in enhancing the energy efficiency of their homes.

We're committed to offering assistance to all of our customers in their low carbon transition so that they can enhance the energy efficiency of their homes. We're continuing to develop a customer Net Zero transition plan, focusing on supporting those with the highest transition risk exposure. Transition risk is the potential impact from changes to regulation or the economy to reach Net Zero, which can financially impact either or both the Society and the customer directly.

Recognising our reliance on government policy and leadership, we acknowledge that reducing financed emissions is a collective effort. Retrofitting the nation to reach Net Zero by 2050 requires clear leadership, homeowner support, and advancements in construction industry technology. An approach of this nature will not only reduce our emissions as an organisation but will support that of the whole country.

Improving energy efficiency in all homes

We understand that consumers require timely and pertinent information to navigate their journey towards Net Zero and we're committed to providing accessible solutions. We're actively exploring additional products which would be designed to address climate change issues and deliver essential education to our members and customers. This will help customers understand the environmental impact of their homes and financial decisions, supporting them to make informed decisions regarding decarbonisation.

While recognising that the market for green and energy efficiency-related mortgage products is still in its infancy and the uptake is currently low, we know there is a need to provide and develop products to help customers improve energy efficiency within their homes whilst we wait for the necessary government initiatives.

- We've continued working with Energy Saving Trust, providing an online portal to help inform members and customers how to use less energy. Over 2,500 plans have been created using the tool since its launch in November 2022.
- In December 2022, we launched an Energy Related Additional Loan, a tailored offering that rewards existing customers with a discounted rate for implementing energy-related home improvements. This loan requires 50% of the funds to be dedicated to energy improvement measures, including investments in insulation, triple-glazed windows, external doors, and solar panels.
- In 2024 we're expanding our energy-related participation by offering a new-build enhanced affordability proposition. Customers choosing to purchase a new build property where the EPC rating must be C or above will benefit from more generous lending, as a direct result of the lower cost of running a new build home.

REDUCING OUR IMPACT ON CLIMATE CHANGE

Our 10 climate commitments

In 2023 we continued to make progress against our 10 climate commitments, and they've served as a useful tool to focus on what we're trying to achieve.

However, going forward we'll begin aligning our commitments to our transition plans and all short, medium, and long-term targets. You can find our 10 climate commitments on page 38 in the 2023 Annual Report and Accounts.

In 2023, the Society established a new Environmental Sustainability team, ensuring that we have the necessary resource and expertise to deliver the changes needed going forward.

Collaboration

Collaboration is key in our ongoing development to help reduce the impact of climate change. We actively work with peers in the building society sector, leveraging our membership in the **Building Societies Association (BSA)** to contribute to discussions on green finance. This commitment aligns our efforts with industry-wide initiatives, advancing sustainability in the financial services sector. We also engage regularly with the **Green Finance Institute**, which provides us insight into the products that consumers are engaging with.

Simultaneously, 2023 saw the continuation of our partnership with the **Yorkshire & Humber Climate Commission (YHCC)**, the largest place-based climate action network in the country. As phase two of the Commission gets underway, we're pleased to have agreed to continue this relationship for a further three years.

Waste management

We remain committed to achieving a 97% landfill diversion rate. In 2023, we successfully met this target, with only 1.3% of waste directed to landfill. The remaining waste was responsibly managed with 98.7% being redirected through recycling, recovery, re-use, or composting.

Colleague engagement

We understand the role our colleagues play in advancing our sustainability journey and climate initiatives. In 2023, we continued to engage with colleagues of all levels of seniority across all departments, including our branch network.

Our ongoing journey involves a dedicated effort to heighten awareness and educate colleagues on environmental sustainability. Through a series of internal educational blogs, insights, and interactive polls, we aim to empower our colleagues to understand their role in mitigating climate change.

Aligned with our evolving environmental sustainability strategy, 2024 will see the launch of the Climate Champion Network. Purposefully designed to align with colleagues' regular roles and responsibilities, these champions will play a pivotal role in integrating sustainability initiatives and environmental considerations into our day-to-day operations.

Climate metrics integration

Addressing climate change is not only a societal issue of great importance but also essential for our long-term financial sustainability. To reinforce our commitment to this, we've implemented a system for monthly climate metric monitoring, integrating it into our remuneration structure as part of our Leading for Value scheme. This means part of the executive remuneration for 2023 was based on advancing our climate capabilities. For more details on this, please refer to the Directors' Remuneration Report on page 109 in the 2023 Annual Report and Accounts.

OPERATING RESPONSIBLY

IN THIS SECTION

OPERATING RESPONSIBLY

Acting responsibly

As a mutual, we have a duty to operate responsibly. Having robust governance – led by the Board – and procedures in place allows us to meet regulatory requirements as well as protect customers, colleagues, and the Society from potential risks.

In addition, responsibly managing all our operations underpins our commitment to being a purpose-led business. We recognise that this sets the crucial groundwork for us to build on, as we focus our efforts on creating a positive societal and environmental impact.

Driving transparency

We actively strive for transparency and openness in our decision-making processes, especially when faced with challenging choices. Balancing the diverse interests of our stakeholders — customers, investors, regulators, colleagues, communities, and suppliers — is important to us. To uphold this commitment, we've externally published policies and other important documents on our **website**, ensuring our stakeholders are informed about how we operate.

We annually review and update our policies, and in 2023 we published a further five.

Modern Slavery Policy

This policy recognises our significant role in promoting human rights, particularly in combating modern slavery throughout our operations. We align our approach with international standards, such as the **United Nations Guiding Principles on Business and Human Rights**.

In line with our commitment to transparency and accountability, the policy is supplemented by the **Modern Slavery Act Transparency Statement** which outlines five pledges. Supported by our **Standards for Suppliers document**, this statement establishes minimum compliance expectations across our supply chain, including guidelines on Modern Day Slavery. We heightened our supply chain and procurement standards to mitigate any risks of modern slavery, ensuring that material suppliers exceeding £36m in turnover are complying with UK law, reinforcing our commitment to eradicating Modern Slavery from our operations. Looking forward to 2024, we plan to review and enhance our human rights metrics and strengthen collaboration with West Yorkshire Police.

For further details on how we conduct our business to not negatively impact the human rights of others, see page 25 of our 2023 Annual Report and Accounts.

People policies

In 2023, we introduced four policies focused on how we support our colleagues. Our **Family Leave Policy**, dedicated to colleagues who are parents or expecting a child, emphasises managing family commitments, providing financial security, and promoting fair treatment. Complemented by flexible working arrangements, essential provisions like enhanced maternity, paternity, adoption, and shared parental leave contribute to a healthy work-life balance. Our unwavering support is further emphasised through comprehensive guides provided as part of this policy.

We recognise our colleagues are critical to our success, and our **Flexible Working Policy** empowers them to work in a style that suits them best. Additionally, we support career development and progression through our **Secondment Policy**, promoting continuous learning, career mobility and skill enhancement.

We know organisational change can sometimes present challenges such as redundancy for colleagues. Our **Redeployment Policy** shows our dedication to colleagues' wellbeing and professional growth, identifying opportunities that enable team members to remain valuable contributors to the Society, whilst limiting the impact of redundancies.

For detailed information on how we support our colleagues, refer to the Investing in Our People section of this report on page 35.

IN ACTION:

Paying our tax responsibly

As a mutual and a UK commercial organisation, we take our responsibility to pay tax in to the local and national economy seriously. Paying taxes is our way of contributing to important public services like education, healthcare, transportation, welfare, and social services. It's all part of our bigger goal of being a responsible business.

We're thoughtful about tax planning too. We stick to the **Code of Practice on Taxation for Banks**, making sure we minimise tax risk and only use tax planning after careful consideration to ensure we honour our commitments under the Code.

Our relationship with HMRC is more than just business – it's collaborative. We maintain a pro-active, open, and professional working relationship with HMRC and are willing to co-operate with HMRC on any reasonable enquiry into any activity relevant to our tax liabilities. In addition, we'll approach our HMRC Customer Compliance Manager in real time in relation to any significant areas of tax risk and will constructively discuss them in an open manner. You can read more on our approach to tax and management of tax risk in our Tax Strategy **here**.

Income

- Our income is generated from operations based in the UK, and so our taxes are contributed locally. Corporation tax and banking surcharge taxes exceeding £95.1m were paid on our business profits for the year ending December 31, 2023 (compared to £121.4m in 2022).

Business rates

- £3.1m in business rates was paid for our national branch network (compared to £3.6m in 2022), and irrecoverable VAT amounted to £27.1m (compared to £23.0m in 2022).

Treasury

- Collectively, as a major employer with over 3,200 employees nationally, we contributed over £44m to the Treasury in payroll-related taxes and levies in 2023. This included £13.8m in employer-related and £30.6m in employee-related payments (compared to £42m in 2022) on behalf of our colleagues.

SUPPORTING OUR CUSTOMERS AND MEMBERS

Our retail network

Making sure customers can do business with us in their preferred way is important to us. Customer research and feedback tells us many of our customers really value our face-to-face service, and this channel remains a core part of our offering. In 2023 we implemented a savings appointment booking system for customers who prefer to book a specific date and time with a consultant. Appointments can be booked and managed over the phone, online or in person. Whilst we don't have mortgage advisers in branches, we provide instant access to this support over the telephone, via a dedicated telephone line to our Mortgage Advice Team.

Our retail network is made up of a mix of branches and agencies. This model provides us with an effective way to maintain a national presence and support our local economies through partnership with our Agency proprietors, many of whole are regional small businesses. We currently have a network of 227 branches and agencies, compared to 230 in 2022. We regularly review our Branch and Agency footprint to make sure we are meeting the needs of our customers and remain present in the right locations to maintain national coverage and accessibility. During 2023 this led to us opening a new Agency location, and four agencies have closed, all at the request of the agency proprietors.

Where this has happened, we had a proactive and personalised customer contact strategy so customers knew about the change and how they could continue to do business with us.

Throughout the year, we had an in-branch Net Promoter Score of +86, which measures how willing our customers are to recommend us to others. This is an increase from +83 in 2022. Customer satisfaction levels have improved 1pp to 96%, with customers frequently positively referencing colleagues.

During busy periods such as ISA season and UK Savings Week, we extended opening hours in some locations to allow more customers to access products and services face-to-face. We have a pilot exercise underway to vary our opening hours according to location and customer demand, the outcome of which will inform our approach for 2024.

Over the year, we've continued to focus on developing the digital skills of our branch colleagues, so they can continue to safely support customers with online services as technology evolves. We've upskilled some branch colleagues to extend this support via a live chat function and we've worked with our Contact Centre to ensure access for customers using the telephony channel, working as one team to meet demand during busy periods.

Throughout the year, we had an in-branch Net Promoter Score of

+86

IN ACTION:

Extending opening hours to meet the needs of our members

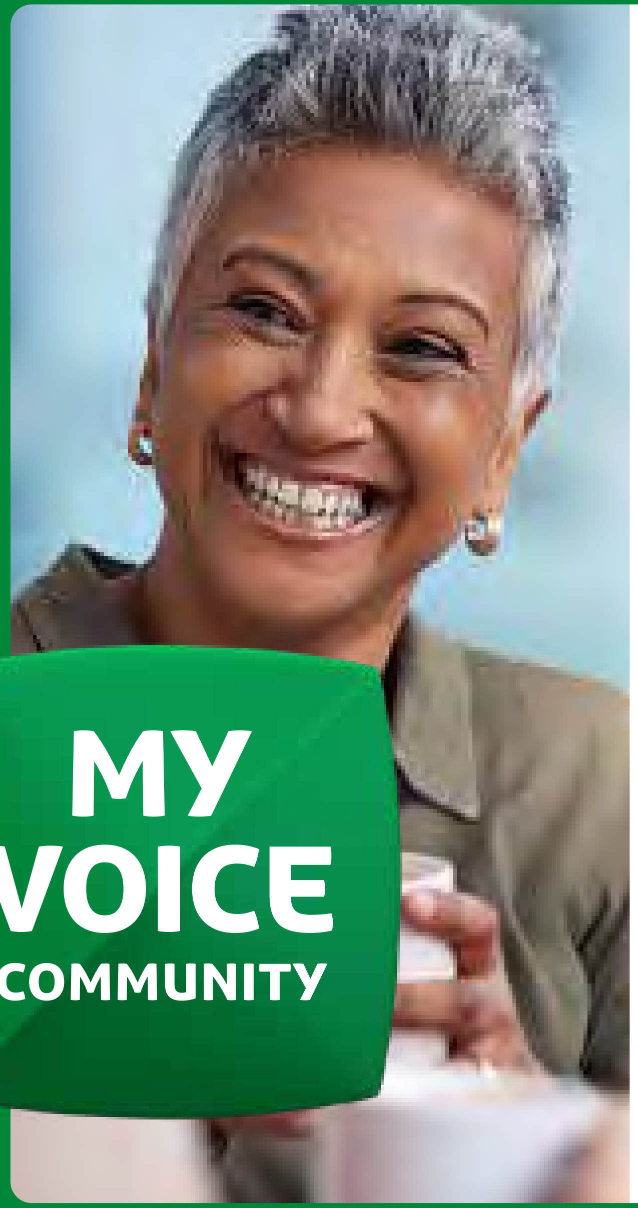
The result of a rising interest rate environment meant some savers faced going over their Personal Savings Allowance (the amount they could earn in savings interest, without paying tax). This meant ISA season, typically in March and April each year, was expected to be busier in 2023 as people sought alternative savings accounts to make their money work harder.

To prepare for increased demand, we increased capacity across our retail network, through overtime, flexible working and extended branch hours, to help customers at times that suited them. Branches worked together to provide face-to-face and telephony appointments, and additional days or hours meant more customers could be helped.

As a result, we supported almost 3,000 customers we wouldn't have otherwise been able to.

Engaging with our members

As a building society, we exist to serve our membership, as we do not have external shareholders. Members are at the heart of our decision-making, and their views shape how we run the Society. We encourage members to ask questions and hear about our performance through our **Annual General Meeting (AGM)** communications, voting process, and the meeting itself. Members can vote in person, online, or by post on key decisions, including the election and re-election of the Chair, Non-Executive and Executive Directors who run the Society. To encourage participation, we made a donation to our charity partner for each AGM vote received, with members' votes raising £25,000 for Age UK in 2023.



MY VOICE COMMUNITY

In addition to our AGM, our 1,900-strong My Voice panel - an online community for the Society's members - takes part in surveys and discussions throughout the year. Participation in the My Voice community is open to any member of the Society aged 18 or over. In 2023, My Voice members gave their views on a wide range of topics such as the competitiveness of our interest rates, how they would like to be rewarded for their membership, our community investment programmes, and intergenerational support.

Key outputs included:

- Influencing member communications, including emails, advertising campaigns and savings tips.
- Sharing their tips on saving for Christmas, a holiday, or towards household bills, as part of UK Savings Week, and to help the development of new savings products.
- Helping us shape and test our brand messages so they felt relevant and authentic to our members.

We also encourage members to participate in our 'Your Time to Talk' member events. These events provide members with the opportunity to directly engage with us, and for us to learn about how we were safeguarding members' interests. They also offer a platform for members to engage with our senior management team and branch colleagues about their priorities and concerns. In 2023, we organised two member events. The first was a face-to-face gathering in Leeds, attended by approximately 65 members. Later in the year, we hosted our first online event in November, with around 70 members participating with the panel online, including an independent financial journalist.

We occasionally reach out to a wider group of members through surveys or focus groups to help inform the Society's strategy. This year, we've focused on understanding how our members are navigating the cost of living crisis, where we can improve customer journeys, and how we gather insights through face-to-face interactions in our branch network. We plan to run more research in 2024.

Customer service

In 2023 we saw an increase in customer queries due to higher mortgage and savings rates, as a natural knock-on effect of the Bank of England rate changes[48]. Recognising the peak in both areas, we took decisive action and implemented cross-skilling initiatives for our Customer Services colleagues, enabling us to efficiently handle increased volumes while maintaining the high quality expected. As a result, we handled an additional 100,000 calls but answered calls, on average, in under three minutes, compared to more than five minutes on average in 2022. We also worked with our colleagues to improve flexible resource allocation. As a result, all administrative tasks with a direct customer impact, such as processing ISA transfers, saw a significant reduction in turnaround times which took 8.3 days on average in January 2022, reducing to 2.4 days at the end of the year.

One way we track customer endorsement is our Net Promoter Score (NPS), which measures whether customers would recommend our products and services to friends and family. Our overall NPS score for 2023 stands at +61, an increase of +7 on our 2022 position. We consider this a real success, given the market conditions and that demand across our telephony and admin channels increased by 7.2% from 2022; and new savings customer demand rose by over 8.9% compared with the same year. Yet again, the friendly, helpful, and efficient support from colleagues shone through in the feedback we received.

Complaints

We recognise we occasionally fall short of the standard our customers expect and deserve, so we encourage any unhappy customer to let us know. We try to resolve issues at the first point of contact; however, when we're unable to do this, our Customer Relations Team steps in to solve problems fairly, simply and quickly.

We aim to resolve any payment issues at the earliest opportunity. If a complaint is escalated and a vulnerability is identified which impacts the customers' ability to deal with us, the complaint will be prioritised. Customers who may be unhappy with our final response can escalate their complaint to the **Financial Ombudsman Service (FOS)**. Of the cases reviewed by the FOS in 2023 H1, the FOS agreed with 81% of the complaint outcomes made by the Society, which is higher than the industry average. In the first half of 2023, we received complaints from 6.05 out of every 1,000 mortgage customers (2022 H1: 4.48) and 0.71 out of every 1,000 savings customers (2022 H1: 0.62). In the second half of 2023 we received complaints from 5.68 out of every 1,000 mortgage customers (2022 H2: 4.32) and 0.89 out of every 1,000 savings customers (2022 H2: 0.65). The rise in mortgage customer complaints is a result of the introduction of the mortgage charter and arrears journey. We're actively addressing concerns through business partnering and reintroducing the root cause forum for senior-level visibility.

This year, we've seen an increase in complaints, partly influenced by volatile external factors such as unsteady interest rates and the introduction of new principles linked to the Mortgage Charter. These challenges have intensified demands on the Society, leading to increased customer expectations. As customer needs and behaviours evolve, so do their expectations of our services, resulting in a higher volume of enquiries and complaints. Our manual processes have heightened the situation too. However, we're actively mitigating this through digital transformation, with significant updates already enhancing the customer journey, especially in savings.

[48] The Bank of England base rate refers to the interest rate at which the central bank lends money to commercial banks.

Vulnerable customer support

So that all customers receive the right support, all frontline colleagues across our branches and head office functions are trained to recognise when individuals may need extra help in managing their finances. Customers can be vulnerable for various reasons, so there isn't a one size fits all approach. Our colleagues follow the principle that good outcomes are to be achieved throughout the customer journey, and any barriers should be removed, so they're encouraged to take a flexible approach. All colleagues are required to complete and pass the 'Vulnerable Customers' e-learning test as a new starter and then on an annual basis.

A dedicated team consistently reviews individual circumstances, ensuring ongoing support is tailored to customers' specific needs. This proactive approach eliminates the need for customers to repeatedly share their situation with us, fostering a more streamlined and empathetic support system. In 2023 we assessed how we support our vulnerable customers through a net promoter score survey specific for vulnerable customers to understand their level of satisfaction. In 2023, the NPS score was +62 and 73% of respondents were promoters. Our first line risk oversight team also provides regular insight into our vulnerable customer outcomes, ensuring we're providing suitable support to these customers and understand their needs.

More information can be found in our **Vulnerable Customer Policy**, which represents the Society's approach to meeting our regulatory requirements and legal obligations including those under the **Equality Act (2010)**.

Our **Product and Distribution Governance Policy** ensures vulnerable customers are considered as part of product development. All products and channels, including written, face-to-face, phone and online digital, are reviewed to ensure compliance with the policy.

In 2023, our digital team took measures to enhance the inclusivity of our digital capabilities and offerings for all customers. One significant initiative involved the introduction of a new virtual assistant, extending support beyond traditional working hours. This service has been used 22,700 times in 2023 and engaged with by an average of 117 customers daily during non-operational hours, aiding those with time constraints during typical working hours.

To help drive our commitment to inclusivity we've incorporated a vulnerabilities screener to our user testing process, and we continue to strive for **Web Content Accessibility Guidelines AA standard**. This means we ensure our customer journeys wherever possible are accessible to everyone, reinforcing our dedication to providing accessible digital experiences.

We've enhanced our digital offering through usability testing by our design teams and user researchers. To establish consistent standards in inclusive design, we implemented design assurance processes across our digital channels. Front-end developers bolstered their accessibility expertise through training courses provided by Ability Net, fostering a culture of continuous improvement. And all the designers attended sustainable design workshops, enlightening our design teams on ecologically sustainable design practices.

We've created a new customer understanding and testing research function for the group, testing all communications, whether digital or physical for customers' level of understanding. This process is undergoing constant improvement as we learn more about what makes a 'good' communication.

To monitor and address live content accessibility issues we've used Site Improve. This has enabled us to improve missing alt-text and improve text clarity, reducing ambiguous phrases.

In 2024, we'll be introducing an 'extra care' team to provide personalised support for both vulnerable customers and front-line colleagues. This expands our current provision for customers with additional requirements, encompassing services such as documents available in alternative formats like braille and larger print, British Sign Language (BSL) interpreters in branches, and partnering with **SignLive** - an app that grants immediate access to BSL interpreters for our customers. This strategic collaboration eliminates communication barriers, empowering our BSL-using customers to connect with us seamlessly via telephone.

We also have the option to use Type Talk in our contact centres as an alternative communication method. Type Talk is a service that helps customers who may have hearing, speech or other difficulties, to access the telephone system and contact us via a third party. The customer will type to the relay assistant (third party) who will convert that to speech and read it to us. Our response will then be relayed back to the customer via the reverse process.

Concerns about customer safety prompt us to liaise with local authorities or trusted third parties, guiding customers to organisations that offer expert advice and assistance.

While we don't have a formal "quiet hour" like some other organisations, we reserve time in select branches to accommodate customers with vulnerabilities, complex needs, and those requiring savings meetings. Our approach is flexible, based on customer requests at the local level.

Consumer Duty

We've been working hard throughout 2023 to make sure our approach and processes to delivering good customer outcomes are regulatory compliant. This has included reviewing and enhancing relevant policies, frameworks and procedures that underpin our approach to the provision of products and services and demonstrate our commitment to responsible customer relations.

We've created new frameworks setting out our approach to fair value, target market assessment and ensuring our customers receive communications from us with the right information, at the right time, and in a way they can understand, to enable them to make informed decisions.

Colleagues continue to receive appropriate and ongoing development to maintain competence standards and to ensure we are acting to deliver good customer outcomes, as detailed in our Training and Competence Policy. We've identified ways in which we could further improve customer outcomes and have been working hard to address these for open products and services. We're now undertaking a gap analysis for our closed products and services and are supporting colleagues across the Society to embed the Duty in their standard processes. To support this, in August we launched a user research team which test the Society's communication. In 2023 over 105 communications were tested, impacting over 2.5 million members.

Cybersecurity

Protecting the Society and our members from the consequences of cyberattacks or cybercrime is very important to us, so maintaining robust cybersecurity defences and incident response processes is a top priority. As we increasingly rely on digital services, we'll inevitably see increased attempts of cybersecurity events and attacks, particularly across financial services organisations.

To help to counter the threats we face, we are investing in a programme of security improvement. We've established a new Security Monitoring Team to help defend the organisation and our members from security threats. We've also improved the way we handle our most important and most privileged IT accounts[49], and redefined our vulnerability management processes to make sure that issues are fixed quickly and routinely. This improvement work will continue throughout 2024.

Security is a collective responsibility, and every colleague is trained on cybersecurity[50]. We encourage our customers to remain vigilant and protect themselves by keeping their details safe, regularly checking their accounts, and reporting any suspicious transactions as quickly as possible.

For further details of how we protect the Society and our members, see page 25 of our 2023 Annual Report and Accounts.

[49] A privileged account refers to an account with elevated access rights and permission within the Society's network, this is reserved for administrators.

[50] Due to the differing start dates of our colleagues, completion tolerance levels may vary. Completion records are diligently maintained. As of the end of 2023, 95% of colleagues had completed their training.

Data privacy and protection

We comply with data protection laws and recognise our regulatory, ethical and contractual responsibility to protect and safeguard the personal information of our customers, as well as our colleagues and suppliers.

Accountability lies at the most senior management level, our Board. They are supported by our Data Protection Officer, who advises and provides assurance on our compliance with data protection laws. Our dedicated Data Protection Team works in partnership with other business areas to maintain compliance with all our data protection obligations.

Our Data Protection Framework is based on the **Information Commissioner's Accountability Framework**, which outlines measures needed to demonstrate that we're meeting regulatory expectations. The framework offers a strategic overview of how we protect personal data. It references the principles, rights and obligations that apply to all stakeholders, and is made up of a Data Privacy Policy, supporting policy guides, processes, standards, procedures and records to evidence our compliance. We review the framework regularly to ensure it continues to reflect changes to data protection laws and best practice, and we also measure against it to identify improvement opportunities.

The privacy and data protection impacts on our customers, colleagues and suppliers are considered from the design stage of any system, service, product or process. This year we've reviewed and updated our fair processing notices, which cover how and why personal data is used, to make them even simpler, which is a key requirement under our data protection transparency obligations.

All colleagues receive comprehensive data privacy and protection training when they join the Society, followed by annual refreshers[51]. Our training covers the Data Protection Framework's key principles and obligations, as well as highlighting colleagues' own responsibilities for the protection of personal data as part of day-to-day activities. Colleagues are trained to spot and report a data protection breach, or how to recognise a customer's request to exercise their rights. Bespoke training is tailored to colleagues in specialised roles, and we provide useful resources on our intranet so there is always help at hand.

Our Data Steward and Data Champion network plays a pivotal role in advocating good data management practices and empowering colleagues to manage data and information, data privacy and protection in their own business areas.

Although personal data breaches are rare, we ensure our colleagues are prepared to act quickly in the event of a breach. Our Data Breach Management Standard details acceptable practices and behaviours for colleagues when dealing with actual or suspected personal data breaches. This ensures the Society's compliance with applicable laws and protects individuals, customers and the business from any harm.

All data incidents reported internally are logged via our dedicated data privacy tool, including incidents that are later determined not to be breaches or near misses. The majority of incidents logged are categorised as low risk, such as minor errors which have low impact. The severity and potential harm to data subjects dictate whether incidents are escalated and reported to the Information Commissioner's Office (ICO). Where we have escalated (0.99% of incidents in 2023) there have been no enforcement actions.

Since 2021 the UK Government has been looking at a series of reforms for Data Protection which will remove some of the alignment with the EU GDPR and is intended to make data protection legislation simpler for businesses to understand and implement. We're continuing to monitor the situation as it moves through the legislative and regulatory process and will ensure any changes are reflected in our framework, policies and procedures.

Further details on our approach to managing and protecting data can be found in our **Information Management Policy**.

[51] Due to the differing start dates of our colleagues, completion tolerance levels may vary. Completion records are diligently maintained. As of the end of 2023, 96% of colleagues had completed their training.

APPENDICES

IN THIS SECTION

Global Reporting Initiative (GRI) Content Index

Statement of use

Yorkshire Building Society has reported the information cited in this GRI content index for the reporting period 1 January 2023 to 31 December 2023 with reference to the GRI standards. This report is in alignment with the reporting in our Annual Report and Accounts.

The Global Reporting Initiative provides a comprehensive set of standards that enable us to report on all key activities against a universally recognised framework. We'll continue to review our disclosures to further improve our transparency and meet stakeholder expectations.

GRI standards used:

GRI 1: Foundation 2021
GRI 2: General Disclosures 2021
GRI 3: Material Topics 2021
GRI 201: Economic Performance 2016
GRI 205: Anti-Corruption 2016
GRI 207: Tax 2019
GRI 302: Energy 2016
GRI 305: Emissions 2016
GRI 306: Waste 2020
GRI 401: Employment 2016
GRI 402: Labour/Management Relations 2016
GRI 403: Occupational Health and Safety 2018
GRI 404: Training and Education 2016
GRI 405: Diversity and Equal Opportunity 2016
GRI 406: Non-discrimination 2016
GRI 407: Freedom of Association and Collective Bargaining 2016
GRI 415: Public Policy 2016

Although we acknowledge all of the following topics are important, they fall outside of our materiality assessment:

GRI 202: Market Presence 2016
GRI 203: Indirect Economic Impacts 2016
GRI 206: Anti-competitive Behaviour 2016
GRI 301: Materials 2016
GRI 303: Water and Effluents 2018
GRI 304: Biodiversity 2016
GRI 306: Effluents and Waste 2016
GRI 408: Child Labour 2016
GRI 409: Forced or Compulsory Labour 2016
GRI 410: Security Practices 2016
GRI 411: Rights of Indigenous Peoples 2016
GRI 413: Local Communities 2016
GRI 416: Customer Health and Safety 2016

The following table demonstrates our full or partial alignment to the GRI Standards and the material topics we have identified. Alongside the ESG report, information can be found in the **2023 Annual Report and Accounts (ARA)** and **Our Policies page** of our website.

GRI standard	Disclosure	Location/Comment
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Legal name: Yorkshire Building Society Legal form and nature of ownership: Mutual organisation incorporated and domiciled in the UK, owned by its members Principle office: Yorkshire House, Yorkshire Drive, Bradford BD5 8LJ, United Kingdom Countries of operation: UK
	2-2 Entities included in the organisation's sustainability reporting	Yorkshire Building Society and subsidiaries as set out in **ARA, p.165**
	2-3 Reporting period, frequency and contact point	Reporting period (annual): 1st Jan 2023 to 31st Dec 2023
	2-4 Restatements of information	Figures reported incorrectly in the previous ESG Report have been amended in this version. Explanations have been provided where necessary.
	2-5 External assurance	No external assurance currently on ESG Report
2. Activities and workers	2-6 Activities, value chain and other business relationships	**ARA, Strategic Report – Our Purpose and Strategy, p.16**
	2-7 Employees	**ESG Report Appendix – ESG data table: People Data**
	2-8 Workers who are not employees	**ESG Report Appendix – ESG data table: People Data**
3. Governance	2-9 Governance structure and composition	**ESG Report, Our Purpose and Strategy: ESG governance** **ARA, Corporate Governance Report p.64**
	2-10 Nomination and selection of the highest governance body	**ARA, p.82**
	2-11 Chair of the highest governance body	**ARA, p.67**
	2-12 Role of the highest governance body in overseeing the management of impacts	**ESG Report, Our Purpose and Strategy: ESG governance** **ARA, p.68**
	2-13 Delegation of responsibility for managing impacts	**ESG Report, Our Purpose and Strategy: ESG governance** **ARA, p.28**
	2-14 Role of the highest governance body in sustainability reporting	**ESG Report, Our Purpose and Strategy: ESG governance**
	2-15 Conflicts of interest	**ARA, p.74**
	2-16 Communication of critical concerns	**ARA, p.74** **Whistleblowing Policy Overview** **ESG Report Appendix – ESG data table: Whistleblowing Reports**
	2-17 Collective knowledge of the highest governance body	**ESG Report, Our Purpose and Strategy: ESG governance** **ARA, p.80**
	2-18 Evaluation of the performance of the highest governance body	**ARA, p.79**
	2-19 Remuneration policies	**ARA, p.111**
	2-20 Process to determine remuneration	**ARA, p.110** **AGM voting results**
	2-21 Annual total compensation ratio	**ARA, p.116** **ESG Report Appendix – ESG data table: People Data**

GRI standard	Disclosure	Location/Comment
General disclosures		
4. Strategy, policies and practices	2-22 Statement on sustainable development strategy	**Our CEO**
	2-23 Policy commitments	**Our Policies** **Modern Slavery Act Transparency Statement**
	2-24 Embedding policy commitments	**ESG Report, Our Purpose and Strategy**
	2-25 Processes to remediate negative impacts	**Complaints Policy Overview** **Complaints report 2023** **Help us improve**
	2-26 Mechanisms for seeking advice and raising concerns	**Whistleblowing Policy Overview**
	2-27 Compliance with laws and regulations	**ARA p.17,24**
	2-28 Membership associations	**Political and Public Policy Engagement Policy Overview**
5. Stakeholder engagement	2-29 Approach to stakeholder engagement	**ESG Report, Our Purpose and Strategy: Stakeholder engagement**
	2-30 Collective bargaining agreements	**ESG Report Appendix – ESG data table: People Data** **ESG Report, Investing in Our People: Collective bargaining**
Material topic disclosures		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	**ESG Report, Our Purpose and Strategy: Stakeholder engagement**
	3-2 List of material topics	**ESG Report, Our Purpose and Strategy: Stakeholder engagement**
201 Economic Performance	201-1 Direct economic value generated and distributed	**ARA, p.146**
	201-2 Financial implications and other risks and opportunities due to climate change	**ARA, p.26**
	201-3 Defined benefit plan obligations and other retirement plans	**ARA, p.174**
205 Anti-corruption	205-1 Operations assessed for risks related to corruption	**Financial Crime Policy Overview**
	205-2 Communication and training about anti-corruption policies and procedures	**Financial Crime Policy Overview**
207 Tax	207-1 Approach to tax	**Tax Strategy** **ESG Report, Operating Responsibly: In Action: Paying our tax responsibly**
	207-2 Tax governance, control, and risk management	**Tax Strategy** **ESG Report, Operating Responsibly: In Action: Paying our tax responsibly**
	207-3 Stakeholder engagement and management of concerns related to tax	**ESG Report, Operating Responsibly: In Action: Paying our tax responsibly** **Political and Public Policy Engagement Policy Overview**
	207-4 Country-by-country reporting	**ESG Report, Operating Responsibly: In Action: Paying our tax responsibly** **ARA, p.237**

GRI standard	Disclosure	Location/Comment
Material topic disclosures		
302 Energy	302-1 Energy consumption within the organization	**ESG Report Appendix – Climate change data: Internal energy usage**
	302-3 Energy intensity	**ESG Report Appendix – Climate data change: Intensity ratios**
	302-4 Reduction of energy consumption	**ESG Report Appendix – Climate change data: Internal energy usage**
305 Emissions	305-1 Direct (Scope 1) GHG emissions	**ESG Report Appendix – Climate change data: Operational carbon footprint table**
	305-2 Energy indirect (Scope 2) GHG emissions	**ESG Report Appendix – Climate change data: Operational carbon footprint table**
	305-3 Other indirect (Scope 3) GHG emissions	**ESG Report, Building a Greener Society: Advancements in Scope 3 value chain disclosures, Financed emissions** **ESG Report Appendix – Climate change data: Progress on Scope 3 disclosures** **ESG Report Appendix – Climate change data: Operational carbon footprint table**
	305-4 GHG emissions intensity	**ESG Report Appendix – Climate change data: Intensity ratios**
	305-5 Reduction of GHG emissions	**ESG Report, Building a Greener Society: Operational emissions** **ESG Report Appendix – Climate change data: Operational carbon footprint table**
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable
	305-7 Nitrogen oxides (NOx), sulfur oxides (Sox) and other significant air emissions	Not applicable
306 Waste	306-1 Waste generation and significant waste-related impacts	**ESG Report Appendix – Climate change data: Waste totals**
	306-2 Management of significant waste-related impacts	**ESG Report, Building a Greener Society: Waste management**
	306-3 Waste generated	**ESG Report Appendix – Climate change data: Waste totals**
	306-4 Waste diverted from disposal	**ESG Report Appendix – Climate change data: Waste totals**
	306-5 Waste directed to disposal	**ESG Report Appendix – Climate change data: Waste totals**
401 Employment	401-1 New employee hires and employee turnover	**ESG Report Appendix – ESG data table: People Data**
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	**ESG Report, Investing in Our People: Reward and recognition**
	401-3 Parental leave	Not reported
402 Labour	402-1 Minimum notice periods regarding operational changes	**ESG Report, Investing in Our People: Collective bargaining**
403 Occupational Health and Safety	403-1 Occupational health and safety management system	**Fire, Health and Safety Policy**
	403-2 Hazard identification, risk assessment, and incident investigation	**Fire, Health and Safety Policy** **Health & Safety Reporting**
	403-3 Occupational health services	**Fire, Health and Safety Policy** **Health & Safety Reporting**
	403-4 Worker participation, consultation, and communication on occupational health and safety	**Fire, Health and Safety Policy** **Health & Safety Reporting**
	403-5 Worker training on occupational health and safety	**Fire, Health and Safety Policy** **Health & Safety Reporting**
	403-6 Promotion of worker health	**Fire, Health and Safety Policy**
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	**Fire, Health and Safety Policy**
	403-8 Workers covered by an occupational health and safety management system	**Fire, Health and Safety Policy**
	403-9 Work-related injuries	**Health & Safety Reporting**
	403-10 Work-related ill health	**Health & Safety Reporting**

GRI standard	Disclosure	Location/Comment
Material topic disclosures		
404 Training and Education	404-1 Average hours of training per year per employee	**ESG Report, Investing in Our People: Learning and development**
	404-2 Programs for upgrading employee skills and transition assistance programs	**ESG Report, Investing in Our People: Learning and development** **Trainings & Competence Policy Guide** **Redeployment Policy Overview** **Secondments Policy Overview**
405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	**ESG Report Appendix – ESG data table: Diversity Data**
	405-2 Ratio of basic salary and remuneration of women to men	**Gender Pay Reporting**
406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	**ESG Report Appendix – ESG data table: Diversity Data**
407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	**ESG Report, Investing in Our People: Collective bargaining** **Standards for Suppliers**
415 Public Policy	415-1 Political contributions	**Political and Public Policy Engagement Policy Overview** **ARA, p.128**

Performance against 2023 Goals

ESG Priority	Metric	2023 performance	Commentary
Providing a Place to Call Home	Share of market helping people to have a place to call home (%)	**Achieved: 4.2%** (target: 3.5%)	In 2023, home buyers faced challenges with rising mortgage rates and persistently high house prices, impacting affordability and deposit requirements. However, our dedication remained resolute as we focused on both essential and underserved market segments, facilitating individuals' progress onto and up the housing ladder. Notably, 28% of our new residential loans were granted to first-time buyers. We also expanded our presence in purposeful segments such as interest only mortgages, serving financially excluded individuals, and those with higher borrowing needs. Despite a 28% contraction in the market size[52] our applications increased by 11% compared to 2022, demonstrating the strength of our brand and service amidst challenging conditions.
Improving Financial Wellbeing	Number of customers helped to build more financial resilience	**Achieved: 158,695** (target: 100,000)	In 2023, the rise in the Bank of England base rate contributed to a more favourable saving rates environment. This, coupled with our robust savings strategy, enabled us to maintain a compelling product portfolio throughout the year. We strengthened our longstanding competitive easy access offering and introduced an always on sale regular saver, ensuring comprehensive coverage. These robust propositions significantly helped customers in building their savings and enhancing their financial resilience and we were able to offer our savers rates that were 1.01 percentage points above market average.
	Number of people across our communities receiving personal support with their financial wellbeing	**Achieved: 68,534** (target: 36,000)	In the final year of our partnership with Age UK, we directed additional funds raised towards supporting their advice line, a crucial initiative during a period marked by increased financial strain among older people, due to the cost of living crisis. This helped us reach over 40,000 individuals, surpassing our initial ambitions for the outreach of financial wellbeing support. However, with the conclusion of our partnership with Age UK, this program will no longer be included in the metric measurements for 2024. The remaining community programmes and part-nership, including Citizens Advice & Money Minds, will continue to be factored into the measure.
	Number of people supported by Citizens Advice	**Achieved: 3,791** (target: 3,134)	In 2023, we significantly expanded our partnership with Citizens Advice by funding advisors in 45 locations, a substantial increase from the 18 locations in 2022. This expansion was prompted by a heightened recognition of the partnership's necessity, particularly in response to the challenges posed by the cost of living crisis. The service is open to the whole communi-ty, not just our customers, and supports people with a range of issues, including financial wellbeing.
	YBS contribution to charities and good causes (£)	**Achieved: £1,149,086** (target: £1,100,000)	In 2023, we committed to invest in the expansion of our Citizens Advice partnership. Streamlining our existing programmes enabled us to re-purpose some of the Society's contributions to charities and good causes towards this, with the additional investment resulting in a small increase to our overall contribution to charities and good causes. Looking ahead to 2024, our projected contribution is expected to be higher, as it will encompass a full year of the Citizens Advice expansion, alongside an increase in colleague volunteering hours.
	Members/colleagues contribution to charities and good causes (£)	**Achieved: £558,060** (target: £400,000)	Our Small Change Big Difference (SCBD) Scheme, where members opt to donate the pence from their interest to the Yorkshire Building Society Foundation, saw an 11% increase in the num-ber of members opting in to the SCBD scheme leading to an increase of contributions in 2023. Furthermore, fundraising for both our previous charity partner Age UK and our new charity partner FareShare exceeded expectations, with strong engagement from colleagues and members, raising a total of £119,950.
	Proportion of colleagues using volunteering hours (%)	**Achieved: 23%** (target: 18%)	Following consultations with colleagues to gauge their views and preferences regarding volunteering, we expanded the scope of our volunteering policy in the second half of the year. This extension included opportunities for practical volunteering with charities that support individuals facing financial hardship. As a result, there was a notable increase in volunteering across office sites, resulting in 23% of colleagues donating time compared to 18% in 2022. We're planning to further build on this success in 2024.

52 Based on IMLA calculations available **here**.

Performance against 2023 Goals

ESG Priority	Metric	2023 performance	Commentary
Investing in our People	Colleague engagement score (#/10)	**Achieved: 8.6** (target: Upper Quartile – currently >8.5)	In 2023, we maintained a robust colleague engagement score of 8.6, in line with our 2022 performance. This reaffirms our position in the top quartile of financial services organisations for engagement. We were delighted that our survey achieved a participation rate of 90% from across the whole organisation. This high response rate allows us to have confidence that the feedback reflects all areas of the Society and provides good insight into how it currently feels to work for the Society, with the results showing that we have made improvements against reward and strategy. In 2024 we'll focus on addressing areas of improvements such as maintaining the drumbeat of communications around our refreshed strategy and improving recognition for colleagues.
	Proportion of C+ roles filled internally (%)	**Achieved: 49.9%** (target: >40%)	We're committed to nurturing talent within the Society by supporting colleagues to enhance their skill sets through apprenticeships and secondments. In 2023, our Career Showcases provided colleagues with valuable insights into internal roles and 142 colleagues seized the opportunity for secondments, which we consider an important enabler for talent retention. We also implemented a strengths-based interview approach across all roles below director level, equipping hiring managers with the tools to assess both potential and capability effectively. Our strong internal promotion rate demonstrates the success of our talent development initiatives.
	DE&I engagement score (#/10)	**Achieved: 8.8** (target: Upper Quartile – currently >8.7)	Offering an inclusive workplace where everyone feels empowered to be themselves is integral to our culture. This year, we've supported our people leaders to foster inclusivity across the colleague lifecycle and have integrated DE&I objectives into performance metrics. Additionally, we've focused our efforts towards achieving Disability Confident status and enhancing social mobility. These actions have led to a consistently high DE&I engagement score, keeping us in the top 25% among financial organisations. Our DE&I engagement survey is essential in understanding the view of colleagues and helps us to identify where we need to further focus our attention.
	Proportion of women in senior management (grade E roles and above) (%)	**Achieved: 49.3%** (target: 50% (+/-5%))	The percentage of female employees in senior management has remained relatively consistent compared to 2022, which was 50%. When recruiting new team members, we prioritise building a diverse candidate pool by implementing gender-neutral and bias-free advertising practices, along with advertising on diverse platforms. We take pride in fostering such diversity within our workplace and aspire to further enhance representation across all business areas and grades.
	Proportion of ethnically diverse colleagues in senior management (grade E roles and above) (%)	**Behind: 7.3%** (target: >8%)	In 2023, we observed a slight decline in the percentage of ethnically diverse colleagues in senior roles, which can be attributed to the turnover of diverse colleagues within our workforce. We're actively committed to reversing this trend and increasing diversity in senior positions in 2024. Moving forward, we'll closely monitor this metric and explore initiatives aimed at supporting the advancement of ethnically diverse colleagues into senior roles.
	Proportion of ethnically diverse colleagues (overall) (%)	**Achieved: 16.7%** (target: >12%)	We surpassed our goal to improve diversity of ethnic backgrounds across the organisation, thanks to initiatives such as providing hiring managers with balanced shortlists and supporting them in creating diverse interview panels. Nearly 89% of colleagues voluntarily disclosed their ethnicity protected characteristics, compared to 92% in 2022. Enhancing ethnic diversity remains a top priority for us, and in 2024, we'll continue to refine our monitoring processes and increase ethnic minority representation across all levels of the Society.

Performance against 2023 Goals

ESG Priority	Metric	2023 performance	Commentary
Building a Greener Society	Carbon Footprint reduction (scope 1 & 2 market-based – 2012 baseline) (%)	**On track: 99.95% reduction since our baseline year** (target: Net Zero by 2035)	This year, we've successfully improved our Scope 1 and 2 emissions reduction against the 2012 baseline. We saw an increase in our electricity consumption, but this was provided through certified renewable energy, which negates emissions on a market-based calculation. While we don't currently have an annual reduction target, we track emissions each year to aid us in assessing our performance against our longer-term goals. In 2024, we'll include a location-based Scope 1 and 2 reduction goal, which will comprehensively evaluate our reduction efforts.
	Carbon Footprint reduction (operational scope 3 – 2012 baseline) (%)	**On track: 76% reduction since our baseline year** (target: Net Zero by 2050)	In 2023, our operational Scope 3 emissions increased, lowering our emission reduction against our baseline year from 82% in 2022 to 76% in 2023. This is primarily attributed to an increase in business travel across the organisation, following the relaxation of restrictions and changes in working patterns post the COVID-19 pandemic. It's worth noting that this figure does not account for newly disclosed employee commuting and homeworking emissions, as the baseline of 2012 has not been adjusted to include them, which we'll look to address in 2024. While we don't currently have an annual reduction target, we track emissions each year to aid us in assessing our performance against our longer-term goals.
	Proportion of waste diverted from landfill (%)	**Achieved: 98.7%** (target: 97%)	Waste reduction in 2023 was mainly driven by a decrease in waste from capital works projects, resulting in a smaller amount sent to landfill. Our consistent diversion from landfill rates aligns with previous performance and will continue to be a focus going forward.
	Number of people signed up to energy-related products	**Behind: 20** (target 59)	Recognising the importance of providing our customers with energy-efficiency mortgage products, we initiated a pilot program for an energy-related additional loan in December 2022. Although 2023 marked the first full year of this offering, our communication efforts to customers and brokers were more limited than originally planned, due to other business demands. Despite the take-up being lower than we were aiming for, this provided useful insights into this market, and we intend to amplify this offering with a well-structured marketing plan in place in 2024. This plan includes targeted communication channels such as direct mail to customers, branch leaflets, web content, email campaigns and broker engagement activities.
	Renewable energy (%)	**Achieved: 100%** (target: 100%)	Since 2015, we've been committed to procuring renewable energy. Across all branches and offices, we've consistently sourced electricity and gas backed by 100% Renewable Energy Guarantees of Origin (REGO) and Renewable Gas Guarantees of Origin (RGGO) certificates. Whilst our current contract ends in 2024, we're actively exploring options for renewal or extension to uphold this commitment.

Performance against 2023 Goals

ESG Priority	Metric	2023 performance	Commentary
Operating Responsibly	Net Promoter Score (-100 to 100)[53]	**Achieved: 61** (target: 55)	As a mutual, member and customer satisfaction is of critical importance to us, and we prioritise the feedback of our members, using NPS as a measure to assess their satisfaction. We maintain regular communication with our customers, providing them with opportunities to voice their opinions through avenues such as AGMs and member panels. This year, our strong NPS score has been sustained, with 85% of members reporting that we provide clear information and guidance. As the savings market experienced significant growth this year, driven by increased saving rates, we were also able to offer our customers better returns, which positively impacted our NPS score.
	Vulnerable Customer Net Promoter Score (-100 to 100)[54]	**Achieved: 62** (target: 49)	As a responsible building society, we're committed to promoting equal opportunity for all our customers. In line with this commitment, we use the Vulnerable Customer NPS to monitor and address any potential disparities, barriers, or shortcomings experienced by customers identified as vulnerable by the Society. In 2023, we launched an additional set of questions to help us identify all customers with potential vulnerable circumstances and made it easier for customers to use their preferred channel. In 2024, we're establishing a dedicated vulnerable customer team to further enhance how we support customers who need our help.
	Average savings complaint rate (per 000)	**Achieved: 0.89**[55] (target: <3.5)	Supporting our members is a top priority, and we're proud of our ability to meet their needs with our strong saving customer offerings. This is reflected in our lower complaints per 1,000 compared to other financial services. However, we acknowledge occasional gaps in meeting member expectations and actively encourage dissatisfied members to voice their concerns, enabling us to enhance our services and products. Despite our low complaint rate, there's been a slight year-on-year increase, mainly due to limited digital processes in the savings account journey. We're dedicated to ongoing enhancements in both the saving journey itself and our customer support processes.
	Average mortgage complaint rate (per 000)	**Achieved: 5.68**[55] (target: <7)	This year, multiple external factors have significantly impacted the mortgage market, including the rise in mortgage rates, challenges related to the cost of living, and the introduction of the Mortgage Charter. These factors have heightened pressure on customers and altered their expectations from their mortgage providers, resulting in an increased need for support and guidance. Consequently, the number of complaints per 1,000 has risen. We've prioritised supporting all our customers, whether they obtain their mortgages directly from us or through our subsidiary brand, Accord.
	Proportion of complaint cases upheld by the Financial Ombudsman Service (FOS) (%)	**Behind: 23%** (target: <20%)	In 2023, the Ombudsman disagreed with some of the decisions we made when resolving complaints. While our FOS overturn rate of 23% for 2023 slightly exceeded our aspirational goal, it's important to note that we still performed below the market average. Upon analysing the FOS decisions, we identified that 29% of overturns were related to the amount of redress paid. To address this, we've implemented a refined redress framework and are actively monitoring its impact. We anticipate that these changes will lead to better performance in this metric, ultimately enhancing both our complaint handling outcomes and overall processes.
	Digital Net Promoter Score (-100 to 100)[56]	**Behind: 39** (target: 41)	Digital enhancement remains a key priority and focus area for us. In 2023, we developed a digital roadmap that carefully addressed customer pain points and explored avenues for digital improvement. Initiatives such as enabling immediate access to accounts and new digital self-service journeys were pivotal in contributing to the enhancement of our Digital NPS score. However, we recognise that we need to make further progress against our digital roadmap, which forms an integral part of our business transformation projects.
	Proportion of customer base e-active (web) (%)	**Achieved: 20.4%** (target: 19%)	This year we've implemented various initiatives across all our communication channels to engage and inform our existing customers about the advantages of our digital services and communications. These included retail colleague training and upskilling, email and mail campaigns, and a new chatbot which signposts customers to digital services. This concentrated effort has led to a notable increase in the use of our digital services by a larger number of customers. Additionally, our emphasis on attracting digitally native customers ensures that these individuals are engaged right from the start of their relationship with the Society.
	Proportion of customer base e-active (app) (%)	**Achieved: 11.8%** (target: 10%)	In 2023, we dedicated our efforts to enhancing our mobile app, with a focus on refining our digital services by introducing new functionalities such as being able to nickname their account to make it more personal and increasing the number of accounts serving journeys that were available e.g. changing your address. These updates were effectively communicated to our customers, resulting in a noticeable increase in mobile downloads and usage. In 2024, we remain committed to promoting our mobile functionality to customers. We're also collaborating with our telephony and retail colleagues to ensure that our members are well-informed about these new self-serve options at every interaction point.

[53] Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2023, based on 58,586 responses. [54] Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2023, based on 412 responses. [55] This figure is for H2 2023. [56] Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2023, based on 24,136 responses.

Basis of reporting

This table details our approach, scope, and controls for our 2023 and 2024 ESG goals. These metrics are reported in the 2023 ESG report.

We note that there are currently limited industry standards or globally recognised established practices for measuring sustainability or ESG performance and for defining ESG metrics. However, we anticipate that standards and definitions will develop and consolidate over time, and we're committed to working to align our reporting, our future approach, and processes in line with these developments.

Metric and Unit of Reporting	Scope and exclusions	Method	Internal Reporting and Controls	Reporting Years
Share of market helping people to have a place to call home (%)	Market share is based on the CACI applications data which covers approximately 76% of the total market and an uplift has been factored to aggregate the data to reflect total market balances. This data only represents applications market share for residential lending including first-time buyers, house purchases and remortgage buyer types (does not include buy to let).	CACI collates weekly data from lenders which we download and use to calculate our residential lending market share.	Various validation checks for completeness and consistency are completed including checks against expected volumes. We use this data for several performance reports.	2023
Number of people helped to have a place to call home (#)	Number of all new mortgages multiplied by the average occupancy rate as per Office of National Statistics (2.4). All house purchases including first-time buyers, home movers, residential and commercial buy to let. Excludes remortgages and internal product transfers.	Figures are derived from 2024 Operating Plan lending forecast and, using average advance assumptions based on observed 2023 (full year) actuals, a proportion is derived for each segment. Observed actuals are provided by the Enterprise Data team, which amalgamates actual completions as recorded on our systems.	The house purchases proportion assumption applied to the 2024 Operating Plan lending volumes was cross referenced against the proportion in January 2024. Additional sense checks were conducted with product managers from Direct and Introduced business to ensure that the outputs were in line with historical observation.	2024
Number of people helped to have a place to call home through our first-time buyer mortgages (#)	Number of all new first-time buyer mortgages multiplied by the average occupancy rate as per Office of National Statistics (2.4).	Subset of data derived as above.	As above.	2024
Number of customers helped to build more financial resilience (#)	Number of new savings account customers (excluding fixed rate products)	Previous years utilised the New Access Savers report sourced from Marketing database (not the standardised or governed source for reporting), finding all new customers with a relevant account. These customers are deduplicated, to provide the accurate count. New accounts forecast data taken from 2024 Operating Plan, with relevant exclusions. As per Internal Reporting and Controls section, a review of the data source and transfer of the metric owner to Savings Trading will take place in 2024	Data is collected and stored in an Oracle SQL database. A request was initiated by the Social Purpose & Sustainability team, with the BI Insights team running the command that is executed to retrieve and modify the data. The script is secured in Business Objects and access to editing is restricted and controlled by the BI Insight team. The sourcing of this metric will undergo review for the 2024 reporting year as part of the data accuracy verification process and the request will be moved to the Savings Trading team who are the metric owner, with the view to migrate the metric's source to the BICC data warehouse, which is the standardised, governed and controlled source for reporting.	2023, 2024
Number of people receiving support with their financial wellbeing through our community programmes (#))	The total number of individuals participating in either a face-to-face or telephone financial wellbeing intervention (not restricted to YBS customers). Interventions are defined as: •Individuals participating in our financial education programme Money Minds or our employability programme Emerging Talent •Individuals receiving support from one of our charity partners' funded programmes (Citizens Advice, Age UK, Good Things Foundation) •Individuals who utilise the Age UK advice line (funded by YBS) •Individuals supported through the Charitable Foundation strategic grant-funded programmes: Vulcan, Refugee Action and Bradford Foodbank. •Individuals upskilled with digital skills through Digital Buddies and Click Silver Individuals are only counted once, no matter how many times they are involved, with the exception of our Money Minds programme as we do not store personal data about participants. •Individuals who interact with our Money Minds website are excluded.	Data required from our charity partners for this metric is collected monthly. Data relating to our colleague-delivered programmes (participants at Money Minds and Emerging Talent events) is collected after each intervention and uploaded by the volunteers to the Community Hub. The overall measure is calculated by summing the total number of individuals supported through the defined interventions.	Each intervention set is reviewed on its merits by the charity partner (Age UK, Citizens Advice, Good Things Foundation, etc.) Various validation checks for completeness and consistency are completed including against the previous months' data.	2023, 2024

Basis of reporting

Metric and Unit of Reporting	Scope and exclusions	Method	Internal Reporting and Controls	Reporting Years
Number of people supported by Citizens Advice (#)	The total number of individuals participating in interventions delivered by Citizen Advice advisors and funded by YBS, taking place in one of our branches or agencies. Individuals are only counted once, no matter how many times they use the service.	Data is collected after each intervention by Citizen Advice advisors who track each appointment through a funder code to attribute their session to YBS. Data is reported to YBS monthly and checked by Citizens Advice to ensure only unique users are counted and reported on to show the number of individuals supported across the month, year and partnership to date.	Each intervention set is reviewed on its merits by Citizens Advice. Internal checks ensure the data matches the levels reported on by branches hosting the advisors.	2023
YBS contribution to charities and good causes (£)	Total monies donated and spent on community programmes and initiatives. Spend includes: •Direct funding to our partnerships: Age UK, FareShare, Citizens Advice, Good Things Foundation, the Yorkshire Building Society Charitable Foundation, DEC appeals and the Yorkshire & Humber Climate Commission. •Value of gifts in kind to charities and good causes •Costs to run the YBS Charitable Foundation •Value of volunteering hours •Pro rata value of property leases, whereby charities use our vacant properties free of charge, and we add the value of the tenancy to our community contribution as a gift in kind. Management costs (salaries of those working directly on community activities and the costs of running the programmes) are excluded. However, these are referenced in our community contribution table.	Data relating to spend is collected monthly through various central and local data collection tools and financial reporting systems. Data is then stored centrally. Measure is calculated by summing the total spend of money donated and spent on community programmes and initiatives.	Expenditure is reconciled monthly with the finance business partner and checked with business subject matter expert (SME) to ensure accuracy. The final amount spent is checked and verified by the finance business partner annually, who also confirm the salary costs.	2023
Members' and colleagues' contributions to charities and good causes (£)	Total monies donated to community programmes and initiatives, raised by colleague and customer activities. Donations/funds raised include: •Money raised through payroll giving and the Poppy appeal •Donations from the Small Change Big Difference (SCBD) scheme which go to the YBS Charitable Foundation •Money raised for our charity partners Age UK and FareShare •The value of non-monetary donations collected for charities and good causes through our cause collections programme. This includes items which fall under the following categories: animal items, toys, Easter eggs, food items, clothing, toiletries, other.	Data detailing the amounts colleagues have donated to Payroll Giving is recorded on the Community Hub. A monthly report is downloaded detailing the total. Colleagues inform us of the amount collected in collection tins and donated straight to Royal British Legion representatives. A monthly report is downloaded from Business Objects detailing the amount generated from the SCBD scheme. A sundry account holds the money raised for our charity partners. We download the monthly report and use the narrative supplied by colleagues when paying in money to determine if it is a colleague (including friends and family) or member donation. This is approximated. We also download a report from online giving platforms Just Giving and Give Star and allocate this to either member or colleague fundraising depending on the page owner. Data relating to cause collections is recorded by colleagues on Microsoft Forms, including the value of the cause collection (by tallying the total value of the items collected). Measure is calculated by summing the total money donated by colleagues and customers towards community programmes and initiatives.	Data is collected from various sources and collated into a central reporting spreadsheet which is checked monthly by business subject matter expert to ensure accuracy.	2023

Basis of reporting

Metric and Unit of Reporting	Scope and exclusions	Method	Internal Reporting and Controls	Reporting Years
Proportion of colleagues using volunteering hours (%)	All colleagues who are on YBS payroll are eligible to volunteer. The data comprises percentage of colleagues who have volunteered in the community at least once during work time (or were claiming back time in lieu) in the period from 1 January 2023 to 31 December 2023. Volunteers are only counted once, no matter how many times they volunteer. Any contractors volunteering, and colleagues volunteering outside of working hours (unless they claim time back in lieu), are excluded.	Data is collected by colleagues recording on the Community Hub the number of hours volunteered. Measure is calculated by summing the total number of unique volunteers and dividing by the total number of employed colleagues at the end of the year.	Colleagues are required to confirm the total number of hours volunteered in order to be included, which is collected by a third-party system. Colleagues receive the numbers for their area on a monthly basis, so that they are able to flag if they look lower or higher than expected and ensure all hours have been captured correctly. Various validation checks for completeness and consistency are completed, including checks against expected volumes and the total number of colleagues employed.	2023, 2024
Colleague engagement score (# /10)	All colleagues who are on YBS payroll are eligible to complete annual engagement surveys. However, colleagues may be excluded if they (i) are away from the business during any given survey period due to e.g. family leave or long-term sick (although where possible a link to a home email address will be shared); or (ii) have joined the Society after the survey cut-off date (usually a week before the survey launch date).	Data is collected annually in the engagement survey which is completed through Workday Peakon platform. It asks colleagues a series of questions relating to the extent they feel commitment to YBS. The engagement measure is calculated as the average of colleagues' response to these four questions.	Data is collected and controlled by a third-party system that uses advanced algorithms to maintain colleague confidentiality. Internal checks review completeness and accuracy of HR data, with business SME review and sign off following internal validation of figures.	2023, 2024
Proportion of C+ roles filled internally (%)	All job offers that are made to existing colleagues for job vacancies that are at grades C, D, E, F or G. Any duplicated vacancies or offers are excluded.	Data is collected monthly on recruitment offers and number of internal candidates through reporting platform Job Train. Measure is calculated by summing the total number of candidates coded as an internal offer divided by number of all offers made for roles in grades C, D, E, F and G. Reported figure is calculated by taking an average of the monthly figures.	Business SME review and signed off monthly. Production review and sign off ensuring all internal controls have been performed.	2023
DE&I engagement score (# / 10)	All colleagues who are on YBS payroll are eligible to complete annual engagement surveys. However, colleagues may be excluded if they (i) are away from the business during any given survey period due to e.g. family leave or long-term sick (although where possible a link to a home email address will be shared); or (ii) have joined the Society after the survey cut-off date (usually a week before the survey launch date).	Data is collected annually in the engagement survey which is completed through Workday Peakon platform. Measure is calculated based on colleagues' response to the question: "I'm satisfied with YBS's efforts to support diversity and inclusion." Employees are asked to provide a score out of ten in response (0 = Not at all, 10 = Absolutely) The DE&I engagement score is the average score across all employees.	Data is collected and controlled by a third-party system that uses advanced algorithms to maintain colleague confidentiality. Internal checks review completeness and accuracy of HR data, with business SME review and sign off following internal validation of figures.	2023, 2024
Proportion of women in senior management (grade E roles and above) (%)	Total number of employees that have disclosed their gender as female and are in a role at grade E, F or G. Data excludes 'prefer not to say' and 'no data' responses. Full time and part time employees are included but contingent workers are not included in measure.	Gender data is collected and reported on monthly. Colleagues self-reported on My Work Life. Measure is calculated by summing all female employees with job grade E, F or G divided by total number of employees in those grades. Reported figure is calculated by taking an average of the monthly figures.	Business SME review and signed off monthly. Various validation checks for completeness and consistency is completed including checks against the total number of colleagues employed.	2023, 2024

Basis of reporting

Metric and Unit of Reporting	Scope and exclusions	Method	Internal Reporting and Controls	Reporting Years
Proportion of ethnically diverse colleagues in senior management (grade E roles and above) (%)	Total number of employees that have disclosed their ethnicity as Black, Asian or Other Minority Ethnic Group and are in a role at grade E, F or G. Based on voluntary disclosures, with exclusions of 'prefer not to say' and unspecified. Full time and part time employees are included but contingent workers are not included in measure.	Ethnicity data is collected and reported on monthly. Colleagues self-reported on My Work Life. Measure is calculated by summing all colleagues who identified as BAED with job grade E, F or G divided by all colleagues (including those who preferred not to disclose their ethnicity) in those grades. Reported figure is calculated by taking an average of the monthly figures.	Business SME review and signed off monthly. Various validation checks for completeness and consistency are completed, including checks against the total number of colleagues employed.	2023, 2024
Proportion of ethnically diverse colleagues (overall) (%)	Total number of employees that have disclosed their ethnicity as Black, Asian or Other Minority Ethnic Group at any grade. Based on voluntary disclosures, with exclusions of 'prefer not to say' and unspecified. Full time and part time employees are included but contingent workers are not included in measure.	Ethnicity data is collected and reported on monthly. Colleagues self-reported on My Work Life. Measure is calculated by summing all colleagues who identified as BAED divided by all colleagues (including those who preferred not to disclose their ethnicity). Reported figure is calculated by taking an average of the monthly figures.	Business SME review and signed off monthly. Various validation checks for completeness and consistency are completed, including checks against the total number of colleagues employed.	2023
Annual number of training hours per permanent colleague (hrs)	Number of hours that permeant colleagues record in Learn (Kalidus), LinkedIn Learning, Udemy and through apprenticeship programmes during the reporting period 1 January to 31 December 2024. Other learning via sources we are unable to track will be excluded. Full time and part time employees are included but contingent workers and agency colleagues are not included in measure, as their learning requirements outside of Mandatory Learning can fall outside of the Society platforms.	The Learning Portfolio, Insights and Optimisation team extract the data using bespoke reports from the Learning Platforms. Data is then normalised into a central worksheet to enable a total of training hours across all platforms to be calculated. The average number of permanent colleagues is calculated as an average across the reporting period. Measure is calculated by dividing the average number of permeant colleagues by the total number of training hours.	Various validation checks for completeness and consistency are completed monthly via our OPCO report including checks against the previous months' data, trends of learning and number of permanent colleagues.	2024
Carbon Footprint reduction since baseline disclosures in 2012 (scope 1 & 2 – market-based) (%)	Our own direct operational carbon emissions are the aggregation of carbon dioxide equivalent (CO_2e) generated in the use of: -Scope 1: natural gas, owned vehicles, refrigerant gases and back-up generator fuels -Scope 2: electricity consumed. Emissions are calculated on a market-based methodology. Baseline is as at 2012.	Greenhouse gas (GHG) emissions data is calculated in accordance with the Greenhouse Gas Protocol, a widely recognised accounting framework for measuring and managing emissions. Our methodology has been prepared using guidance from ISO-14064-1 standard specifications. The reporting boundary includes all property owned or within YBS' operational control. Where we do not have direct data we have included estimates. Estimates have been used for Q4 2023 natural gas and electricity consumption, and based on 2022 consumption. Emission conversions are calculated using appropriate factors from 2023 UK Government GHG Conversion Factors for Company Reporting produced by DESNZ and DEFRA.	CO_2e emissions calculation is validated internally and externally, with limited assurance applied.	2023, 2024
Carbon Footprint reduction since baseline disclosures in 2012 (Scope 1 & 2 – location-based) (%)	As above, except emissions are calculated on a location-based methodology.	As above.	As above.	2024

Basis of reporting

Metric and Unit of Reporting	Scope and exclusions	Method	Internal Reporting and Controls	Reporting Years
Carbon Footprint reduction since baseline disclosures in 2012 (operational Scope 3 – market-based) (%)	Scope 3 operational emissions are the aggregation of the carbon dioxide equivalent (CO_2e) generated by: -well-to-tank emissions from electricity used -well-to-tank emissions from other fuels used -transmission and distribution losses from electricity used -business travel including hotels, flights, rail travel -waste disposal -water supply and treatment. Emissions are calculated on a market-based methodology and are baselines against 2012. The Society now calculates emissions from employees commuting and working from home activities; however this number hasn't been baselined for 2012 and therefore is excluded from the metric.	Greenhouse Gas (GHG) emissions data is calculated in accordance with the Greenhouse Gas Protocol, a widely recognised accounting framework for measuring and managing emissions. Our methodology has been prepared using guidance from ISO-14064-1 standard specifications. Where we do not have direct data we've included estimates. Estimates have been used for Q4 2023 water consumption, and based on 2022 consumption. Emission conversions are calculated using appropriate factors from 2023 UK Government GHG Conversion Factors for Company Reporting produced by DESNZ and DEFRA.	As above.	2023
Carbon Footprint reduction since baseline disclosures in 2012 (operational scope 3 – location-based) (%)	As above, except emissions are calculated on a location-based methodology.	As above.	As above.	2024
Carbon Footprint reduction since baseline disclosures in 2023 (financed scope 3) (%)	Financed emissions for residential property include loans against the following brands: Yorkshire Building Society, Accord Mortgages, Accord Buy to Let, Chelsea Building Society, Norwich & Peterborough Building Society, Barnsley Building Society. Yorkshire Building Society Commercial Lending is not included. The emissions estimation will include main part mortgages on balance sheet at the calculation date and excludes mortgages in the application or offer stage which have not yet completed. Based on the PCAF standard, the emission estimation is based on Scope 1 and 2 emissions attributable to loans against residential property for the main loan part only. Any additional borrowing has not been included in the attribution of the emissions.	Financed emissions calculation is aligned to PCAF Standard methodology and uses the data quality score to weight the accuracy of the output. Financed emissions are considered an estimation due to the data used to calculate them. The calculation current has two data inputs: -CO_2e and square meter readings from a valid EPC where one exists -National emission estimations from PCAF database.	Captured within the Society's Model Risk Framework. Calculation and validation is performed across two teams.	2024
% of EPC data captured on residential mortgage book (total figure, not annual) (%)	The following brands are included: Yorkshire Building Society, Accord Mortgages, Accord Buy to Let, Chelsea Building Society, Norwich & Peterborough Building Society, Barnsley Building Society. Yorkshire Building Society Commercial Lending is not included.	EPC data is provided by a third party, Hometrack, where a valid EPC exists. The calculation reflects the portion of coverage provided. Hometrack source EPC data from the Department for Levelling Up, Housing & Communities open source database Energy Performance of Buildings Data: England and Wales.	Business expert review and sign off. Internal controls around production and review.	2024
% of commercial lending properties with a valid EPC rating (total figure, not annual) (%)	EPC coverage for Commercial Lending Buy to Let and Investment loans.	Residential EPC data is provided by a third party, Hometrack, where a valid EPC exists. The calculation reflects the portion of coverage provided. Hometrack source EPC data from the Department for Levelling Up, Housing & Communities open source database Energy Performance of Buildings Data: England and Wales. Non-domestic property EPCs are also sourced from the Department for Levelling Up, Housing & Communities open source database Energy Performance of Buildings Data: England and Wales. This is done internally.	Business SME review and sign off. Internal controls around production and review.	2024

Basis of reporting

Metric and Unit of Reporting	Scope and exclusions	Method	Internal Reporting and Controls	Reporting Years
Number of existing customers who have applied and taken an energy related additional loan (#)	The Energy Related Additional Loan (ERAL) is an extension to the standard additional loan range. The ERAL range has a reduced interest rate on average of 0.20% below the standard additional loan range. To be eligible for the ERAL customers need to spend at least 50% of the loan on the following specified improvements: loft Insulation (no foam spray), solid wall Insulation, cavity wall insulation, double/triple glazing (where replacing single glazing), uPVC external doors, solar panels, or a heat pump (ground or air). Customers have to go through the normal underwriting process including affordability checks and providing evidence of income.	Data or analytics SMEs in the business can extract the data by running a bespoke SAS report from our Credit Risk system which states the number of customers who have applied and taken an ERAL in the time period specified.	Validation checks are completed on a weekly basis against the reason given for taking the ERAL by the customer and that it matches the eligibility criteria of using at least 50% of the loan on the specified improvements. We do not have the capability to validate use of funds once they have been released, meaning that we couldn't actually ascertain whether the loan was used for the specified improvements given by the customer.	2023
% of waste generated from operations and capital projects diverted from landfill (%)	Waste measurements include all branch, office, IT, confidential and project waste. Data is provided by external suppliers in units of weight.	Waste data is provided by the waste management company on a monthly basis covering branch, office and confidential waste. IT waste data is provided quarterly. Project waste is provided when the project is completed. All data is provided by waste type and volume.	Waste disposal certificates provided by waste management company.	2023
% renewable operational energy supply in line with RE100 requirements (%)	100% RCCO and REGO certification for gas and electricity procurement.	Certification directly supplied by gas and electric suppliers.	Energy certificates have been validated during external assurance.	2023
Net Promoter Score (-100 to 100)	Both mortgage and saving customers of YBS Group can take part in the NPS survey. However, customers are excluded if they fall into one of the following categories: • Have completed any survey type within previous three months • Are under 18 or over 80 years of age • Have a recent deceased notification • Have vulnerability flags • Have opted out of market research The NPS survey also goes to intermediary brokers in our Accord brand who have completed on a lending case. Any broker who has completed a survey within the previous 28 days will not be eligible.	Data is collected and reported on a monthly basis by surveying a representative sample of 40,000 customers who are within the survey's scope. The measure is calculated using the question "How likely is it that you would recommend YBS to a friend or family member?" on a 0 (very unlikely) to 10 (very likely) scale. The responses are then organised into Detractors (those marking 6 or less out of 10), Passives (7 or 8) and Promoters (9 or 10 out of 10). Then, the percentage of Detractors is subtracted from the percentage of Promoters to determine the Net Promoter Score. The Society NPS score is calculated by applying a weighting model from our core survey results: • Savings Relationship 40% • Mortgage Relationship 25% • Digital 10% • Broker Residential 20% • Broker Buy to Let 5%	Data is collected and stored within our reporting platform 'Medallia'. Dashboards are administered independently by our external partners KPMG and results along with raw data are shared monthly with YBS.	2023
Vulnerable Customer Net Promoter Score (-100 to 100)	Vulnerable mortgage and saving customers, identified through the presence of a vulnerability flag on a customer's account. These are added by colleagues who through interactions have identified potential vulnerability. A vulnerable customer is excluded from the survey if they fall into one of the following categories: • Have completed any survey type within previous three months • Are under 18 or over 80 years of age • Have a recent deceased notification • Have opted out of market research	Data is collected and reported on a monthly basis by surveying a representative sample of 500 vulnerable customers who are within the survey's scope. The measure is calculated as above.	Data is collected and stored within our reporting platform 'Medallia'. Dashboards are administered independently by our external partners KPMG and results along with raw data are shared monthly with YBS.	2023

Basis of reporting

Metric and Unit of Reporting	Scope and exclusions	Method	Internal Reporting and Controls	Reporting Years
Savings complaint rate (number of complaints per 1,000 savings customers)	All reportable customer complaints received during a six month reporting period, as defined by the Financial Conduct Authority (FCA) relating to banking, which includes savings and share plans.	Data is sourced from Tableau and Business Objects to identify all complaints received during the reporting period, within measure scope. Total complaints logged is divided by accounts open as at the end of the reporting period and multiplied by 1000. The figure is calculated at H1 (January – June) and H2 (July – December). Note that ESG monthly data includes forwarded, withdrawn and invalidated complaints whilst HY/FY data is the actual FCA submission and excludes forwarded, withdrawn and invalidated complaints.	Data is subject to internal quality assurance by the Root Cause Analysis team and includes manual completeness and consistency checks. The process is mostly automated and manual checks are completed on the key areas to ensure accuracy of reporting especially around exclusions. Disclosure produced and audited by FCA.	2023
Mortgage complaint rate (number of complaints per 1,000 mortgage customers)	All reportable customer complaints received during a six month reporting period as defined by the Financial Conduct Authority relating to home finance, which includes mortgages.	Data from all source systems is queried to identify all complaints received during the reporting period, within measure scope. Total complaints logged is divided by accounts open as at the end of the reporting period and multiplied by 1000. The figure is calculated at H1 (January – June) and H2 (July – December). Note that ESG monthly data includes forwarded, withdrawn and invalidated complaints whilst HY data is the actual FCA submission and excludes forwarded, withdrawn and invalidated complaints. Note that ESG monthly data excludes complaints received in respect of accounts managed by Target (Target N&P & LBS and Target Accord) whilst HY data is the actual FCA submission and includes Target complaints.	Data is subject to internal quality assurance by the Root Cause Analysis team and includes manual completeness and consistency checks. The process is mostly automated and manual checks are completed on the key areas to ensure accuracy of reporting especially around exclusions. Disclosure produced and audited by FCA.	2023
Proportion of complaint cases upheld by the Financial Ombudsman Service (FOS) (%)	Proportion of total volume of new complaints cases made by Yorkshire Building Society customers (inclusive of all brands) regarding banking and mortgages to the Financial Ombudsman Service (FOS) upheld during a twelve month reporting period as defined by the FOS.	Data is sourced from the Board Report and supplied by the Enterprise Data team monthly. The measure is calculated by dividing the total number of FOS decisions over-turned by the total number of complaints received and overall overturned rate by the FOS.	Data is subject to internal quality assurance by the Root Cause Analysis team and includes manual completeness and consistency checks. Disclosure produced and audited by FOS.	2023
Proportion of customer base e-active (web) (%)	Proportion of customer base active on the YBS website. Excludes Accord BTL and N&P customers.	Number of active web users divided by achievable base, defined as the sum of active e-enabled customers (e-enabled and interacted (open an account, transacted, logged on or call the call centre) in the last five years), potential digital customers (not e-enabled, interacted in the last five years and we have either an email or mobile contact), and analogue only customers (interacted in the last five years, no email or mobile contact).	Data is gathered from a governed data source and stored within the Tableau reporting platform. The administration of dashboards is handled by the Data Insights team, who oversee access and limit the number of users authorised to modify the data source. The production and management of reporting in Tableau ensures that risks such as sub-optimal decision-making, inconsistent data, data loss incidents, and single points of failure in report production, which could impact society negatively, are mitigated.	2023

Basis of reporting

Metric and Unit of Reporting	Scope and exclusions	Method	Internal Reporting and Controls	Reporting Years
Proportion of customer base e-active (app) (%)	Proportion of customer base active on the YBS app. Excludes Accord BTL and N&P customers.	Number of active app users divided by achievable base, defined as the sum of active e-enabled customers (e-enabled and interacted (open an account, transacted, logged on or call the call centre) in the last five years), potential digital customers (not e-enabled, interacted in the last five years and we have either an email or mobile contact), and analogue only customers (interacted in the last five years, no email or mobile contact).	As above.	2023
Digital Net Promoter Score (-100 to 100)	All customers who interact with YBS across secure or public website and/or mobile app. Secure site survey is shown to customers on logout of the website, and the public site survey is shown to customers after browsing more than three pages (excluding the help pages). If an IP address is recognised and a survey has already been presented, the customer would be excluded from re-survey for 28 days. Mobile app survey is sent to random selection of customers using the app by email on a weekly basis. App customers are excluded if they fall into one of the following categories: • Have completed any survey type within previous three months • Are under 18 or over 80 years of age • Have a recent deceased notification • Have vulnerability flags • Have opted out of market research	Secure and public site data is collected and reported on a monthly basis by surveying customers in real time, and mobile app data by surveying a random selection of 500 customers per week, the week following the interaction. The measure is calculated as above. The Digital NPS score is calculated by applying a weighting model from our core survey results: • 50% Mobile App • 25% Secure site • 25% Public site	Data is collected and stored within our reporting platform 'Medallia'. Dashboards are administered independently by our external partners 'KPMG' and results along with raw data is shared monthly with YBS.	2023

ESG data table

All Figures are accurate as of December 31st 2023, unless otherwise specified.

GRI		2023	2022	2021	2020	2019
Providing a Place to Call Home						
	No. people helped to have a place to call home through our first-time buyer mortgages[57]	23,606	21,660	41,594	26,362	18,710
	No. people helped to move home (excl. remortgages, FTBs, BTL, social housing, and commercial lending)[57]	22,486	24,384	36,950	22,788	25,584
	No. people into buy to let (residential and commercial)[57]/social housing	6,123	9,543	5,880	4,897	5,569
	No. accounts in arrears onto active repayment plans[58]	2,557	2,044	2,019	589	-
	No. homes repossessed[59]	85	88[60]	45	29	29
Improving Financial Wellbeing						
	No. new access account savers	156,502	149,995	47,994	89,030	56,627
	No. new Shareplan, Salary Finance and Workplace Savers	2,193	2,128	15,622	15,501	18,805
	Average savings rate differential[61]	1.01pp	0.56pp	0.32pp	0.18pp	0.34pp
	No. people receiving financial capability & employability support[62]	126,888	96,024	63,391	2,897	8,576
Operating Responsibly						
	Average savings rate paid	3.43%	1.2%	0.60%	0.58%	1.08%
	Net Promoter Score (NPS)[63]	61	54	51	53	51
	Online Net Promoter Score	39	26	8	13	11
	Complaints per thousand - banking and credit cards (H1 / H2)	0.71/0.89	0.62 / 0.65	0.55 / 0.39	0.66 / 0.65	0.99 / 0.85
	Complaints per thousand - home finance (H1 / H2)	8.53/9.07	6.57 / 7.00	6.70 / 6.80	5.95 / 9.05	8.79 / 7.01
	Complaints per thousand - insurance and pure protection (H1 / H2)	0.30/0.10	0.20 / 0.29	0.46 / 0.17	0.69 / 2.96	96.74 / 209.54
	Number of branches and agencies	227	230	231	243	243
	AGM voting	7.9%	8.14%	8.79%	8.81%	10.2%
	No. of vulnerable customer flags	14,838	4,137	12,527	10,847	22,487
	No. of app users	313,230	216,969	131,605	64,031	-
Community Data						
	Total community investment[64]	£2.39m	£2.35m	£1,87m	-	-
	No. volunteering hours	6,523	5,467	2,737	2,200	14,535
	Value of volunteering hours donated[65]	£134,438	£110,272	£50,443	£40,176	£265,462

GRI		2023	2022	2021	2020	2019
People Data						
2-7	Employees (on a full-time equivalent basis) at 31 December	3,451	3,179	3,108	3,388	3,533
2-7	No. women employees	2,108	1,943	1,993	2,147	2,207
2-7	Percentage of full-time colleagues	78.1%	75.5%	73.5%	70.4%	70.3%
2-7	Percentage of part-time colleagues (permanent)	21.9%	24.5%	26.5%	29.6%	29.7%
2-7	Percentage of external and non-directly employed workforce (e.g. contractors, temp agency workers, consultants, freelances)	30.1%	45.5%	40.0%	37.0%	-
2-7	No. of employees by employment contract (permanent)	3,332	3,010	3,057	3,224	3,305
2-7	No. of employees by employment contract (permanent) by gender - women	2,036	1,883	1,918	2,078	2,156
2-7	No. of employees by employment contract (permanent) by gender - men	1,296	1,127	1,139	1,146	1,149
2-7	No. of employees by employment contract (temporary)	119	98	122	99	77
2-7	No. of employees by employment contract (temporary) by gender - women	72	60	75	69	51
2-7	No. of employees by employment contract (temporary) by gender - men	47	38	47	30	26
2-7	No. of employees by employment type (full-time)	2,695	2,347	2,337	2,340	2,378
2-7	No. of employees by employment type (full-time), by gender - women	1,421	1,247	1,222	1,242	1,271
2-7	No. of employees by employment type (full-time), by gender - men	1,274	1,100	1,115	1,098	1,107
2-7	No. of employees by employment type (part-time)	756	761	842	983	1,004
2-7	No. of employees by employment type (part-time), by gender - women	687	696	771	905	936
2-7	No. of employees by employment type (part-time), by gender - men	69	65	71	78	68
	Percentage of colleagues split by level - A-C	73%	76%	76.5%	78.4%	79.1%
	Percentage of colleagues split by level - D-E	26%	23%	22.7%	20.8%	20.1%
	Percentage of colleagues split by level - F+	1%	1%	0.76%	0.84%	0.8%
2-21	Ratio of annual total compensation for CEO (highest paid) to the median annual total compensation for all employees (excl the highest-paid individual) - 25th percentile	148:1	28:1	29:1	39:1	40:1
2-21	Ratio of annual total compensation for CEO (highest paid) to the median annual total compensation for all employees (excl the highest-paid individual) - 50th percentile	110:1	21:1	21:1	28:1	35:1
2-21	Ratio of annual total compensation for CEO (highest paid) to the median annual total compensation for all employees (excl the highest-paid individual) - 75th percentile	68:1	14:1	14:1	20:1	22:1

[57] Place to call home measure based on average residents in properties against which loans have been advanced in the period. [58] Unique occasions that support for borrowers in financial difficulties has been given by agreeing repayment plans; note some accounts may have had multiple repayment plans agreed throughout the year so the number of customers helped may be lower than this. [59] Full residential buy to let and home owners. [60] This figure was initially disclosed as 92 but has been revised to 88 after validation. [61] YBS Group average savings rate compared to rest of market average rates. Source: CACI's Current Account and Savings Database (CSDB), Stock. Data period January – December 2023. Previously in the 2022 ESG report these figures were inaccurately disclosed as percentages as oppose to percentage points. [62] All financial capability and employability programmes, including in person and online. [63] Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2022, based on 41,703 responses. Following a change in the calculation methodology for Group NPS in 2022, the comparative period 2021 has been restated on a consistent basis. [64] Full breakdown of community investment can be found on page 81. [65] 2023 figure was calculated using £20.61 as cost per hour.

ESG data table

GRI		2023	2022	2021	2020	2019
People Data						
2-30	Percentage of total employees covered by collective bargaining agreements[66]	39.6%	42.29%	39.97%	46.40%	-
	Percentage of internal hires	31.0%	39.1%	34.3%	27.1%	18.8%
401-1	No. of new hires	1,318	525	515	539	733
	Average hiring cost / FTE	£450.82	£475.39	£573.55	-	-
	No. of new apprentices	21	38	21	29	7
401-1	Employee turnover rate	10.8%	19.2%	19.9%	10.2%	21.1%
	Voluntary employee turnover rate	8.9%	14.47%	11.98%	-	-
	Employee turnover rate for women	10.9%	18.0%	20.9%	-	-
	Employee turnover rate for men	11.3%	21.9%	19.8%	-	-
	Employee turnover rate for colleagues Grade A-C	12.1%	18.2%	21.5%	-	-
	Employee turnover rate for colleagues Grade D+	8.3%	23.3%	16.0%	-	-
404-1	Amount of money spent per colleague on training[67]	£510	£380	£305	£400	£418
	Overall amount spent on colleague training	£1.68m	£1.34m	£1,08m	£1,35m	£1,48m
	Employee growth score (I feel that I'm growing professionally at YBS - out of 10)	8.5	8.6	8.3	7.8	6.8
	Employee engagement score (out of 10)	8.6	8.6	8.5	8.3	7.4
	eNPS Employee Engagement Index	68	66	64	54	20
	Employee behaviour score (I experience this behaviour in my day to day interactions with colleagues at work – average of the 4 behaviours – out of 10)	8.7	8.4[68]	8.9[69]	-	-
	Feel fairly rewarded score (I am fairly rewarded (e.g. pay, bonus, benefits) for my contributions to YBS – out of 10)	8.0	7.9[70]	8.0	7.9	6.9
	Absentee rate	4.23%	4.35%	5.01%	7.51%	3.94%
	Absentee target - green	<=3.6%	<=3.6%	<=3.6%	<=3.6%	<=3.2%
	Absentee target - amber	>3.6%	>3.6%	>3.6%	>3.6%	>3.2%
	Absentee target - red	>4.0%	>4.0%	>4.0%	>4.0%	>3.6%
	Absentee for mental health	34.1%	30.4%	33.5%	-	-
	Monthly average of accidents and near misses	7.6	6.8	8.9	7.3	12

GRI		2023	2022	2021	2020	2019
Diversity Data[73]						
	Percentage of women at level E and above	50%	50%	50%	45%	-
405-1	Percentage of colleagues who are from Black, Asian and ethnically diverse backgrounds	17.15%	15.41%	14.34%	13.03%	11.86%
	Percentage of colleagues who are from Black, Asian and ethnically diverse backgrounds at level E and above	6.74%	7.41%	6.02%	-	-
	Percentage of colleagues are from Black, Asian and ethnically diverse backgrounds seen as potential successors for Director roles	8%	11%	6%	-	-
	Percentage of colleagues who identify as LGBTQI+	2.78%	3.33%	3%	-	-
	Percentage of women in Customer Services customer-facing roles (grade A, B & C)	32.31%	31.3%	32.5%	32%	-
	Percentage of women in Branch (grade A, B & C)	82.17%	82.58%	82.91%	82.3%	81.45%
	Percentage of women in Branch (grade D and above)	36.00%	47.06%	30.77%	40%	37.50%
	Percentage of women in IT roles	36.56%	31.35%	30.1%	31%	-
405-1	Percentage of colleagues split by age - <25	9.16%	8.3%	8.05%	8.64%	9.82%
405-1	Percentage of colleagues split by age - >26-30	14.29%	13.38%	14.16%	15.02%	15.73%
405-1	Percentage of colleagues split by age - >31-35	15.91%	16.28%	16.92%	17.06%	17.15%
405-1	Percentage of colleagues split by age - >35-40	15.82%	16.22%	15.89%	15.50%	15.17%
405-1	Percentage of colleagues split by age - >41-45	12.84%	13.16%	12.80%	13.09%	12.12%
405-1	Percentage of colleagues split by age - >46-50	10.84%	11.23%	12.24%	12.01%	12.12%
405-1	Percentage of colleagues split by age - >51-55	10.78%	11%	9.69%	9.54%	8.99%
405-1	Percentage of colleagues split by age - >55+	10.37%	10.42%	10.25%	9.15%	8.90%
405-1	Percentage of employees who are women	63.71%	62.52%	62.69%	64.61%	65.26%
405-1	No. of managers (C-D) who are women	214	185	838	840	813
405-1	Percentage of senior managers (E-F) who are women	47.9%	50.32%	50.96%	46.05%	39.6%
405-1	Percentage of Board members who are women	58%	44.4%	40%	20%	20%
405-1	Percentage of women in revenue-generating functions (Customer Service, Finance and Commercial Divisions)	61.00%	62.00%	62.00%	-	-
405-1	Percentage of colleagues who disclose they have a disability	2.09%	2.51%	1.93%	1.50%	1.40%

[66] The Group acknowledges Aegis as the exclusive representative and bargaining agent for Group colleagues (excluding "Chiefs of" and "Directors of"). Consequently, the percentages quoted reflect the proportion of Aegis members. [67] Total amount spent on colleague development in 2023, divided by average annualised 2023 headcount. [68] This figure was initially disclosed as 8.6 but has been revised to 8.4 after validation. [69] This figure was initially disclosed as 8.9 but has been revised to 8.6 after validation. [70] This figure was initially disclosed as 7.6 but has been revised to 7.9 after validation.

ESG data table

GRI		2023	2022	2021	2020	2019
People Data						
406-1	No. of incidents of discrimination reported and reviewed	8	7	14	14	-
406-1	No. of incidents of discrimination – withdrawn or not upheld	3	2	6	4	-
406-1	No. of incidents of discrimination – upheld, partially upheld, resolved	2	4	8	10	-
406-1	No. of incidents of discrimination – investigation underway	3	0	0	0	-
	Mean gender pay gap	23.4%	25.7%	28.1%	32.9%	30.5%
	Median gender pay gap	23.8%	24%	24.6%	29%	27.9%
	Mean gender bonus gap	38.4%	38.7%	47%	48.3%	47.9%
	Median gender bonus gap	29.6%	28.5%	31.8%	33.3%	34.1%
Governance Data						
	No. of whistleblowing reports	11	4	9	14	17
	Total amount paid to suppliers[71]	£175.9m	£151.4m	£139.9m	£143.8m	£149.7m

Community contribution

We use the following methodology to calculate our total community contribution, using three distinct categories:

- YBS donations – includes cash contributions (the monetary amount donated to charities and good causes and the money spent to fund community projects with partners), employee time (the cost of the time that an employee spends on volunteering) and in-kind giving (contributions of products, equipment and services and other non-cash items to charities and good causes) directly paid by YBS.
- Customer and colleague donations (leverage) – includes cash contributions (the monetary amount donated to charities and good causes) and in-kind giving (contributions of products, equipment and services and other non-cash items to charities and good causes) from colleagues and customers, facilitated by YBS.
- YBS costs – includes the costs incurred by the Society to facilitate our community programmes, including staff costs and other management overheads.

Community Contributions	2023					2022				
	YBS Donations		Customer & Colleague Donations	YBS Costs	Total	YBS Donations		Customer & Colleague Donations	YBS Costs	Total
	Charitable	Community				Charitable	Community			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Charity Partner	£175	£0	£120[75]	£26	£321	£272	£0	£139	£18	£429
The Charitable Foundation	£100	£0	£358	£0	£458	£100	£0	£308	£12	£420
Other charities	£15	£0	£65	£0	£80	£100	£0	£66	£0	£166
Citizens Advice	£521	£0	£0	£14	£535	£299	£0	£0	£0	£299
Employability/digital skills*	£90	£0	£0	£59	£149	£109	£64	£0	£18	£191
In kind donations	£5[72]	£87[72]	£15	£0	£107	£0	£92	£19	£0	£111
Volunteering time**	£0	£141	£0	£4	£145	£0	£110	£0	£1	£111
Other***	£0	£15	£0	£588	£603	£0	£0	£0	£624	£624
Total	**£906**	**£243**	**£558**	**£691**	**£2,398[72]**	**£880**	**£266**	**£532**	**£673**	**£2,351**

*Charitable donations paid to Good Things Foundation (2022 and 2023).
**2023 cost per hour was £21.61. 2022 cost per hour was £20.17.
***This includes: BITC membership, B4Si membership, salary costs, legal costs, marketing, and non-programme specific materials budget.

[71] This does not include non-procurable spend, including: Non-procurable Banking Charges (2% of total Banking Charges), Charity/Donations, Inter/Intra Company Payments, Letting/Estate Agency Services, Membership, Regulatory Payments, Rent and Rates, Sponsorship, and Taxes.

[72] These figures are different from those published in the ARA on page 45. Following reconciliation process, they have been revised to accurately reflect the updated figures.

Climate change data

Progress on Scope 3 disclosures

Scope 3 Category	Sub-Category	Status	Data Quality[73]	tCO_2e
Upstream emissions				
1 - Purchased Goods & Services	Procurement and supply chain of goods	2022 spend based emissions factors calculated	Low	Initial understanding
2 - Capital Goods	Procurement and supply chain of goods	2022 spend based emissions factors calculated	Low	Initial understanding
3 - Fuel & Energy Related Activities	Extraction, production and transportation of fuels and energy purchased in the reporting period	Externally published	High	240 tCO_2e
4 – Upstream Transportation & Distribution	Supplier delivery emissions	Initial understanding of the available data	Low	Not calculated
5 - Waste generated in operations	Waste disposal and treatment in operations	Externally published data	Low	21 tCO_2e
5 - Waste generated in operations	Capital project waste	Externally published data	Low	21 tCO_2e
5 - Waste generated in operations	End of life customer communications	Initial understanding	Low	Not calculated
6 - Business Travel	Business related travel activity	Externally published	Medium	292 tCO_2e
7 - Employee Commuting & Working from Home	Colleague commuting	Externally published	Medium	3,648 tCO_2e
7 - Employee Commuting & Working from Home	Work from home energy emissions	Externally published	Medium	3,648 tCO_2e
8 – Upstream Leased Assets	Operation of assets leased during reporting period	Initial understanding	Medium	Not calculated

Scope 3 Category	Sub-Category	Status	Data Quality[73]	tCO_2e
Downstream emissions				
9 – Downstream transportation and distribution	Transportation and distribution of products and services sold during the reporting period	Initial understanding of the available data	Low	Not calculated
10 – 12	Processing/ Use of sold/ End of life of products sold	Not applicable	Not applicable	Not applicable
13 – Downstream leased assets	Operation of assets owned	Initial understanding of the available data	Low	Not calculated
14 – Franchises	Not applicable	Not applicable	Not applicable	Not applicable
15 – Investments*	Residential Mortgage Portfolio	Externally published data	PCAF data score – 3.83[74]	662,265tCO_2e
15 – Investments*	Commercial Lending Portfolio	Initial understanding	Low	Not calculated

*As the Society's understandings of emissions from its investments improves, so will the ability of the Society to report on additional sub-categories.

Waste totals

Waste Type – Head Office and Branch	Weight	Landfill Diversion
	Tonnes	%
Landfill	4.78	0
Recycling	263.95	100
Recovery	94.70	100
Food[75]	7.52	100
Re-use[76]	4.56	100
Total	**375.51**	**98.7**

[73] Data quality reflects the availability and completeness of data used to calculate emissions (low to high).

[74] The PCAF data score is representative of the quality of the data used within the financed emissions calculation with (1) being the highest and (5) the lowest.

[75] The Society anaerobically digests its food waste.

[76] The Society was able to re-use materials from capital projects.

Operational carbon footprint table

Operational Carbon Footprint		2023 Location	2023 Market	2022 Location	2022 Market
		tCO_2e	tCO_2e	tCO_2e	tCO_2e
Scope 1	Generation of heat (gas consumption)	728	-	941	-
	HVO (Hydrotreated Vegetable Oil back-up generators)	0.11	0.11	0.04	0.04
	Vehicles used on Society business	2	2	1	1
	Refrigerant gases	3	3	7	7
	Total	**733**	**5**	**949**	**8**
Scope 2	Electricity consumption	1,740	0	1,582	-
	Electricity for owned vehicle	0.04	0.04	-	-
	Total	**1,740**	**0**	**1,582**	**0**
Scope 3	Well-to-tank – Electricity	419	33	413	35
	Well-to-tank – Land, Air Travel and Fuels	177	57	197	36
	Transmission and distribution losses - Electricity consumption	150	150	145	145
	Business travel – Transport	268	268	161	161
	Business travel – Hotel	24	24	15	15
	Homeworking and commuting	3,648[77]	3,648	-	-
	Water supply and treatment	12	12	8	8
	Waste disposal	9	9	8	8
	Total	**4,707**	**4,201**	**947**	**408**
Total Carbon Footprint		**7,180**	**4,206**	**3,478**	**416**

Intensity ratios

	2023			2022		
	Income	GHG Emissions	Intensity ratio	Income	GHG Emissions	Intensity ratio
Income intensity ratio	**£m**	**tCO_2e**	**tCO_2e/£m**	**£m**	**tCO_2e**	**tCO_2e/£m**
Location	**787**	**7,180**	**9.1**	811	3,479	4.3
Market		**4,206**	**5.3**		416	0.5
Colleague intensity ratio	**Colleagues***	**tCO_2e**	**tCO_2e/ person**	**Colleagues***	**tCO_2e**	**tCO_2e/ person**
Location	**4,773**	**7,180**	**1.5**	4,530	3,479	0.8
Market		**4,206**	**0.9**		416	0.1

* Colleague number includes all full-time and part-time employees, contractors, consultants, managed services and agency staff.

Internal energy usage

Internal Energy Usage	2023	2022
	kWh	**kWh**
Heating and emergency fuel usage	3,982,219	5,165,030
Company owned vehicle transport	7,706	3,509
Scope 1	**3,989,925**	**5,168,539**
National Grid Electricity Consumption	8,400,778	8,183,123
Onsite Solar Electricity Generation Consumption	150,157	144,500
Company owned EV vehicle usage	200	-[78]
Scope 2	**8,551,135**	**8,327,623**
Leased/hired business transport	520,637	382,648
Scope 3	**520,637**	**382,648**
Total	**13,061,697**	**13,878,810**
	tCO_2e	tCO_2e
Total emissions from internal energy usage	**2,591**	**2,619**

Non-financial ratings

Non-financial ratings agencies consistently rate our ESG performance amongst top performers in our industry, and we have continued to make progress in 2023. Our ratings are available below.

ESG Rating Provider	Rating/ Score	Scale (best to worst)
MSCI*	AAA	AAA-CCC
Morningstar Sustainalytics**	12.9	0 - 100
S&P Corporate Sustainability Assessment (CSA)	51	100 - 0
CDP***	Submitted – Not Scored	A to F
ISS ESG	C	A+ to D-
Moody's Analytics	67	0 - 100

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***Due to the transition to the new Environmental Sustainability Team, the Society was not able to complete the submission in time to be rated. However, a full submission was completed after the deadline and is available on CDP's website.

[77] This figure includes well-to-tank and transmission and distribution losses which relate to homeworking and commuting. [78] During 2022 reporting period, YBS did not own any EVs and therefore there is no reporting on this category during that period.

Principles for Responsible Banking Report

Report and self assessment 2023

Yorkshire Building Society (the Society) became a signatory of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (the Principles) in January 2023. The Principles represent a unique framework created by UNEP FI for financial organisations to identify and set targets against their areas of greatest ESG impact, and is aligned to the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

We are one of over 340 financial service organisation **signatories** around the world (and 14 in the UK), representing over half of the global banking industry.

This is the Society's first annual report on progress towards implementing the Principles and should be read in conjunction with this ESG Report, to which it is an appendix. We have used the UNEP FI reporting and self-assessment template as well as the impact analysis modules to develop this report, in which we identify our significant impact areas and the indicators to be used in measuring performance in these areas. We will set our baseline performance and targets for improvement in our second PRB report.

The Principles

There are six Principles for Responsible Banking, as set out below, which are designed to be integrated into financial services organisations' strategies. Reporting is structured under the Principles:

1. Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

2. Impact and Target-Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

3. Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

4. Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

5. Governance and Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

6. Transparency and Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Yorkshire Building Society is a mutual society that currently offers mortgages, savings and insurance products to retail customers, and commercial mortgages to UK trading businesses and property investors. Based and operating solely in the UK from over 227 branches and local agencies, our purpose is to provide Real Help with Real Life. This means delivering on two central ambitions:

- Helping people to have a place to call home
- Helping to support and build greater financial wellbeing

The business model the Society operates is simple. As a member-owned mutual we exist to provide those saving with us a safe place to keep their deposits and build their financial resilience. These savings balances are then used to fund mortgage lending, enabling customers to secure a home of their own. Alongside savings deposits, we utilise the wholesale markets to diversify our funding base and support our stability.

We always act in the long-term interests of our membership. The level of profit we generate is required to be such that our financial position remains secure, that sufficient capital is generated to support our growth plans, and that we can continue developing and offering products and running services across our channels (including our branch network) that fulfil the needs of our members and customers, who in total comprise over three million people.

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Our Purpose and Strategy page 16

1.2 Strategy Alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- [x] Yes
- [ ] No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- [ ] UN Guiding Principles on Business and Human Rights
- [ ] International Labour Organization fundamental conventions
- [ ] UN Global Compact
- [ ] UN Declaration on the Rights of Indigenous Peoples
- [x] Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Taskforce for Climate-related Financial Disclosures
- [x] Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: UK Modern Slavery Act 2015
- [ ] None of the above

1.2 Strategy Alignment (continued)

We exist to provide Real Help with Real Life to our members, customers, colleagues and communities. Our strategy and all of our actions are ultimately aligned to, or in service of, achieving this purpose as best we can. Underpinning our purpose are four key priorities which make up our ESG strategy and demonstrate how the Society aligns to the **UN Sustainable Development Goals (SDGs)**:

- Helping people to have a place to call home (SDG 11)
- Helping to support and build greater financial wellbeing (SDGs 1, 4, 10)
- Investing in our people (SDGs 5, 8, 10)
- Building a greener society (SDG 13)

Therefore sustainability is a strategic priority for the Society, and we endeavour to have a positive impact through all of our activities: by delivering purposeful products and services to promote financial health and inclusion, reducing our environmental footprint wherever possible, and contributing significantly to our local community with time and financial contributions.

As a signatory to the UNEP FI Principles for Responsible Banking, we are planning to align our strategy to be consistent with the 2015 Paris Climate Agreement. We are committed to achieving Net Zero Scope 1 and 2 operational emissions by 2035 or sooner, and we have a 2050 Net Zero ambition for all applicable Scope 3 operational and financed emissions, as set out in our Taskforce on Climate-related Financial Disclosures (TCFD) in the Society's 2023 Annual Report and Accounts. Our current estimation of impacts of climate risk are designed to be compliant with **the Bank of England's Climate Biennial Exploratory Scenario (CBES) guidance**, and we utilise robust climate risk modelling framework in line with SS3/19 regulatory requirements.

We also report with reference to the Global Reporting Initiative (GRI) framework to ensure best practice, which can be found in the appendix of this ESG report. In accordance with legal requirements, we publish an annual **Modern Slavery Act Transparency Statement** on our website.

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Building a greener society & TCFD page 26
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GRI Index page 64

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

The Society's core business areas are the provision of mortgages (including retail and commercial lending) and savings accounts to over three million UK consumers. Our residential gross mortgage lending represented 3.9% and retail savings balances 2.3% of UK market shares respectively in 2023. Some of our mortgages are provided by our wholly-owned intermediary lender, Accord Mortgages Ltd. These areas have been considered in our impact analysis and, as our core business operates only in the UK, the scope of our impact analysis in limited to the UK.
Our business is funded through savings balances held from members and customers (c.79% in 2023), bond or debt security issuance through the wholesale markets (c.14%), drawings from government-funded schemes (c.2%), and capital reserves (c.5%).
We have not considered our treasury activities in the impact analysis, due to the relatively limited nature of these activities compared to our mortgage and savings business, and the fact that they are only undertaken to provide funding and liquidity for our retail services. We will look to include some, or all, of our treasury activities in future PRB reports as appropriate.

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Performance at a Glance: page 2
Our Purpose and Strategy page 17

b) Portfolio Composition

Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope:

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

2.1 Impact Analysis (Key Step 1) (continued)

We have considered the composition of our portfolio in our analysis.
We had a total of £47.1bn in customer savings accounts at the end of 2023, across a number of different types of accounts including easy access, children's, tax-free, notice and bonds.

At the end of 2023, our mortgage book totalled £46.9bn in loans and advances. Of our total gross contractual exposure at the end of 2023, residential mortgages represented 80%, buy to let mortgages 15%, social housing 0.4%, and commercial lending 4%. In terms of retail mortgage customer type, 24% of new lending was to first-time buyers in 2023, 30% was other buyers (e.g. movers), 33% was re-mortgaging, and 14% was buy to let.

The Society does not directly invest in environmentally harming industries within our Treasury portfolio, and none of our direct lending supports development in sectors of the economy which carry heightened risk (oil and gas, electric utilities, metals and mining, chemicals, quarrying, landfill, airlines, aerospace and shipping). We do not engage in project finance and would not support a project that directly harms the environment. The Society has a small commercial lending arm which is used to supply commercial mortgages for premises such as shops etc. The Society has introduced new lending controls for the commercial arm, effectively banning lending in environmentally harmful sectors. However, the Society cannot definitively rule out indirect involvement through third-party investment.

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c) Context

What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Using the Context module of the UNEP FI Impact Analysis Tool, the main sustainable development challenges in the UK relevant to the Society were identified as: (1) availability, accessibility, affordability and quality of housing; and (2) addressing climate issues.

Globally, the impact topics highlighted by UNEP FI that consumer banks may have a positive or negative association with include: (1) individuals' access to savings and credit finance (a key topic), (2) access to housing (a key topic), (3) climate emissions (particularly for mortgage lenders), and (4) discrimination of consumer bank lenders on the basis of ethnicity, age, or other vulnerable characteristics (although it should be noted that this last one was not identified as a priority topic for the UK specifically).

Access to housing and climate emissions are therefore a priority for consumer banks both nationally in the UK and globally, and individuals' access to finance is a fundamental impact area for all consumer banks. These three topics therefore comprise the main priorities related to sustainable development in the UK.

Having a positive impact, or mitigating any negative impact, in each of these areas is already a priority for the Society through its existing strategy, as illustrated by the alignment of these areas with some of our own ESG priorities, as set out in section 1.2, namely:

- Helping to support and build greater financial wellbeing: aligned to individuals' access to finance
- Helping people to have a place to call home: equates to access to housing
- Building a greener society: includes measuring and reducing our climate emissions

We have continued to evolve our strategy and priorities over recent years in response to a number of stakeholder engagement activities. These include:

- A materiality assessment undertaken in 2020 to identify and prioritise the key material ESG issues that can impact the Society business and performance, refreshed in 2022, and with full assessment undertaken again in 2023. The most recent assessment involved consultation of c.1,900 stakeholders including colleagues, members / customers, mortgage brokers, and potential customers and employees.
- A refresh of our ESG strategy in 2023, following the latest stakeholder materiality assessment, with a more focused set of priorities that tie in with the ESG themes most important internally and externally.
- The establishment of an ESG Committee in 2022, comprising senior executives including our CEO, which has delegated authority to drive progress on the ESG strategy, and which considers research and analysis in order to identify and progress new opportunities for the business to improve its ESG performance.

We currently engage on the three priority topics identified above as follows:

Finance and Housing: we communicate with our members and customers on many topics related to personal finance, savings, housing and mortgages through online and in-person member events, newsletters, our member panel, our AGM, and regular surveys on customer experience and brand. The most important topics discussed last year included the cost of living crisis, higher interest rates faced by homeowners, the first-time buyer market, the role of building society branches, and advice on savings. Our **Saving the Nation report** from 2023 used consumer survey data to examine changes in attitudes to saving, financial advice, support, spending behaviours and more between 2019 and 2023.

We have also engaged with politicians in the last year on access to cash and keeping our presence on the high street, as these are ongoing important issues for our members. In addition, we discussed the **Mortgage Charter** and our **2022 Housing Britain report** on the challenges of home ownership (for which we conducted a survey of 1,750 home buyers), and will be publishing a follow-up policy document with proposals that will benefit the housing sector.

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TCFD page 26

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2.1 Impact Analysis (Key Step 1) (continued)

Climate: we undertake proactive engagement with communities and policy makers at a local level in the area of climate change and environmental impact, through our partnership with the **Yorkshire and Humber Climate Commission**, which has been in place since 2021. We are also members of the **Rutland Operational Sustainability in Finance Forum**, which helps members to hit their carbon reduction targets, and the **Building Societies Association (BSA) Green Finance Taskforce**, which is looking to find ways to help people make their homes more energy efficient through consumer engagement and government influencing. In addition to our partnership with the BSA, our engagement with the **Green Finance Institute** allow us to take part in and benefit from the collective experience and learnings of our industry.

We currently engage with our members / customers on relevant climate issues by offering products and services to help improve energy efficiency of homes, in the form of an Energy Related Additional loan, a new build enhanced affordability proposition, and through providing an easy-to-use online Energy Saving Tool created by the **Energy Saving Trust,** all to help customers improve energy efficiency within their homes and thus reduce running costs and emissions.

For this impact analysis, in order to determine the most significant positive and negative impacts of our portfolio on the UK's society, economy and environment, we considered the UK development challenges and impact topics in the context of our product suite, the profile of our existing customer base, current ESG priorities, and previous engagement and reporting initiatives (including our recent 2023 materiality assessment). The impacts were debated by the relevant internal departments and recommendations were taken for discussion and agreement at the ESG Committee.

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Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.

From our impact analysis, we identified two positive areas and one negative area where we can have significant impacts on society, the economy, and the environment, and which we will prioritise to pursue our target setting strategy. These are:

1. Financial inclusion and health (a default impact area for all consumer banks as set out in the UNEP FI Assessment module, incorporating access to finance as well as equality & justice):

- We will continue to offer a broad range of savings products, aiming to provide interest rates higher than the market average, to as many members of the UK population as possible, and seek to widen access to more underserved groups through innovative and distinctive offerings, as well as providing additional support when required for our vulnerable customers.

- We will enhance our digital accessibility whilst maintaining other channels including our branch network, which remains an important route to serve many of our customers, as well as offering other local societal benefits.

- Through our ongoing community programmes, we will look to reach as many people as possible with our financial wellbeing initiatives, including investment of significant time and money to deliver financial education and employability skills training, and our partnership with Citizens Advice to offer independent advice and support to anyone facing a wide range of issues, such as financial hardship.

2. Access to housing:

- We have a strong commitment to support people to have a place to call home and to lending responsibly. This includes supporting first-time buyers with affordable options, house movers through our residential mortgages, people renting from our buy to let landlords, and those we've helped into social housing.

- Our purpose and business model enables us to lend to both people with straightforward requirements and those whose needs are more complex - we take the time to understand variable incomes and income sustainability, whilst ensuring we lend responsibly through robust affordability measures.

- Overall, we aim to continue to help new and existing customers with propositions that are tailored to their individual needs, to help more people into a savings habit and buy their own home.

3. Financed emissions reduction:

- We recognise that a large proportion of our total negative climate impact currently results from our Scope 3 financed emissions, in relation to residential and commercial lending, and which we report on in this ESG report for the first time on Page 50.

- Therefore, although at an early stage of the journey, we are focused on mitigating this negative impact as far as possible in the coming years, firstly through measurement of these emissions (as accurately as possible given the external limitations on data coverage and quality), reporting publicly on them, then developing and implementing a reduction plan to achieve our ambition of aligning to the UK Government's Net Zero target of 2050.

- This will be very challenging, not least because our ability to progress will be dependent to a great extent on the external regulatory and commercial environment, as well as customer engagement levels and affordability of improvement measures for households. Nevertheless, we have chosen this area of focus given the opportunity it affords us to have the most significant impact on climate change, as well as the added benefits it can have for individual homeowners (e.g. through better insulated housing).

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2.1 Impact Analysis (Key Step 1) (contimued)

d) For these (min. two prioritized impact areas): Performance measurement

Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Given the simplicity of our business model and focused nature of our product suite, it is relatively straightforward to identify the sectors and customer types financed which cause the strongest actual positive or negative impacts. As noted in section 2.1 c), we currently have a strong positive impact on: (1) financial inclusion and health by providing broad access to savings accounts at relatively high interest rates (+1.01pp above market average rates in 2023) across a number of channels and through our financial wellbeing initiatives, and (2) on access to housing through our responsible mortgage lending across different segments of the UK population including a focus on first-time buyers. Our main negative impact comes from our climate emissions, and in particular from financed emissions associated with our residential and commercial lending, which comprise a large proportion of our total emissions.

To determine priority areas for target-setting and help us select specific metrics for which we will set targets in our next PRB report, we have assessed (or are now measuring) current performance in these significant impact areas using appropriate indicators as detailed below:

Financial inclusion and health

We support people towards greater financial wellbeing by finding ways for people to save across a range of different account types at above market-average interest rates, and by supporting our customers and communities with financial wellbeing programmes.

Indicators:

- Number of new savers* (all accounts excluding fixed rate products) (2023: 158,695)
- Number of people receiving personal financial wellbeing support in the community* (2023: 68,534)
- Average savings rate differential compared to market average (2023: +1.01pp)

Access to housing

We believe that helping people to buy or keep a place to call home provides a social benefit, particularly when using our established responsible lending policy and robust affordability measures. We also look to provide mortgages on a more purposeful level, including to first-time buyers who might otherwise struggle to purchase a home, and to underserved segments, such as those that need a higher loan to value or loan to income product and those on lower salaries who would benefit from a Joint Borrower Sole Proprietor mortgage.

Indicators:

- Number of people helped into a home (including first-time buyers, house-movers, and buy to let mortgages) (2023: 52,215)
- Number of people helped to have a place to call home through our first-time buyer mortgages (buyers purchasing a house for residential purposes for the first time) (2023: 23,606)

Financed emissions reduction

Given that the residential sector accounted for **17% of all CO_2 emissions in the UK in 2022**, we have a duty to mitigate the negative impact and reduce the emissions associated with our residential lending as far as possible over the coming years (as well as those associated with commercial lending and our treasury activities), whilst acknowledging that many associated factors are external and outside of our control. Whilst we are publishing our residential mortgage financed emissions for the first time in this report, we are still in the measuring and planning stages of our financed emissions reduction journey. However, we will be mapping out our plan with strategies and interim targets in the near future.

Indicators:

- Residential mortgage book EPC data captured (2023: 59%)
- Commercial mortgage book EPC data captured (2023: 51%)
- % colleagues completing carbon literacy training* (2023: NA)

*PRB-recommended metric

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2023 performance page 5

Improving Financial Wellbeing page 23

Providing a Place to Call Home page 15

Building a Greener Society page 47

Self-assessment summary

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☒ Yes	☐ In progress	☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

- Financial inclusion and health
- Access to housing
- Financed emissions reduction

How recent is the data used for and disclosed in the impact analysis?

☐ Up to 6 months prior to publication

☐ Up to 12 months prior to publication

☒ Up to 18 months prior to publication

☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) **Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

b) **Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

c) **SMART targets** (incl. key performance indicators (KPIs)): please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

d) **Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

We will set a minimum of two SMART targets which address at least two different areas of our most significant impact in the coming year, and publish these targets along with all other required disclosures in our 2024 (second) PRB report.

2.2 Target Setting (Key Step 2) (continued)

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: **Financial inclusion and health**	... second area of most significant impact: **Access to housing**	...third area of most significant impact: **Financed emissions reduction**
Alignment	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No
Baseline	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No
SMART targets	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No
Action plan	☐ Yes ☐ In progress ☒ No	☐ Yes ☐ In progress ☒ No	☐ Yes ☐ In progress ☒ No

2.3 Target Implementation and Monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):

Describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client Engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

We encourage sustainable practices in our customers through a number of different products, **policies** and programmes. We strive to support our members' financial wellbeing through the provision of a range of savings accounts to meet their differing needs, and by providing exceptional value – in 2023 we delivered an additional 1.01pp interest on average compared to our peers (this equates to c.£441.1m of additional value having been returned to members). See Page 24 of this ESG report for more detail on how we enable good savings habits.

We have increased support in the area of financial capability in the past year, with a dedicated **cost of living advice page** on our website, and extending our in-branch programme with Citizens Advice (a charity that gives independent, confidential advice on a range of topics for free) to provide face-to-face support to any member of the public. We have also continued our financial education and skills development programme, in person and online, teaching young people about money and preparing them for work. For more detail on these and other financial wellbeing support initiatives, please see Pages 26 - 31 of this report.

Our financial wellbeing products and programmes are underpinned by the robust policy framework in place at the Society. This includes our Product & Distribution Governance Policy which ensures that the products offered to Society customers are designed, distributed, and delivered in order to provide good customer outcomes, and that the Society acts in good faith towards retail customers, avoids unforeseeable harm to retail customers, and enables and supports them to pursue their financial objectives.

We have an established and proven responsible lending policy, designed to ensure borrowers can afford to repay their mortgage over its term. Specifically, the main principles of our Retail & Commercial Lending Policy are that, in undertaking all lending activity, the Society will:

- Act in accordance with all required regulations
- Ensure lending remains within the approved risk appetite
- Adopt a structured design, review and approval process to ensure that all product launches, changes, and withdrawals enable the delivery of good customer outcomes and prevent the potential for detriment arising
- Ensure all lending is responsible, sustainable and delivers good customer outcomes by ensuring customers have the ability and willingness to satisfactorily service repayments and repay the debt on a sustainable basis by undertaking robust affordability assessments and credit history checks
- Ensure all secured lending is fully secured against acceptable property, with an appropriate charge registered
- Ensure increased consideration of risk will include climate considerations and particularly the matter of financial risks arising from climate change
- Act in accordance with our Vulnerable Customer Policy when considering financial risks for all customers (the over-riding principle of which that must be adhered to by colleagues in their dealings with vulnerable customers is that good outcomes are achieved throughout the customer journey, and any barriers are removed to access our products and services; it is therefore essential that colleagues take a flexible approach as our failures can lead customers to suffer financial and non-financial impacts)

The effectiveness of this lending policy, in conjunction with our Retail Collections & Recoveries Policy (whereby we commit to supporting those customers who are, or who have indicated they are, in financial difficulty with their mortgage, including those not yet in arrears) is reflected in our current low level of arrears: 0.50% of our customers were more than three months in arrears, including repossessions, in 2023, compared to a market average of 0.94%.

We also encourage environmental sustainability practices in our customer base, and have continued to develop a customer Net Zero transition plan, focusing on supporting those with the highest transition risk exposure. We believe that the transition to a Net Zero economy should be fair and just for all, and we recognise the potential challenges that many will face in reaching that goal.

We understand that consumers require timely and pertinent information to navigate their journey towards Net Zero and we are committed to providing accessible solutions. To that end, we have a **dedicated section of our website** which sets out our climate commitment and incorporates an online assessment tool developed in partnership with the Energy Saving Trust, which provides free advice for customers on how they can reduce their energy consumption. Since the tool was launched in November 2022, over 2,500 people have used it to assess how they can make home energy efficiency improvements. Throughout 2024, we plan to increase the amount of information on this topic available to our customers through our website, supported by social media activity to understand what kind of information our customers value most. More detail on how we are helping to build a greener society can be found on P.Xx of this report.

We have a defined Environmental and Climate Change Risk Policy to manage the Society's environmental and climate change strategy commitments. The mandate of this policy covers all YBS environmental and climate change risk activity with respect to legislative and non-legislative requirements and targets.

2023 Annual Report & Accounts:
Savings Performance page 47

Our Financial Review page 46

TCFD page 26

2023 ESG Report:
Enabling good savings habits page 24

3.2 Business Opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Financial inclusion and health:
Our savings propositions team aims to develop products which specifically help our customers improve their financial wellbeing, in line with our purpose. We provide a range of savings accounts to meet the differing needs of our members; fixed rate accounts for those wanting to put money away for longer; easy access accounts for those saving for emergencies or a special occasion; and regular ISA and non-ISA savings accounts to help build a healthy savings habit, often rewarded with higher rates for regular deposits.
For example, we encouraged our members to build their savings pot and create a financial safety net with our Rainy-Day Account, launched in 2022, and helped our customers save for Christmas 2023 by encouraging people to start putting money aside early in the year using our Christmas Saver Account, to lessen the financial burden once the festive season arrived.
We reintroduced our standard Regular Saver in 2023 which is designed to support both new and existing customers to develop a good savings habit and build their financial resilience – since its launch in June 2023, over 20,000 customers have opened this product, increasing the total of customers we helped build their financial resilience through regular saver products to over 127,000 in 2023.

The Society also launched four new loyalty accounts through the year, contacting over 1,300,000 eligible customers by either post or email to offer exclusive accounts paying higher interest rates. More information on our purposeful savings propositions can be found on page 24 of this report.

Access to housing:
We develop purposeful mortgage propositions that increase accessibility of housing for groups that otherwise might not be able to buy or rent a place to call home. We help those with affordability challenges, notably first-time buyers, with tailored propositions such as the Joint Borrower Sole Proprietor mortgage, offset mortgages, and higher loan-to-value and loan-to-income mortgages than they would otherwise be eligible for, by applying different acceptance criteria. First-time buyers represented 24% of our new mortgage lending in 2023.

We also actively support those renting from buy to let landlords and strive to make it easy for landlords to provide homes for their tenants through our buy to let proposition. For example, there is flexibility to use income to top up rental shortfalls. Buy to let mortgages represented 14% of new mortgage lending in 2023.
More information on our purposeful mortgage propositions can be found on page 15 of this report.

Financed emissions reduction:
We are committed to assisting our customers in their low carbon transition and enhancing the energy efficiency of their homes. We're actively exploring additional products which would be designed to address climate change issues and deliver essential education to our members and customers. This will help customers understand the environmental impact of their homes and financial decisions, supporting them to make informed decisions regarding decarbonisation.
While recognising that the market for green and energy efficiency related mortgage products is still in its infancy and the uptake is currently low, we recognise the need to provide and develop products to help customers improve energy efficiency within their homes whilst we wait for the necessary government initiatives. For this reason, the Society has developed energy-related products, including an Energy Related Additional Loan and a new build enhanced affordability proposition. Please see P.X of this ESG Report for details.

We will continue to review our mortgage and loan products in 2024 in line with demand in the market to ensure that we support the reduction of emissions.

2023 Annual Report & Accounts:
Retail Mortgage Lending page 213

TCFD page 26

2023 ESG Report:
Enabling good savings habits page 24

Providing a Place to Call Home page 15

Build a Greener Society page 47

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder Identification and Consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups*) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

*Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Our key stakeholder groups have been identified as those which either have an interest in, or are impacted by, the Society's operations. These are: our members / customers, our colleagues, government and regulators, investors, mortgage brokers, partners, and our communities. We actively consider the needs of these groups in the course of our decision-making, and have identified material ESG topics for each (see P.40 of our 2023 Annual Report and Accounts for details and how we engage with our stakeholder groups). Each group has played their part in helping us identify areas of focus and improve our responsible business performance historically, and has therefore informed the PRB impact analysis.

Notably, in 2023, we engaged with a number of our key stakeholder groups during our materiality assessment update, which identified and prioritised the importance of ESG themes. We undertook online surveys of over 1,900 stakeholders (colleagues, members, potential customers, mortgage brokers, and potential employees), had 1:1 interviews with up to 20 stakeholders and key opinion leaders, and analysed the views of investors and regulators. Responsible lending, financial resilience, and home ownership were prominent themes for both the Society and external stakeholders, and the impact of climate change was the most important environmental theme identified.

On an ongoing basis, we consult with our members through our Annual General Meeting, our 1,900-strong My Voice panel, and wider member groups. In 2023, we received feedback from the My Voice panel on the competitiveness of our interest rates, membership rewards, our community investment programmes, and intergenerational support.

Colleagues are of course fundamental to how we shape and improve our impact, both through specialist teams (e.g. mortgage and savings propositions, environmental sustainability, social purpose and sustainability) and broader consultations via forums, events, conferences and research.

We hold **regular meetings** with MPs and local government officials: recent topics of discussion have included access to cash and remaining on the high street, as well as the Mortgage Charter and our housing report published last year. We also have meetings with our investors, who are informed about our responsible business performance in part through our non-financial ratings agency (NFRA) scores. We have engaged extensively with several NFRAs in recent years (including MSCI, Sustainalytics and S&P), in order to provide more transparency over our ESG initiatives, and to understand what the important impact areas are for them.

We engage with our suppliers to encourage a more responsible supply chain through our Standards for Suppliers, which those companies who provide goods and services to the Society are required to comply with. We have partnerships with the Building Societies Association and Green Finance Institute which help us understand and engage with the broader market landscape for savings and mortgage products.

Our work in communities around the country is centred on helping people to improve their financial wellbeing, through national partnerships with the likes of Citizen Advice, funding for local charities, and colleague volunteering to provide practical support.

2023 ESG Report: Stakeholder engagement page 8

Principle 5: Governance and Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The Society has a robust ESG governance structure which ensures the effective oversight and management of our impact as well as implementation of the Principles. This is led by our ESG Committee, a sub-committee of the Executive Committee and chaired by our Chief People Officer. The role of the ESG Committee is to support the Board in overseeing the delivery of the Society's ESG strategy, ensuring alignment with our purpose and business strategy. It meets every two months and has delegated authority to drive progress on our ESG strategy as well as approving and monitoring targets. The Board remains responsible for the effective oversight of ESG risks, which are embedded into existing governance structures, detailed in the Annual Report and Accounts' Corporate Governance Report. Please see page 11 of this ESG Report for full details on ESG governance, and our TCFD report in the Society's 2023 Annual Report and Accounts for our climate governance structure and how it was strengthened in 2023.

In the area of remuneration practices, all members of the Society's senior leadership team are eligible to participate in the variable pay Leading for Value Scheme, which supports delivery of long-term strategic objectives. It is driven by three key factors, one of which is ESG performance against colleague engagement, diversity and inclusion, and social impact targets, and which makes up 30% of the variable pay award. More details on this can be found in our 2023 Annual Report and Accounts.

2023 Annual Report & Accounts:
TCFD – Climate Governance page 27

Directors' Remuneration Report page 109

2023 ESG Report:
ESG governance page 11

5.2 Promoting a Culture of Responsible Banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

We have set out our ambitions to foster a culture of responsible banking amongst our employees through identifying and encouraging four behaviours which will help us deliver on our purpose: caring about people, saying it straight, reaching for better, and making it happen.

We place great emphasis on our colleagues feeling valued, listened to, and fairly rewarded for the contributions they make. A workplace that succeeds in meeting all of these will demonstrate high levels of contentment, productivity, and engagement. The Society's overall colleague engagement score remained at 8.6 in 2023, which maintains our position in the top quartile for engagement amongst financial organisations.

We have a number of policies which support our responsible culture, including our Inclusion policy and Our Promise to celebrate the diversity of our people and deliver lasting change for everyone. We also undertake an annual diversity, equity and inclusion engagement survey to understand colleague's perspectives on how we're delivering an inclusive and diverse environment, and have five colleague networks – Accessibility, Ethnicity, Parents & Carers, Proud, and Women – which have been instrumental in advancing our initiatives.

Our colleagues will play a pivotal role in contributing to our sustainability journey and climate initiatives. We aim to empower our colleagues as they embrace their role in actively mitigating climate change in and out of the workplace. We have made noteworthy progress in fostering colleague engagement in climate initiatives across all departments, including our branch network. Our ongoing journey involves a dedicated effort to heighten awareness and educate colleagues on environmental sustainability. Please see page 54 of this report for more details.

We prioritise continuous learning and development through a blended training approach, combining online content, face-to-face, and virtual workshops. In 2023, a key focus was improving our understanding of both current and future skill requirements. Skills relating to digital literacy and data analytics & insights were identified as priorities for our roadmap, which will be developed through both self-led and programme-based learning, including apprenticeships.

2023 Annual Report & Accounts:
Our ESG Priorities page 22

5.3 Policies and Due Diligence Processes	
Does your bank have policies in place that address environmental and social risks within your portfolio?* Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks. *Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.	
The Society recognises that for the business to grow and achieve its commercial aspirations, effective risk management is essential. Our Enterprise Risk Management Framework (ERMF) enables robust yet efficient risk management, including environmental and social risks. Our Board is ultimately responsible for the effective management of risk, with the Group Risk Committee overseeing, on behalf of the Board, the key risks inherent in the business and the system of internal control necessary to manage such risks. The Executive Risk Committee is responsible for the monitoring of day-to-day risk management activity, below which are a set of Divisional Risk Committees. Relevant social risks are addressed through our Whistleblower, Modern Day Slavery, Financial Crime, Information & Cyber Security, Vulnerable Customer, and Inclusion **policies**, and our Standards for Suppliers. Climate change is identified as a cross-cutting risk in our Enterprise Risk Management Framework, and in 2023 we conducted a high-level review of its impact on the Society's principal risks. The Climate Risk Working Group utilises subject matter experts from across the Society to deliver tactical and strategic change with regards to understanding and reducing our financed emissions and exposure to physical risk. It includes a focus on lending policies and new products. Our Environmental and Climate Change Risk Policy manages the Society's environmental and climate change strategy commitments, and covers all environmental and climate change risk activity with respect to legislative and non-legislative requirements and targets. Throughout 2024, our focus is on further enhancing and integrating climate considerations into our policies. This signifies a significant shift in our approach, aligning our policies with evolving best practices and global sustainability standards.	**2023 Annual Report & Accounts:** Risk Management Report page 97 TCFD page 26

5. Governance & Culture – Self-Assessment Summary
Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system? ☒ Yes ☐ In progress ☐ No
Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)? ☒ Yes ☐ In progress ☐ No
Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)? ☒ Yes ☐ In progress ☐ No

Principle 6: Transparency and Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes ☐ Partially ☒ No

If applicable, please include the link or description of the assurance statement.

6.2 Reporting on Other Frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☒ GRI
☐ SASB
☒ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☒ TCFD
☐ Other:

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis*, target setting** and governance structure for implementing the PRB)? Please describe briefly

*For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement
**For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc

Having undertaken our impact analysis and identified three areas of significant impact with performance indicators for each, our key next steps will be establishing baselines where not already in place, setting targets and interim milestones for specific, suitable indicators across the impact areas, and formulating and implementing action plans to ensure we start to progress towards those targets.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question):

☐ Embedding PRB oversight into governance	☐ Customer engagement
☒ Gaining or maintaining momentum in the bank	☐ Stakeholder engagement
☐ Getting started: where to start and what to focus on in the beginning	☐ Data availability
☐ Conducting an impact analysis	☐ Data quality
☐ Assessing negative environmental and social impacts	☒ Access to resources
☒ Choosing the right performance measurement methodology/ies	☐ Reporting
☐ Setting targets	☐ Assurance
☐ Other:	☐ Prioritising actions internally

If desired, you can elaborate on challenges and how you are tackling these:

N/A

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YORKSHIRE BUILDING SOCIETY

Helping real life happen