

## Corporate Governance report

# A WORD FROM THE CHAIR OF OUR BOARD

I am pleased to present our Corporate Governance report for 2023, which sets out the role of the Board and its key activities during the year.

As a Board we remain committed to maintaining a robust and effective governance framework which supports the delivery of our strategy and purpose whilst remaining adaptable to the challenges brought by external events arising in the UK and around the world.

### Our approach to Corporate Governance

We approach corporate governance as a framework of rules, practices and processes we use to manage the Society and our approach is based on the principles and provisions of the UK Corporate Governance Code (the Code) published by the Financial Reporting Council ('FRC').

Our commitment to operate to this standard helps to ensure the long-term success and a sustainable future for the Society and for the benefit of our current and future members, customers, colleagues and all other stakeholders.

### Changes to the Board

As reported in the Annual Report and Accounts 2022, we were pleased to announce in August 2022 that the Society had appointed Susan Allen OBE as our new Chief Executive. Susan joined us in March 2023 and brought more than 25 years of experience in financial services. Her skills and expertise are already proving to be a significant benefit to the Society as we deliver our strategy.

We announced in January 2024 that Alasdair Lenman, our Chief Finance Officer, will be retiring from his role with the Society and from the Board in June 2024. I would like to take the opportunity to thank him for his outstanding contribution to the Society not least for his role as Interim Chief Executive.

There has continued to be a significant focus on Non-Executive Director succession planning for our Board during 2023 to ensure it remains effective now and in the future, including managing a smooth transition of key roles on the Board.

In July 2023 we announced that, after nine years as Chair of the Board, I will be succeeded by Annemarie Durbin who joined our Board as Chair of the Board Designate on 18 December 2023. Annemarie has over 35 years' experience in retail, commercial, corporate and institutional banking, she is a qualified lawyer with expertise across general management, operations, HR, legal and compliance, as well as being an executive coach and mentor. I was delighted that Annemarie agreed to join the Society and to be able to welcome her on the Board. Moving into 2024 we will be working together to complete a detailed handover process to ensure the ongoing smooth running and effectiveness of our Board.

We were pleased to welcome Debra Davies to our Board in July 2023 who's experience and knowledge of the financial services sector, together with her focus on remuneration and risk, is a considerable value as we continue to grow and develop. Debra became Chair of our Remuneration Committee in September 2023.

I would like to take this opportunity to thank Alison Hutchinson for undertaking the Chair of Remuneration Committee role during the interim period, ensuring ongoing stability during a period of transition through her significant experience both with the Society and as a Remuneration Committee Chair.

**Further details can be found in the Board Governance and Nominations Committee report.**



### Strategy

During 2024 the Board and Executive Team have been working to refresh and finalise the next stage of our strategy which will take the Society into 2024 and beyond. This will provide us with a clear direction and ensure we build on our achievements to date and continue to improve on what we deliver to our members and customers.

### Engaging with our stakeholders

The Board recognises the value of insight gained from our stakeholders and the importance of taking into account their views as part of decision making.

Our Annual General Meeting is always one of the key events in the year for us to meet and obtain the views of our members on how the Society is run. For our Annual General Meeting in 2023 we were pleased to offer even more choice on how to take part, as well as being able to vote ahead of the meeting or attend the meeting in person, for the first time those members participating online were also able to vote and ask questions.

### Consumer Duty

The Consumer Duty has been a key area of focus for the Board in 2023 and this will continue into 2024 as we have the second phase of requirements to meet for our closed products and services. This will lead us to the first Board attestation in July 2024.

To support the Board's oversight we have continued to have regular updates and training during 2023 and we have our own Consumer Duty Champion in Mark Parsons one of our Non-Executive Directors.

### Board evaluation

The last external evaluation of the Board was completed in 2020 and, as such, based on the requirements of the Code an external valuation was due in 2023.

The Board is committed to complying with the Code requirements for an external evaluation which provides the opportunity for an independent view of progress, effectiveness and provides insights into potential new areas of focus. As such, Linstock were appointed to support an external review process in 2023.

For 2023 and into 2024 the review process also provides us with the opportunity to support the transition of the Chair of the Board role.

**Further details on the external review process can be found in the Corporate Governance report and Board Governance and Nominations Committee report.**

### Board priorities in 2024

The composition of the Board and ongoing succession planning for key roles will remain a focus in 2024. The Board Governance and Nominations Committee will continue to support the Board to ensure robust plans are in place to maintain the ongoing effectiveness and stability of the Board.

I will be retiring as Chair of the Board at the end of our Annual General Meeting in April 2024 and I look forward to working with Annemarie until she succeeds me as the Chair of the YBS Board. It has been a privilege to serve such a resilient organisation with a strong sense of purpose over the last nine years.

**John Heaps**  
Chair of the Board



Corporate Governance report (continued)



UK Corporate Governance Code Compliance 2023

For the 2023 financial year we have applied the principles and complied with the provisions of the Code published in July 2018 (available on the Financial Reporting Council’s website [frc.org.uk](http://frc.org.uk)) as far as they apply to building societies (as set out in the Building Societies Association (BSA) Guidance available at [bsa.org.uk](http://bsa.org.uk)) subject to the following:

- As a mutual organisation we do not have shares or shareholders therefore references to long-term shareholdings in relation to remuneration (Provision 36) do not apply. We do, however, seek to apply the provisions of the Code that reference shareholders as appropriate to our members and in accordance with the BSA’s guidance.
- Provision 19 of the Code expects that the Chair should not remain in post beyond nine years from the date of their first appointment to the Board. However, to facilitate effective succession planning the period can be extended for a limited time, particularly in those cases where the chair was an existing Non-Executive Director on appointment. John Heaps, our current Chair of the Board reached nine years of service in November 2023 having joined the Board as Chair of the Board Designate in November 2014 before formally becoming the Chair of the Board at the Annual General Meeting in April 2015. Following careful consideration, and on the recommendation of the Board Governance and Nominations Committee, the Board agreed to extend Mr Heaps term of office to the end of the Annual General Meeting in 2024. Mr Heaps did not take part in the decisions in relation to his term of office.

The decision to extend Mr Heaps’ term of office beyond nine years, for a short, time-limited period, was specifically to support the succession of the Chair of the Board role and allow for an appropriate handover period with Annemarie Durbin after she joined the Board as Chair of the Board Designate in December 2023. This approach will ensure the ongoing continuity and stability of the Board during this period and support its ongoing effectiveness.

Board leadership and the Society’s purpose

Our Board and Committee structure

Board

**Chair – John Heaps**  
Collectively responsible for the long-term success of the Society.

Board Committees

The Board delegates certain matters to Board Committees so that they can be considered in more detail by those directors who have the most relevant skills and experience to do so.

Chair’s Committee	Remuneration Committee	Audit Committee	Group Risk Committee	Board Governance and Nominations Committee
<p><b>Chair - John Heaps</b></p> <p>Considers ad hoc matters specifically delegated to it by the Board.</p> <p>Members are the Chair of the Board, Vice Chair and Chief Executive or any other Director appointed by the Board.</p>	<p><b>Chair - Debra Davies</b></p> <p>Oversees the development and implementation of the Remuneration Policy for all colleagues.</p>	<p><b>Chair - Guy Bainbridge</b></p> <p>Reports to the Board on financial reporting, internal controls and risk management systems, environment social and governance reporting, Internal Audit and External Audit.</p>	<p><b>Chair - Angela Darlington</b></p> <p>Oversees Prudential Risk, Operational Risk and Conduct Risk, Risk Strategy, Appetite and Oversight.</p>	<p><b>Chair - John Heaps</b></p> <p>Oversees Board governance, including composition, succession and appointment processes for the Board.</p>

Executive Committee ('ExCo')      Executive Risk Committee ('ERC')

**Chair - Susan Allen, Chief Executive**

Oversees and directs the management of all aspects of the Society with delegated authority from the Board. All Chief Officers are members.

**Chair - Richard Wells, Chief Risk Officer**

Oversees day to day risk management activity with delegated authority from the Group Risk Committee.

**The Terms of Reference for the Board, Remuneration, Audit, Group Risk and Board Governance and Nominations Committees are on our website.**

In October 2022 the Board established an additional Committee, called the Chair of the Board Succession Committee, to lead the recruitment process for the succession of the Chair of the Board on behalf of it and the Board Governance and Nominations Committee. The Chair of the Board Succession Committee was formally dissolved from the governance structure in 2023 following the conclusion of the recruitment process and approval of the appointment of the Chair of the Board Designate.

**Details of the membership and role of the Committee are set out in the Board Governance and Nominations Committee report.**

## Corporate Governance report (continued)

### Board leadership and the Society's purpose (continued)

#### 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 robust governance process for the risks associated with environmental and climate change.

**You can read more about our climate governance in the Strategic report.**

#### Board's responsibilities

The Board is accountable to our members for acting in their best interests. Its role and responsibilities are set out in its Terms of Reference and include:

- Collective responsibility for the success, including long-term success, of the Society.
- Overall management of Society within a framework of risk management (including approval of risk appetite).
- Establishing the purpose, values and strategy of the Society.
- Establishing a sustainable business model.
- Developing the desired culture and setting the 'tone from the top'.
- Oversight of the Society's operations.
- Review of performance in light of the Strategy and Corporate Plan.

The Board retains certain key matters for its own approval which it does not delegate to any of its committees or any individual.

**These are set out in a Schedule of Matters Reserved which can be found on our website at [ybs.co.uk/board](https://ybs.co.uk/board).**

#### Setting our purpose and generating long-term success

The Board is committed to delivering our purpose of providing Real Help with Real Life as well as creating long-term value for our members and other stakeholders through good governance and keeps the Society's purpose and long-term success under review.

Some of the key elements that support the Board in its role include:

<b>Strong and robust corporate governance framework</b>	The Board and Committee governance structure supports effective decision making ensuring it aligns with the Society's purpose and strategy.
<b>Board composition</b>	Ensuring the Board and its Committees remain fit for purpose, with the right skills and experience, enables it to continue to be effective and able to work for the long-term success of the Society for our members.
<b>Strategy</b>	Ensuring the Society has a clear direction which enables it to address current and future opportunities and challenges.
<b>Risk management</b>	Ensuring continuous identification and review of principal business risks and how the risks could affect the Society's purpose and long-term success, taking into account the agreed risk appetite.
<b>Compliance</b>	Good corporate governance ensures that we meet legal and regulatory requirements and avoid any consequences of not doing so.
<b>Culture</b>	Strong behaviours which support the delivery of our purpose and strategy.
<b>Stakeholder engagement</b>	Engagement with and participation from key stakeholders such as our members and colleagues supports decision making and the long-term success of the Society for our members.
<b>Brand and reputation</b>	A clear and effective framework of corporate governance provides confidence to our stakeholders, supporting a positive brand reputation.
<b>Environment Social Governance (ESG) strategy</b>	Our ESG commitments and goals support the delivery of our purpose.
<b>Finance</b>	Ensuring strong capital and liquidity management.
<b>People</b>	Ensuring policies and procedures are consistent with the Society's purpose and behaviours.

**Further information on our priorities, purpose and behaviours can be found in the Strategic report.**

### Board activities in 2023

Our Board's activities during the year are based around an annual cycle which is planned on a rolling 12-month basis to make sure it meets its responsibilities and oversees overall management of our operations.

The Board agenda also includes additional items as required during the year together with the following standing items presented to each meeting:

- Report of the Chair of the Board
- Member, Market and Competitor Update
- Chief Executive Officer Report
- Business Review
- Board and Committee updates and minutes

Examples of some of the topics discussed and principal decisions made by the Board during the year are set out below together with any key stakeholder implications:

Principal Decision Examples	Key stakeholder implications	Key Topic Examples	Key stakeholder implications
Approval of Annual Report and Accounts and Interim Financial Statements	C M&C G&R I P CO	Strategic Context Review	C M&C G&R I
Approval of 2023 Internal Capital Adequacy Assessment Process (ICAAP)	C M&C G&R	Consumer Duty Updates	C M&C G&R P
Approval of Internal Liquidity Adequacy Assessment Process (ILAAP)	C M&C G&R	Colleague Engagement Updates	C
Approval of key policies, such as Whistleblowing Policy	C M&C G&R	Cyber Security Updates	C M&C G&R
Approval of Operational Resilience Self-Assessment	C M&C G&R I	Change Portfolio Updates	C M&C G&R
Approval of the Society's Modern Slavery Transparency Statement	C M&C G&R I P CO	Environment Social Governance Updates	C M&C I P CO
Approval of appointment of Non-Executive Directors	C M&C G&R	Balance Sheet Management Strategy	C M&C G&R I

#### Key

C Colleagues M&C Members & Customers G&R Government and Regulators I Investors P Partners CO Communities

### Strategy sessions in 2023

The Board also holds separate strategy sessions each year and in 2023 two sessions were held to review the strategic direction of the Society. The sessions considered the future strategy to ensure it continued to build short-term resilience whilst developing an approach to building long-term profitability and growth in line with our Member Value priority and our duty to our members to operate a responsible and resilient business.

Each strategy session was attended by all Board members with members of the senior leadership team invited to attend to present relevant items, supported by external advisors where appropriate.

During 2023 the Board has been focused on the evolution and delivery of the Society's Strategy, engaging with the Executive Committee and Senior Leadership Team.

Key topics considered during 2023 covered meeting customer needs and connecting with our members, supported by discussions on brand, mortgage and savings market participation, future of the retail network, future of retail financial services, inspiring and empowering our people, change and our Corporate Plan.



## Corporate Governance report (continued)



### Our Board's engagement with stakeholders

The Board recognises the importance of maintaining a strong relationship with its stakeholders including the contribution it makes to achieving the Society's purpose and delivering its strategy. This includes understanding the views, areas of interest and / or concerns of our key stakeholders when it comes to decision making.

Each report to the Board includes, where appropriate, details of any consultation undertaken with key stakeholders together with any impact, or potential impact, a decision may have on relevant stakeholders. The performance information provided to the Board also covers key areas relevant to the Society's stakeholders.

Details of how our Board engages with our members and our colleagues are set out in the sections below.

Our Board also engages with other stakeholders such as investors, regulators, partners (such as brokers, agency proprietors, trade unions), industry bodies and communities as required.

Examples include:

- Updates in relation to regulatory matters.
- Response to consultations.
- Membership of industry bodies and involvement in industry conferences and forums.
- Regular updates in relation to key stakeholder activities, such as in relation to our community interest strategy and resilience of key suppliers.
- Feedback from trade unions (through the Remuneration Committee).
- Visits to brokers.

**For more details on how the wider Society engages with its key stakeholders see the stakeholder section in the Strategic report.**

## Our members and customers

As a building society we do not have external shareholders and instead we are owned by, and are there for the benefit of, our members. We are committed to ensuring the Society is run effectively on their behalf and this includes using feedback on our activities to inform the Board's decisions.

Examples of how we get this feedback from our members and customers include:

<b>Annual General Meeting</b>	<p>Our Annual General Meeting ('AGM') provides the Board with the opportunity to present to our members details of how we performed during the previous year, our plans for the future and, where circumstances allow, to give them an opportunity to ask questions and provide feedback.</p> <p>In 2023 for the first time our members joining us online were also able to vote and ask questions. It is important that our members are able to have their say at our AGM so even if they are unable to attend in person or join us online we strongly encourage all eligible members to exercise their rights to vote. Members were also able to call, email or write with their questions and responses were issued in a timely manner.</p> <p>Voting at the AGM is one of the important ways in which our members can get involved and vote on important matters, including the directors who represent them on the Board. The UK Corporate Governance Code expects that if there is a vote of 20 per cent or more against any resolution put forward by our Board at the AGM, we should give details of how we will consult our members to understand the reason why. The Society has a process in place if this happens. There were, however, no votes of 20 per cent or more against any of the resolutions our Board put forward at the 2023 AGM.</p>
<b>Member Champion / Consumer Duty Champion</b>	<p>The Board has a Non-Executive Director Member Champion role to ensure the continued prominence of our members voice in discussions and support all directors in their duty to act in the best interests of our members and customers.</p> <p>Our current Member Champion is Non-Executive Director Mark Parsons who is also the Board's Consumer Duty Champion.</p>
<b>My Voice (Online community)</b>	<p>Our My Voice panel is our online community where members can interact with the Society through a range of channels and comment on a broad range of services and customer journeys so we can continue to improve and make sure we are getting things right. Research through My Voice is done in a variety of ways, such as quick polls, surveys and discussions with other members.</p> <p>As well as a quarterly 'mood tracker', topics covered in 2023 have included the use of Chatbots, savings rate notifications, attitudes toward ISAs and financial planning for later life.</p>
<b>Your Time to Talk (In branch events)</b>	<p>We hold Your Time to Talk Events to enable members to hear first-hand how we are looking after their interests. Events are held across the country and provide local members with the opportunity to meet our senior team, ask questions and meet our colleagues.</p> <p>In June 2023 an event was held at the Royal Armouries Museum in Leeds where members were able to listen to a presentation on Making the Most of Your Savings.</p> <p>This was followed by a Question and Answer session with some of our senior team; Susan Allen, Chief Executive; David Morris, Chief Commercial Officer; and Jennelle Tilling, Non-Executive Director. The questions covered topics such as the future of branches, housing market and the challenges for the younger generation, artificial intelligence and the potential for a cashless society.</p>
<b>Your Time to Talk (Online events)</b>	<p>Our first online Your Time to Talk event was held on 23 November 2023 providing some of our members with the opportunity to join our panel of experts for insight into what is happening in the market and what this means for them.</p> <p>Members also had the opportunity to ask questions and give their thoughts through polls and word clouds, so we could see exactly what matters to them.</p>
<b>Operational visits</b>	<p>Our Board recognises the contribution operational visits to areas such as branches and customer facing teams make to the continued understanding of what is most important to our members and customers.</p>
<b>Other</b>	<p>Other areas of feedback include:</p> <ul style="list-style-type: none"> <li>■ Net Promoter Score ('NPS') tracking.</li> <li>■ Brand Tracker.</li> <li>■ Member case studies.</li> <li>■ Analysis of profile and behaviour of YBS customer segments.</li> <li>■ Ad hoc research with members through online surveys or focus groups.</li> <li>■ Ad hoc insight such as commissioned research.</li> </ul>



## Corporate Governance report (continued)

### Our Board's engagement with stakeholders (continued)

#### Our colleagues

Our Board remains committed to ensuring there is effective engagement with our colleagues. An important part of our engagement framework is the quarterly Colleague Forum, that has colleague representation from across the Society and the Non-Executive Director for Workforce Engagement attends. Alison Hutchinson has held the role of Non-Executive Director for Workforce Engagement since 2019, with Angela Darlington taking over this position in January 2024.

One of the key roles of the Colleague Forum is to help inform better Board discussions and decisions, ensuring colleagues' views are heard and considered. The Colleague Forum is designed to explore feedback from colleagues on specific Board topics and to enable unstructured discussion to capture any other concerns too.

Following a move to virtual meetings during the Covid-19 pandemic, the Colleague Forum has continued to mature and evolve with two of the four sessions now taking place in person to allow colleagues to network more easily. The Forum continues to be well attended by colleagues who are thoroughly prepared, passionate and bring quality feedback to participate fully in discussions.

Colleague communications have focused on building wider awareness of the Forum's purpose, to build belief and to reinforce that diverse perspectives are actively welcomed at YBS. The addition of Colleague Network Chairs as attendees has also ensured we have a strong, diverse representation.

In terms of what is discussed at Colleague Forum, we took a different approach in 2023 to ensure the topics were timelier and more aligned to the Executive Committee and Board strategic runway. This led to us exploring the following areas: Business Transformation, Customer Centricity, Career Progression and Underlying Skills and our Environmental, Social and Governance priorities.

Following each quarterly forum, the Non-Executive Director for Workforce Engagement provides a summary of colleague views to Board. The Forum Chair, Tina Hughes who is Director of Marketing & Digital Channels, also shares outputs with the Executive Committee and any actions are fed back at the next Colleague Forum. The effectiveness of this feedback loop is an area that continues to strengthen, particularly as members of the Senior Leadership Team are rotating their attendance at each Forum to directly hear colleagues' views.

Alongside the Colleague Forum we also have several other channels for colleagues to provide feedback and share their views in confidence:

- We have a flow of regular engagement temperature check surveys to supplement a full engagement survey at the year end.
- All colleagues are also encouraged to complete our Diversity, Equity and Inclusion survey annually.
- Board listening sessions continue biannually for colleagues to raise any questions they have directly with our Non-Executive Directors.
- Colleagues can attend working lunches with our Executive Committee and 'Ask Me Anything' sessions with our Chief Executive on a regular basis.
- We have a direct link to our Chief Executive via our 'StraighttoSusan' mailbox with each message receiving a personal response.

All Board and Committee papers are structured to ensure that each one includes details of how colleague views have been taken into account to inform any recommendations together with any potential implications for colleagues. The Board also receives an annual assessment and update on the framework for colleague engagement.

There are many tangible examples that demonstrate the influence of colleague views, continuing to show that feedback is being heard. The progress, impact and outcomes of our engagement framework shows up through a combination of changes to policy or practice and those more intangible benefits that effective engagement can bring.

Examples of how colleague feedback has been key to supporting colleagues across YBS include:

#### Connecting colleagues to their role in transforming the business

During the March 2023 Forum, which covered the topic of Business Transformation, we recognised some colleagues were not clear on what this means for them and their part in helping to make this happen to improve the experience of our members and customers. Our Senior Manager of Business Transformation attended the feedback session which resulted in her writing an article "The path to real transformation starts with you." This clearly laid out what transformation really means, why it matters, and the role colleagues need to play in helping our transformation happen. This was well received by colleagues and generated positive feedback from across the business.



#### Providing better cost of living support

Following a discussion on the topic of cost of living in December 2022, a cost-of-living hub was created on our Intranet to enable colleagues to find information about help and support quickly and easily both for themselves, our customers and our communities.

#### Climate check-ins

These discussions take place at the end of each Colleague Forum and remain an essential part of the agenda to provide a safe space to raise items outside of the main discussion topic. One example of this was Consumer Duty where colleagues felt they needed more information. As a result, we provided additional communications to colleagues which included a dedicated Consumer Duty page on the Intranet, a Question and Answer video and regular blogs and features to keep colleagues updated with progress.



#### Improving our intranet

Our Intranet has been a hot topic of conversation across all forums in the past 12 months and their tenacity has proved invaluable. With the help of the Forum Chair, progress to move the Intranet to the Cloud was accelerated which now allows for new features, and there is a team in place looking at what our Intranet provision will look like going forwards. The improvements to our Intranet will assist our colleagues in supporting our members.



## Corporate Governance report (continued)

### Our Board's engagement with stakeholders (continued)

#### Our culture

The Board recognises that 'how' we work as an organisation is critical and our behaviours drive true differentiation setting out the culture we wish to foster.

Our culture and behaviours are promoted throughout the organisation by our Board and Senior Leadership Team, through learning and development as well as through a range of activities such as workforce engagement, performance reviews, remuneration policies, recruitment, succession planning and inclusion and diversity.

The Board is key in overseeing and monitoring culture and how our behaviours are embedded as part of the Society's wider strategy taking into account:

- Colleague Engagement including Colleague Listening Groups and our Colleague Forum.
- Feedback from the Non-Executive Director for Workforce Engagement.
- Employee Survey Results.
- People Updates.
- Health and Safety Updates.
- Whistleblowing Updates.
- Operational Site Visits.

#### Whistleblowing

We are committed to making sure that anyone, including our colleagues, can be confident that any concerns raised with us will be taken seriously and treated as confidential. Nobody will be the subject of victimisation, subsequent discrimination or disadvantage for reporting their concerns, whatever the outcome.

We advocate a culture of openness, accountability and integrity whereby individuals feel confident to report and raise genuine concerns, without the risk of experiencing any retribution as a result, even if the concern turns out to be mistaken.

The Society has a Whistleblowing Policy which sets out our approach to whistleblowing. Our whistleblowing processes are intended to ensure that the Society investigates and deals with disclosures fairly, promptly and properly. This enables the Society to

be informed at an early stage about fraudulent, immoral or malicious activities or misconduct, in order to enable appropriate actions to be initiated.

Our Board approves the Whistleblowing Policy on an annual basis and oversees its implementation. The Society also has a Whistleblowing Champion who is a key point of contact for individuals who wish to report concerns. As reported in our Annual Report and Accounts for 2022, Guy Bainbridge was appointed to the role with effect from 1 January 2023.

All colleagues and our Non-Executive Directors also complete an annual whistleblowing e-learning course.

#### Directors' duties

Section 172 of the Companies Act 2006 describes the duties of company directors in respect to promoting the business and considering other stakeholders. This does not apply to the Society's Directors as we are a mutual building society not a company, but the UK Corporate Governance Code expects boards to report on how they have considered the matters set out in Section 172 in decision making.

**Our Section 172 Statement is set out in the Directors report.**

#### Conflicts of interest

Our Board has a Conflicts of Interest Policy for Directors and Chief Officers which sets out how we will review and, where appropriate, approve any conflicts or potential conflicts of interest. The Policy is reviewed on an annual basis by the Board Governance and Nominations Committee and recommended to the Board for approval.

Any interests and associated conflicts are recorded in a Register of Interests which is reviewed and approved by our Board Governance and Nominations Committee at each quarterly meeting. If any director wants to take on a new external position it must first be approved by our Board, which will consider whether there could be any conflicts of interest and / or an impact on the time they commit to their role with the Society.



## Division of responsibilities

### Board roles and division of responsibilities

Non-Executive Directors		
Chair of the Board	Vice Chair / Senior Independent Director	Non-Executive Director
<ul style="list-style-type: none"> <li>■ Leadership of the Board.</li> <li>■ Ensures the Board acts effectively, promoting high standards of corporate governance.</li> <li>■ Leads annual review of the performance of the Board, its committees and directors.</li> <li>■ Identifies ongoing development needs of the Board.</li> <li>■ Leads the Board in the development of the Society's culture.</li> </ul>	<ul style="list-style-type: none"> <li>■ Deputises for and provides support and guidance to the Chair of the Board.</li> <li>■ Acts as an intermediary for other directors.</li> <li>■ Leads the performance evaluation of the Chair of the Board.</li> <li>■ Acts as the main point of contact for the Society's members should the normal channels of communication fail.</li> </ul>	<ul style="list-style-type: none"> <li>■ Responsible for bringing independent judgement to Board decisions and debate.</li> <li>■ Uses their own experience and skills to constructively challenge the Executive Team.</li> </ul>
Executive Directors		
Chief Executive	Executive Director	
<ul style="list-style-type: none"> <li>■ Overall responsibility for managing the Society.</li> <li>■ Implements the strategies and policies agreed by the Board, supported by the Executive Team, through a number of management and risk committees.</li> </ul>	<ul style="list-style-type: none"> <li>■ Responsible for the day-to-day management of specific areas of the business including maintaining the Society's financial strength and sustainability.</li> <li>■ Brings associated skills and knowledge to the board.</li> </ul>	
Group Secretary		
<ul style="list-style-type: none"> <li>■ Responsible for advising the Chair of the Board and the Board as a whole on all corporate governance matters.</li> </ul>		

#### Independence

All the Non-Executive Directors continue to be considered independent based on the guidance set out in the Code. The Chair of the Board and the Chair of the Board Designate were considered to be independent on appointment.

## Corporate Governance report (continued)

### Division of responsibilities (continued)

#### Attendance at Board and Committee meetings

The table below shows our directors and the scheduled Board and Committee meetings they attended during 2023 (where they were a member during the year) followed by the number of meetings the director was eligible to attend.

Director	Board	Board Strategy	Board Committees				
			Chair's	Audit	Board Governance and Nominations	Remuneration	Group Risk
<b>Non-Executive Directors</b>							
John Heaps	9/9	2/2	No meetings required in 2023 <sup>i</sup>	–	4/4	–	–
Alison Hutchinson	9/9	2/2	No meetings required in 2023 <sup>i</sup>	–	4/4	5/5	4/4
Guy Bainbridge	9/9	2/2	–	4/4	4/4	–	4/4
Angela Darlington	9/9	2/2	–	4/4	–	–	4/4
Debra Davies <sup>ii</sup>	4/4	1/1	–	–	–	2/2	–
Dina Matta	9/9	2/2	–	–	–	5/5	–
Mark Parsons	9/9	2/2	–	4/4	–	–	4/4
Jennelle Tilling	9/9	2/2	–	–	–	4/5	–
<b>Executive Directors</b>							
Susan Allen <sup>iii</sup>	7/7	2/2	No meetings required in 2023 <sup>i</sup>	–	–	–	–
Alasdair Lenman	9/9	2/2	–	–	–	–	–
David Morris	9/9	2/2	–	–	–	–	–

i. Meetings only held when required to consider ad hoc matters specifically delegated to it by the Board.  
 ii. Debra Davies joined the Board and the Remuneration Committee on 26 July 2023 and the Group Risk Committee on 18 October 2023 (pending approval of the appointment to Group Risk Committee, Debra Davies was an attendee at the meeting on 16 October 2023 prior to becoming a formal member).  
 iii. Susan Allen joined the Board on 2 March 2023.

Annemarie Durbin joined the Board on 18 December 2023 and as such did not attend any Board meetings in 2023.

In 2023 the following ad hoc meetings were held at short notice:

- One meeting of the Board to discuss the outcomes of the Governance, Risk and Controls Review.
- Two meetings of the Board Governance and Nominations Committee in relation to the recruitment of Non-Executive Directors and Board composition and succession planning.
- Three meetings of the Remuneration Committee in relation to the appointment of the Chief Operating Officer and the review of the Reward Policy.

If a director cannot attend a meeting they will receive the papers and provide any comments they have to the Chair of the meeting beforehand.

The Chair of the Board and Chief Executive are invited to attend all Committee meetings and the Chief Risk Officer is invited to attend all Board meetings.

If an urgent decision is needed when there is not a Board meeting a decision can be taken in writing (known as a written resolution) if there is approval from all directors (or members in the case of a committee). Our Rules set out the procedure for written resolutions and this was used during the year:

- Three times by the Board.
- One time by the Board Governance and Nominations Committee.
- One time by the Audit Committee.
- One time by the Remuneration Committee.

#### Directors' time commitment and other directorships

All Non-Executive Directors have to make sure that they have enough time for the responsibilities of their role and to support this:

- Availability and other commitments are reviewed and taken into account when recruiting new Non-Executive Directors.
- Each Non-Executive Director has a letter of appointment which sets out the expected time commitment for the role.
- If a Director is intending to take on an additional external appointment this is reviewed and, if appropriate, approved before it is taken up. Our Board will consider the impact any additional role would have on the time they could commit to their role with the Society.
- A review of time commitment is also included as part of the one-to-one sessions held each year with individual directors.

Prior to appointment the significant commitments, including the time involved, for Non-Executive Directors is disclosed and reviewed.

For 2023 this included:

- Debra Davies, Non-Executive Director – joined the Society in July 2023
- Annemarie Durbin, Chair of the Board Designate – joined the Society in December 2023.

There were no significant appointments which required approval for existing Non-Executive Directors, however, the Board Governance and Nominations Committee continued to monitor all commitments throughout the year through the Register of Interests.

None of the Executive Directors have held any non-executive directorships in a FTSE100 company during 2023.

#### Composition, succession and evaluation

##### Election and re-election of directors

All of our directors are subject to election on appointment and annual re-election by our members at the AGM based on the best practice set out in the Code (our Rules require the re-election of our directors to take place at least once every three years).

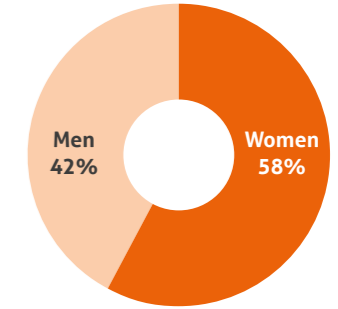
Details of each individual director's contribution are set out in the booklet accompanying the Notice of AGM sent to all qualifying members. The profiles in the *Our Board and Executive Team Section*, and available on our website, also set out the skills and experience of individual directors.

#### Board composition

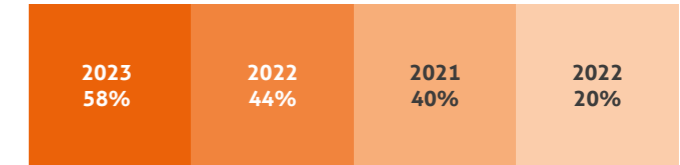
##### Board gender balance

(as at 31 December 2023)

**58%**  
female membership



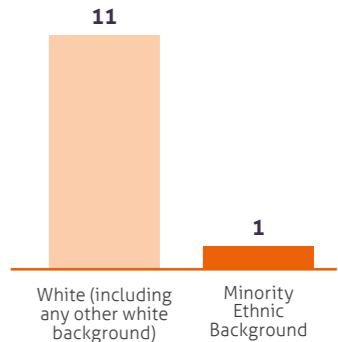
##### Rolling four year female representation



##### Board ethnicity

(as at 31 December 2023)

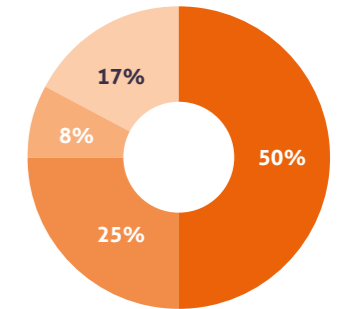
**1 director**  
from an ethnic minority background



##### Board tenure

(as at 31 December 2023)

**3.2 years**  
average tenure



0-2 Years 3-4 Years 5-7 Years 8-9 Years

Further information in relation to Inclusion and Diversity can be found in the Board Governance and Nominations Committee report.

## Corporate Governance report (continued)

### Composition, succession and evaluation (continued)

#### Tenure

A summary of the tenure of the current Board is set out in the Board Composition section.

The Chair of the Board, John Heaps, was appointed as a Non-Executive Director and Chair Designate in 2014 and became Chair of the Board in 2015. As such, he reached nine years of service in November 2023, however, following careful consideration on the recommendation of the Board Governance and Nominations Committee, the Board agreed to extend his term of office to the end of the Annual General Meeting in 2024. Full details in relation to the rationale for the extension in term are set out in the UK Corporate Governance Code Compliance 2023 section of this report.

**For further details on Non-Executive Director tenure see the Terms of Office section of the Board Governance and Nominations Committee report.**

#### Annual review of Board performance 2022

As reported in the Annual Report and Accounts for 2022, an internal performance review was completed for the Board and its Committees in 2022. The outcomes were discussed by the Board at its meeting in January 2023 and were used to inform the Board Effectiveness Action Plan for 2023.

Key themes for the 2023 Action Plan included:

Theme	Background	Update
<b>Board composition and succession</b>	Maintaining the succession planning programme and managing the transition to a new Chief Executive and Chair of the Board.	Succession plans are managed on an ongoing basis by the Board Governance and Nominations Committee.  Clear induction plans and comprehensive handovers were put in place for the transition for both the Chief Executive and Chair of the Board role.  <b>Further details can be found in the Board Governance and Nomination Committee report.</b>
<b>Board meetings</b>	Reviewing the approach to Board agendas to ensure they remain aligned to the Society's purpose and strategy.	A detailed review of the Matters Reserved to the Board was completed in 2023 to ensure that Board agendas remain fit for purpose and ensure the Board can focus on appropriate areas of oversight.
<b>Oversight</b>	Continue to oversee key topics arising from a regulatory or external perspective.	During 2023 the Board has maintained oversight of key areas, including Consumer Duty, Resolvability Assessment Framework, developments in relation to the Government consultation on Restoring Trust in Audit and Corporate Governance, cost of living issues and the development of crypto and digital currencies.

## Annual evaluation of Board performance 2023

The last external evaluation of the Board was completed in 2020 with internal evaluations completed in 2021 and 2022. In accordance with the Code requirements for an external evaluation to be completed every three years, it was agreed that an external evaluation would be undertaken in 2023 facilitated by Lintstock in accordance with the process set out below.

### 2023 Board and Committee evaluation process

#### Appointment of external facilitator

After a comprehensive procurement process, Lintstock were appointed to undertake the external evaluation. The Society has no other connection with Lintstock at this time.

#### Evaluation approach

A review process was undertaken incorporating a survey, interviews and meeting observations.  
  
Particular areas of focus for the 2023 review included the transition of the Chair of the Board role and priorities for the new Chair; the Board's relationship with the new Chief Executive; external developments such as the competitive landscape; and succession planning and talent management.

### Recommendations and Actions

Based on the outcomes of the evaluation process, Lintstock produced a report for the Board and Committees. The report was discussed at the Board meeting in January 2024.

There were no urgent or significant actions arising from the initial discussions, however, the Board has identified the following themes for focus in 2024:

- Overseeing a successful transition in key roles
- Reviewing the management of meetings
- Increasing cohesion following a period of change
- Continuing the journey to the possible designation as a category one firm by the PRA
- Supporting management in delivering on the strategy

The overall outcomes and recommendations will be used to inform any Board actions required in 2024 and an update on progress will be provided in the Annual Report and Accounts for 2024.

**For further details on the process followed for the Board and Committee evaluations please see the Board Governance and Nominations Committee report.**



## Corporate Governance report (continued)

### Composition, succession and evaluation (continued)

#### Board training and development

The Board has a formal Training Plan to ensure that there is an overarching plan in place for the Board as a whole, setting out the training and development requirements for the year. The Training Plan is agreed and overseen by the Board Governance and Nominations Committee on behalf of the Board and takes account of future strategy, key topics which would benefit from an external perspective, annual Board Effectiveness Review, Board Skills Matrix, succession plans and regulatory and governance expectations.

The Training Plan covers those development areas which are required for the Board as a whole, with individual training and development incorporated into personal development plans.

As part of the Board Training Plan, a range of topics are identified for external speakers / facilitators to provide the Board with an external perspective to support strategy discussions and Board decision making.

During 2023 key Board training and development topics included:

- Crypto and Digital Currency.
- External Markets.
- Hedge Risk Management and Accounting (Audit and Group Risk Committee training available to all Board members).
- Resolvability Assessment Framework.
- Online learning including Conduct Rules, overview of Senior Management Function and Consumer Duty.



#### Non-Executive Director induction

All Non-Executive Directors have a full, formal and tailored induction programme on joining the Board, based on their skills and experience, including where appropriate a specific induction to any Committees they will be joining. Role specific inductions are also arranged where a director takes on a new role or committee membership.

Debra Davies joined the Board as a Non-Executive Director in July 2023 and a tailored induction programme was put in place based on her existing experience, key areas of the Society and those relating to her areas of expertise. A comprehensive handover was also put in place in relation to the Remuneration Committee and her succession to the Chair role following regulatory approval.

“Real help with real life is such a powerful mantra and this purpose was a major part of what attracted me to the Society. Since joining I haven’t been disappointed. In the course of my induction I have met teams full of passionate, dedicated and energetic people helping customers every day. I’m looking forward to playing my part in delivering value for members alongside them.”

Non-Executive Director induction – Debra Davies

A comprehensive induction process has been developed for our Chair of Board Designate, Annemarie Durbin, who joined the Society on 18 December 2023. The induction will assist in facilitating the handover of the Chair of the Board role and will be monitored by the Board Governance and Nominations Committee.

The Board Governance and Nominations Committee monitors the completion of all Non-Executive Director inductions.

#### Chief Executive induction

All Executive Directors have a full, formal and tailored induction programme on joining the Society, based on their skills and experience and taking into account their role on the Board. Susan Allen joined the Society as Chief Executive in March 2023 and a tailored induction programme was put in place based on her experience and taking into account all key areas of the Society. The induction programme was monitored by the Board Governance and Nominations Committee in accordance with its Terms of Reference and was fully completed in 2023.

More information on our Board is available in other sections of this document:

<b>Succession planning for the Board</b>	<b>See the Board Governance and Nominations Committee report.</b>
<b>Skills and experience of our Board and Committees</b>	<b>See Our Board and Executive Team profiles.</b>
<b>Recruitment and appointment of Directors</b>	<b>See our Board Governance and Nominations Committee report.</b>
<b>Board diversity and inclusion</b>	<b>See our Board Governance and Nominations Committee report.</b>

#### Audit, risk and internal control

Our Board has overall responsibility for audit, risk and internal control, and delegates oversight to its committees:

<b>Ensuring that both internal and external audit are effective</b>	<b>More information can be found in the Audit Committee report.</b>
<b>Setting our risk appetite</b>	<b>More information can be found in the Risk Management report.</b>
<b>Our systems of internal controls</b>	<b>More information on the internal controls framework can be found in the Audit Committee report.</b>

The Board receives quarterly reports from the Chief Risk Officer to enable it to monitor the effectiveness of the risk management framework and internal controls systems. The Audit Committee reviews the effectiveness of internal controls at least annually with the outcomes reported to the Board by the Audit Committee Chair.

#### Remuneration

Our Board has a Remuneration Committee which has delegated responsibility for setting the policy on the remuneration of Executive Directors as well as setting the remuneration for the Chair of the Board, and other members of the Leadership Team.

**For further details please see the Directors’ Remuneration report.**

The remuneration of Non-Executive Directors is a decision reserved for our Board’s approval and is reviewed by the Executive Directors and the Chair of the Board only.

**John Heaps**  
Chair of the Board  
28 February 2024