

**YBS
GROUP**

Yorkshire Building Society

SOCIETY MATTERS REPORT 2016

We're committed to creating a lasting,
positive impact on society.



ybs.co.uk/societymatters



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PERFORMANCE HIGHLIGHTS

CUSTOMER



customers joined the Society by opening savings accounts



people bought a home of their own with the support of a YBS Group mortgage



customers who were in financial difficulty were supported

PEOPLE



apprentices recruited in our head office and Bradford branch



score achieved for colleague engagement¹



claims on the health cash plan provided free to all colleagues

COMMUNITY



participation in our colleague volunteering programme



raised over our 2½ year partnership with Marie Curie



donated to local charities and good causes by Yorkshire Building Society Charitable Foundation since 1999

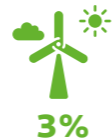
ENVIRONMENT



reduction in our carbon footprint between 2012 and 2016, with CarbonNeutral® status achieved in 2016²



of waste recycled, with office paper use down by 10%



reduction in our energy use (gas and electric combined) on top of the 5% we achieved in 2015

CHIEF EXECUTIVE WELCOME

Welcome to the first Yorkshire Building Society Group's annual review of our corporate responsibility performance.

As a mutual organisation we have a rich heritage of making a positive difference to the communities where our members and colleagues live and work. For over 150 years we have been committed to going the extra mile to improve people's lives.

In recent years we have made significant progress on our corporate responsibility ambitions in many areas:

- We have raised over £1.15m for Marie Curie, our charity partner between 2014-16, providing 57,500 hours of nursing care
- We have successfully reduced our carbon emissions by 8% since 2012, achieving CarbonNeutral® status in 2016
- We have demonstrated our commitment to addressing affordability within the housing market through the provision of low deposit mortgages and campaigning to reduce the cost of getting on and moving up the property ladder.

Whilst our corporate responsibility progress to date is commendable, we will not rest on our laurels as we know we can achieve more. That's why in 2016 we developed a new corporate responsibility strategy, which we call Society Matters. You can read more about how we did this on pages 34-35.

As well as launching the new Society Matters strategy in this report, we're also reporting on our performance to date. Our intention is that by formalising the strategy we will accelerate our contribution towards creating a lasting, positive impact on society.



As Chair of our Society Matters Committee, my focus in 2017 will be determining our measures of success and setting targets so we can better assess how we're delivering against our plans. I look forward to sharing our progress on this in next year's report, as well as more regularly on ybs.co.uk/societymatters

Finally, we're committed to listening to our stakeholders and involving them in our business decisions. I'd encourage anyone who has comments, queries or feedback on this report to get in touch by emailing corporateresponsibility@ybs.co.uk

Thank you for your interest and support,

Mike Regnier

Awards

Third Sector Business Charity Awards 2016
Business of the Year

Third Sector Business Charity Awards 2016
Employee Engagement Initiative of the Year

Consumer Moneyfacts Awards 2016
First-Time Mortgage Buyers' Choice

Moneywise Awards 2016
Best First Time Buyer Mortgages (YBS)

Moneynet Personal Finance Awards 2016
Best Offset Mortgage Provider (YBS)

Moneyfacts Awards 2016
Best Building Society Mortgage Provider (N&P)

Mortgage Finance Gazette Awards 2016
Community Service

Business Desk - Yorkshire Business Masters 2016
Pride CSR

¹ As measured by Best Workplaces, as at November 2016

² CarbonNeutral® is the registered trademark of Natural Capital Partners and is a global standard to certify that businesses are able to report net zero emissions for their company, products, operations or services in accordance with The CarbonNeutral Protocol. CarbonNeutral® status achieved in December 2016

SOCIETY MATTERS STRATEGY

Through our new strategy we aim to create a lasting, positive impact on society, because we believe Society Matters.

In 2016 we identified 12 priorities key to achieving this vision and we conducted surveys, interviews and workshops with our stakeholders, including customers, colleagues and suppliers, to gather their views and refine the priorities. Based on the results of the research, we grouped the priorities together under Customer, People, Community and Environment, to create the Society Matters strategy.



| Focus areas | Vision | Priorities |
|--|--|---|
| Customer | We will be market-leading for financial inclusion and deliver tailored outcomes for all customers. | <ul style="list-style-type: none"> 1 Enable all individuals to save by offering a variety of options to suit their specific needs. 2 Support people through every step of their journey to having a place to call home. 3 Provide adapted support to customers in challenging situations. |
| People | We will be a leading employer, where colleagues feel respected, valued and proud to work for us. | <ul style="list-style-type: none"> 4 Develop our culture of supporting and engaging all colleagues, prioritising their wellbeing and promoting diversity. 5 Provide opportunities and support for every colleague to develop and reach their potential, celebrating their successes along the way. |
| Community | We will be an active member of the communities we serve, using our expertise, passion and scale to maximise our impact. | <ul style="list-style-type: none"> 6 Deliver educational programmes to improve employability and financial literacy. 7 Provide life-changing support to people in the most challenging situations. 8 Meaningfully engage with our local communities to enable them to thrive and prosper. |
| Environment | We will be respectful of our planet and continuously reduce our environmental footprint. | <ul style="list-style-type: none"> 9 Minimise our environmental footprint through responsible procurement and reduction of our impacts across energy and water consumption, travel and waste. 10 Raise awareness and understanding of environmental risks and opportunities amongst colleagues and customers. |
| We will create a lasting, positive impact on our society – because Society Matters. | | <ul style="list-style-type: none"> 11 Choose partners, suppliers and corporate clients which share our purpose, values and ethics. 12 Embed Society Matters into the heart of everything we do and communicate transparently and regularly to stakeholders on our progress. |

CUSTOMER

Our Customer vision is to be market-leading for financial inclusion and deliver tailored outcomes for all customers. We have three priorities in seeking to achieve this:

- 1 Enable all individuals to save by offering a variety of options to suit their specific needs.**
- 2 Support people through every step of their journey to having a place to call home.**
- 3 Provide adapted support to customers in challenging situations.**

We believe in trust. It's what relationships are made of and societies are built on. Our vision is to be the most trusted provider of financial services in the UK. YBS Group ended 2016 on a high, achieving 2nd place in the Customer Trust rankings of all major banking services providers in the UK³.

Our Net Promoter Score, an independent measure of those customers who would actively recommend a business compared to those who would not, has averaged +31 during 2016 against an industry average of +8.

Key achievements

As evidence of how we are delivering on our customer priorities, in 2016:



66,000 customers joined the Society by opening savings accounts, including over 11,000 children and 6,000 regular savers



23,000 customers bought a home of their own with the support of a YBS Group mortgage, including 10,000 who were getting on the property ladder for the first time



20,000 customers who said they were in financial difficulty were supported, leading to a reduction in mortgage arrears by 15%



23,000 customers were identified as being in vulnerable situations, allowing us to tailor the support we provide accordingly



³ As ranked by KPMG Nunwood as at September 2016

Enabling all individuals to save

During 2016, anyone seeking to earn a good return on their savings continued to face significant difficulties. For every borrower we lend money to there are 6 savers whose money we are responsible for, so working for their benefit is crucial to how we do business. That is why in 2016, as we have throughout the period of low interest rates, we protected savers as much as possible by putting their needs ahead of profits, in a responsible way that does not pose longer term risks to our financial sustainability.

We have maintained our savings interest rates above the market average⁴. Like all savings providers we have had to reduce the interest rates paid on savings but we have done this far later than others and made less severe cuts. All of our accounts currently earn a minimum of 0.25% gross per annum and we intend to maintain a difference between our rates and those of our competitors', reflecting our belief in protecting savers as much as possible.

We have continued to provide a wide range of accounts for different types of savers, including children just beginning to get into the savings habit, adults who wish to save regularly, those who want to be able to access their money at short notice or those who want to put money away for longer in return for a better interest rate. YBS Share Plans also provides access to employee share save schemes, often the only way that participants put any money away⁵.

Our accounts can be opened and managed either in branch, online or over the phone and a wide range of cash ISAs (Individual Savings Accounts), which offer tax-free saving up to certain annual limits, are also available. Our customers opened over 19,000 ISAs during 2016, including the new Help to Buy ISA which is designed to help people aspiring to get on the property ladder. In 2017 we plan to launch a Flexible ISA, giving savers even more freedom to pay in and withdraw money as they wish, without losing any tax benefits.

⁴ Average rates based on Savings stock from CACI's Current Account and Savings Database (CSDB), currently covering 85% of retail savings market (based on stock value). Data as at 31 October 2016

⁵ According to research conducted between October 2015 and December 2015 with 3,301 sharesave participants by Professor Andrew Pendleton of Durham University Business School and Professor Andrew Robinson of Leeds University Business School in conjunction with YBS Shareplans, 33% agreed with the statement that 'If Sharesave didn't exist, I may not save at all'

⁶ Offset mortgages provide the opportunity to use savings to reduce the cost of the linked offset mortgage, meaning that instead of earning interest on the savings customers can reduce the amount of interest paid on the mortgage. There is flexibility in being able to reduce the length of time it takes to repay the mortgage or to lower monthly payments now or in the future at the same time as being able to deposit more savings or make withdrawals. CACI offset data for YBS as at 31 December 2016

⁷ Presswatch Financial, Kantar Media for YBS Group, as at 31 December 2016

Find out more at: www.ybs.co.uk/savings/pledges

Throughout 2016 we have delivered on our **six** Savings Pledges which reflect how we believe savings institutions should behave. They underline our commitment to ensuring we are open with savers, maintaining the availability of products, offering checks that customers' money is in the right place and treating new and existing customers equally. 32,000 customers have asked to receive our new account alerts and more than 41,000 have benefited from one-to-one guidance about where to put their money.

1. Learn about new savings accounts first
2. Know your savings account is right for you
3. We value all our savers
4. Reserve your savings account
5. Reassuring 14 day rate pledge
6. Support when you need it most

Supporting people to have a place to call home

By maintaining strong and loyal savings customers we are able to continue to deliver on our original purpose as a building society - helping people secure a place to call home.

We provide mortgages for many different types of borrowers, including those trying to buy for the first time, people moving up the housing ladder, those looking to save money by re-mortgaging and those who wish to borrow more to fund changing lives and priorities. We also provide Buy to Let mortgages to enable landlords to purchase property for investment purposes – in 2016 we supported 7,500 landlords in this way. Lending in this sector supports the rental market, enabling more people to have a place to call home, and improves the profitability of the Group.

We have mortgages available to borrowers with small and large deposits, to a maximum of 95% of a property's value. We also offer mortgages with a variety of features to meet various customer needs, including loans with no product fees or paid-for legal costs or valuations. We believe the flexibility is key to the success of our offset mortgages, which link customers' savings and mortgages to make members better off and potentially help them to pay their mortgage off faster. In 2016, we provided over 5,000 offset mortgages and remain one of the biggest providers of these products in the UK with a market share of 17%⁶. Our wide range of mortgages means we are able to support a diverse array of customers and do so with some of the best value products in the market: in 2016 we appeared 1,000 times in national media mortgage best buy tables⁷.

As well as the range of mortgages we offer, the way we assess applications is an equally important factor in supporting people achieve home ownership. We have taken steps to improve the way we deal with requests for loans from particular customer groups. For example, contractors face a unique set of circumstances based on their less regular income compared to employed workers. Through our Accord brand we have factored this into the application process and piloted accepting a gap of up to eight weeks between contracts in a trading year if an applicant meets other criteria.

One of the biggest hurdles faced by all home buyers is paying the associated up-front costs, especially for those who have never owned a home before and need to focus on building up a deposit as quickly possible. A major cost is stamp duty land tax and we have campaigned to lessen its impact by formally asking the government to convert stamp duty land tax into a seller's tax rather than being payable by the buyer. This would mean the 225,000 people taking the first step on the housing ladder every year would be free from paying this tax and it would reduce the costs for existing homeowners moving up the property ladder. Tackling the housing crisis remains on the government's agenda and we will continue to champion ways which we believe could assist our members in achieving their home ownership aspirations.

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

Customer

Help for Howard

Howard Wallwork had planned his home move meticulously.

"I had even given the team at my local Yorkshire Building Society branch in Stalybridge the heads up that I was going to withdraw a sizable amount of money from my savings account as I needed to pay for various odds and ends before I could get the keys to my new property."

Then disaster struck. Howard's account passbook had gone missing in the sea of cardboard boxes and bubble wrap.

"I rushed straight to the branch where they explained that it normally takes five days to issue a new passbook and I could only have £1,000 of my money during this time for security reasons. I was devastated and didn't think there was anything that I could do."

Luckily for Howard, branch manager Janet Turner knew he needed cash fast and was determined to help with his dilemma. She carefully assessed the situation and was able to allow him to make a large withdrawal to cover what he needed.

"Janet was a godsend in my hour of need. Having the money to make the payments I needed to really took the pressure off me. The move went smoothly after that and I'm now settled in my new home – including with my new passbook – all thanks to Janet."



55,000
customers
supported
following
bereavement
in 2016

Providing adapted support to customers

Throughout 2016 we have refined 28 policies, processes and procedures as a result of customer and colleague feedback. An area which has benefited from our improved operations is the way we support customers seeking power of attorney or managing a loved one's financial affairs after their death. Dealing with such issues can often add to someone's grief so we have worked hard to improve our processes and remove complexity. Last year we supported 55,000 customers following bereavement and led more than 9,000 through the improved Power of Attorney process. In 2017 we aim to introduce will writing and funeral planning services to provide further support and peace of mind for families at these difficult times.

0.82
complaints per
1,000
customers



We have set up a specialist support team to give colleagues guidance on how best to meet the needs of all our customers and provide practical help. For instance we provide all branches and agencies with care kits, created in conjunction with the Royal National Institute for the Blind (RNIB). These feature useful equipment such as pen grips and magnifying glasses for customers with sight loss, arthritis and restricted mobility. We're also beginning to train our colleagues in how to identify and support customers with dementia or mental health difficulties.

To help our customers do their part in keeping their money safe, we have shared anti-fraud guidance with thousands of customers, whilst also providing specific colleague training to ensure they are able to identify risks.

In 2017, we will extend our support for customers who are potentially in vulnerable situations by offering those coming to the end of an interest only mortgage term access to expert advice. Our new partnership with a specialist third party will help ensure these customers can plan well in advance and explore how best to manage their outstanding loan.

Whilst we work hard to give a great experience to all customers, there are times when we unfortunately don't get it right first time. In these situations we have empowered our front-line colleagues to resolve problems instead of escalating them to a separate complaints team. As a result, we have seen a reduction in the number of complaints we receive, with 0.82 complaints per thousand customers. Whilst this figure makes us one of the best in the industry, we continue to work on identifying and addressing the causes of complaints to reduce this further.

With one of our Values being 'customers at our heart' we have placed great emphasis on how we treat customers and have established a programme of training and development entitled RESPECT based around six key elements:



I ♥ RESOLUTION
Make it happen

I ♥ EMPATHY
Make it compassionate

I ♥ SIMPLICITY
Make it easy

I ♥ PERSONALISATION
Make it theirs

I ♥ EXPECTATIONS
Make it clear

I ♥ TRUST
Make it right

It's at the heart of everything we do

PEOPLE

We believe that our colleagues are vital to us achieving our aim of being the UK's most trusted provider of financial services. It's our people who deliver our customer experience, building life-long relationships along the way. Our People vision is to be a leading employer, where colleagues feel respected, valued and proud to work for us. To achieve this we focus our efforts on:

4 Developing our culture of supporting and engaging all colleagues, prioritising their wellbeing and promoting diversity.

5 Providing opportunities and support for every colleague to develop and reach their potential, celebrating their successes along the way.

Supporting and engaging all colleagues

Our people are the point of difference at YBS Group – they are the architects of our customer experience, from developing great products to providing exceptional customer service.

We understand that one size doesn't fit all when it comes to a great experience at work. To help us to get this right we encourage our colleagues to share what it means for them. This open dialogue is vital to maintaining our great culture and so colleagues continue to feel respected and valued at work.

Key achievements

As evidence of how we are delivering on our people priorities, in 2016:



77%
score achieved
for colleague
engagement⁸



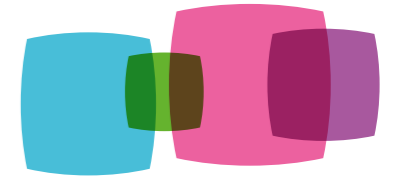
17,500
'Everyday Thanks'
messages were sent
between colleagues



12
apprentices
recruited to our
head office and
Bradford branch



6,100
claims on the health
cash plan, which is
provided free by
the Group



All of our colleagues have the opportunity to engage with the leadership team through our regular Let's Talk With... sessions. We strive for these to be open and honest conversations about the things colleagues feel matter most to them. These have proved very popular and we ran 24 sessions during 2016 which has allowed us to hear directly from more than 250 of our colleagues.

We have run an independent survey for many years to give us an insight into how our colleagues are feeling. For the first time in 2016 we took part in the Best Workplaces study, a global initiative run by the Great Place to Work[®] Institute focused on how colleagues feel about their employer across a range of areas from communication to wellbeing. The study is made up of an anonymous colleague survey and an independent review of our people policies and programmes – both elements produce an overall score which compares us against a range of other organisations who take part. In a like-for-like comparison with our previous survey we've seen an increase in colleague engagement of 7 percentage points to 77% as assessed by the Great Place to Work[®] Institute⁹. We'll know how we actually compare, and whether we've been listed as a Best Workplace (Large Category) for 2017 when the study's findings are published later this year.

We understand colleagues have a life outside the office or branch in which they work and we help them strike the best balance between work and home life. Our colleagues, regardless of role or location, can access a range of flexible working options including flexible hours and, where possible, location or a combination of both.

We also take care to support our colleagues, and their families, when life presents some challenges or difficult moments. We do this by offering services such as our Employee Assistance Programme, a free to use confidential 24/7 helpline that provides help and advice on a whole range of issues such as financial or debt problems, stress, childcare difficulties and bereavement.

Mental health difficulties affect 1 in 4 people in the UK, and 1 in 6 workers¹⁰. This not only affects the individuals personally but can also impact family, friends and the workplace¹¹. In response to this, in 2016 we introduced mental health awareness sessions to help our people managers better support their team members and look after themselves. To date these have been attended by 171 managers.

Physical health is important too, that's why all colleagues have access to a healthcare cash plan to assist with the day-to-day costs of medical care. Colleagues can claim money back for treatments such as dental check-ups and prescriptions. And for greater peace of mind they can add their family to the plan too. The Group covers the cost for a standard level of cover for each colleague and in 2016 there were 6,100 claims on the plan¹².

We will keep focusing on colleague wellbeing in 2017, introducing a formal programme for all colleagues and further support to balance family life with work.

We are committed to providing an inclusive working environment and to continue building a balanced workforce that genuinely represents the communities we operate in. In 2016 we held 12 focus groups to collect colleagues' views on how we could create a more inclusive and diverse workplace. We are now working with Creating Inclusive Cultures¹³, who will support us as we learn from best practice and collaborate with like-minded businesses. We will also work towards the 'Investors in Diversity' standard, with support from the National Centre for Diversity¹⁴.



⁸ As measured by Best Workplaces, as at November 2016

⁹ Great Place to Work[®] UK is part of a global research, consulting and training consultancy that helps organisations identify, create and sustain great workplaces through the development of high-trust workplace cultures. <http://www.greatplacetowork.co.uk/> Our 2016 score is comparative to our previous Viewpoint survey results from 2015

¹⁰ Mind. 2013. "Mental health facts and statistics." Available at: <http://www.mind.org.uk/information-support/types-of-mental-health-problems/statistics-and-facts-about-mental-health/>

¹¹ Bank Workers Charity. 2013. "Bank on Your People: The state of the wellbeing and high performance culture in the Financial Sector"

¹² Medicash and BUPA, as at 31 December 2016

¹³ Creating Inclusive Cultures is a collaboration of companies and employers who are committed to realising, and to take advantage of, the benefits of diversity and inclusion <http://www.creatinginclusivecultures.com>

¹⁴ National Centre for Diversity - To advance Equality, Diversity and Inclusion (EDI) to ensure fairness for all <http://www.nationalcentrefordiversity.com>

People

Providing opportunities for every colleague to develop and reach their potential



Creating an atmosphere where we encourage continuous learning is important, and we therefore offer a mix of formal courses and workshops, mentoring, coaching and on the job learning.

As a financial services organisation it's essential that we give our colleagues the skills and knowledge they need to 'do the right thing' for our customers. This begins as soon as a colleague joins YBS Group, with bespoke role-based inductions, and our 'Warm Welcome' on-boarding programme. To keep up-to-date, our mandatory learning programme is delivered to all colleagues through annual online training courses and knowledge tests, covering the essential information and skills that all colleagues need. In 2016 our completion rate for these essential modules was over 98%.

We recognise that it's important for our colleagues to have diverse skills, both for their role but also for their own personal development. We therefore encourage each individual to gain knowledge or learn new skills that are either work-related or part of their life outside work. To support colleagues we provide a wide range of physical and virtual resources through our internal 'learning library', and promote FutureLearn¹⁵ online courses. We also work closely with our union, Aegis, and run events across our sites to promote opportunities for learning. Our volunteering programmes also provide a wide range of options for colleagues to improve their skills and are promoted internally as another way of learning.

In 2017 we will re-organise our learning offering into academies based around types of role, which will give colleagues even greater opportunities to broaden their skill-sets and deepen their expertise.

Apprentice scheme

The YBS Group apprenticeship scheme launched in September 2016, with 12 new apprentices joining our Head Office site in Bradford and Bradford branch. These two-year apprenticeships have created opportunities for people aged between 16-20 from in and around the Bradford area. Following the interest and feedback collated, we will expand the intake in 2017 with up to 24 new apprentice positions being offered.

As one of the most significant private sector employers in the Bradford district, we were particularly proud to launch our apprenticeship scheme and further support the local economy, alongside our wider commitment to support the government on the Northern Powerhouse¹⁶.

Their future is our future

Mya Griffiths is the Group's first IT apprentice. Despite getting great results at A-level, Mya didn't want to study at university. So she chose to join us instead – and she's not regretting it.

"My manager, Andrew Hepworth, is a great manager. He's been very supportive. It means I love working here and I'd like to progress in the organisation."

Andrew says: **"When we did the assessment centre, which was part of the selection process, Mya really stood out. We're certainly lucky to have her at YBS Group."**

George Ferris is Apprentice Customer Representative at YBS Bradford Branch.

Alison, his Branch Manager, says: **"I feel proud that George is the only apprentice currently working in the retail network, and that he's in our branch. It's also a big responsibility because we want to ensure that George gets all the support he needs to develop his skills and build a successful career."**

¹⁵ FutureLearn is a private company owned by the Open University <https://www.futurelearn.com/>

¹⁶ YBS, as a supporter of the government's Northern Powerhouse Partnership Programme, is committed to help grow the Northern economy, from investing in apprenticeships through to supporting key infrastructure improvements

Increase from
70%
to **77%**
in colleague
engagement

12
new apprentices join
the Group

VISIT
LOU



We understand that colleagues need specific support at key stages of their career, including when they become a manager for the first time. All new managers are encouraged to take part in our 'great people managers make a difference' programme. This 30 week course covers all aspects of the leadership journey, including building an understanding of themselves, looking at how they can be their best at work, and how they can support individuals and their team.

What makes this programme unique to YBS Group is the role of the second-line manager. All managers of course attendees are invited to a session, where they get an understanding of the learning journey that their direct report is going through. This enables them to provide support as the new manager applies what they have learnt back in the workplace. So far 63 new managers have benefited from the programme since its launch.

In 2016, we launched the Ignite 550 portal, which brings together the 550 first line managers¹⁷ who are responsible for leading over 70% of our people. This portal holds bespoke content such as interviews from senior leaders as well as world-class curated media such as inspiring TED talks¹⁸, giving our managers a bank of resources to further develop their knowledge and skills beyond their formal training. Ignite 550 also works as a networking platform where managers can discuss and share ideas. Since the launch 558 managers have connected to it, with 136 using the portal regularly¹⁹.

Reflecting our values as a mutual, we want to share the Group's success with all of our colleagues who help create it, and so every colleague is paid above the voluntary Living Wage²⁰ and also has the opportunity to earn a bonus award. For the 2016 performance year 99.1% of eligible colleagues will receive a bonus. The bonus scheme was created to reflect what our members and customers look for in our performance, and to recognise the contribution of our colleagues. That's why our bonus scheme is driven by three simple elements:

- How we've done against our financial plan - as measured by profit before tax
- How strongly our customers feel about us - as measured by Net Promoter Score²¹
- How well a colleague has performed - as measured by the annual performance review.

Everyday Thanks

As soon as you launch our intranet homepage it's there, a steady stream of thank you messages from colleagues-to-colleagues right across the Group. Everyday Thanks was launched in September 2015 as part of our Group's 150th birthday celebrations and it's been a fantastic success. In 2016 we saw over 17,500 individual thank you messages - that's more than three for every colleague in the Group.

17,500
individual thank you
messages in 2016.

For us, recognition is about much more than pay, so together with our colleagues we have developed a recognition framework that enables both colleagues and managers to say thank you and share great examples of a job well done.

In 2015 we launched 'Raising the Roof', a Group-wide awards programme to celebrate colleagues who are true ambassadors of our values. It is a huge success with 1,591 colleagues receiving nominations in 2016. Raising the Roof has become an annual event and we've expanded it to include monthly recognition, which feeds into the overall annual event. Each month 14 winners receive a certificate and one of the fourteen winners wins a 'golden ticket' - an automatic invite to the annual awards dinner.

"The awards dinner was brilliant... hearing everyone's stories was great... it made me feel really proud to work for YBS Group."

Lloyd Latibeaudiere,
Customer Experience Consultant

Throughout 2017 we will be looking at ways that we can engage customers in our recognition framework, to make it easy for them to thank colleagues who have provided them with exceptional service. We will also look at how we can celebrate each of our colleague's individual milestones whilst working at YBS Group to reflect the contribution they make.

¹⁷ First line managers are those who lead teams of non-managerial colleagues

¹⁸ TED, Ideas Worth Spreading, <http://www.ted.com>

¹⁹ Ignite 550 was launched with 550 managers and since launch more users have been added onto the portal. It also reflects our leavers, new starters or colleagues who were recently promoted

²⁰ The current UK Living Wage is £8.45 an hour; the London Living Wage is £9.75 an hour. <http://www.livingwage.org.uk>

²¹ Our Net Promoter Score, an independent measure of those customers and brokers who would actively recommend a business compared to those who would not, as measured by KPMG Nunwood

COMMUNITY

Our Community vision is to be an active member of the communities we serve, using our expertise, passion and scale to maximise our impact. We achieve this by focusing our efforts on three priority areas where we feel we are best placed to make a difference:

- 6 **Deliver educational programmes to improve employability and financial literacy.**
- 7 **Provide life-changing support to people in the most challenging situations.**
- 8 **Meaningfully engage with our local communities to enable them to thrive and prosper.**

Through our community programmes in 2016, we have contributed the equivalent of over £1.8m to charities and good causes, with Yorkshire Building Society Charitable Foundation, which is largely funded by contributions from members, donating a further £554,000.

During 2017 we will review the way we measure the impacts our programmes deliver, so we are better able to track how we are achieving our priorities and adapt our programmes as required.

| 2016 Contribution | |
|--|---------------|
| Charity Partner – Marie Curie | £320k |
| Volunteering hours value | £388k |
| Other donations to charities (including affinity accounts, payroll giving) | £1,148k |
| Total | £1.85m |

Key achievements

Over the past three years, we have undertaken a full review of our community programmes ensuring they are best placed to help us deliver on our community priorities. This has resulted in several key achievements:



64% participation in our colleague volunteering programme, significantly increased from 25% in 2014



£1.15 million raised over our 2½ year partnership with Marie Curie, funding over 57,500 hours of nursing care for terminally ill people



£554,000 donated to local charities and good causes by Yorkshire Building Society Charitable Foundation in 2016



No.1 being chosen as Business of the Year at the 2016 Third Sector Business Charity Awards

26,000 volunteering hours donated by colleagues

Improving Employability and Financial Literacy

We have been helping people to save and buy a home for over 150 years, so we know how important it is that people are able to budget and manage their money – it is crucial to help them build their futures and enhance their wellbeing²².

We believe that, like most things, it is best to get into good habits from a young age. The Money Minds programme enables our colleagues to deliver financial literacy sessions to pupils aged 5 – 19 years and support schools and youth groups in teaching financial education. Money Minds covers topics ranging from keeping money safe for young children, learning budgeting skills for children aged eight to 11, to how to calculate interest on loans for older students.

The 10 lesson plans were developed in collaboration with EBP²³, which specialises in creative and fun educational programmes for children. Schools and youth organisations can request our free courses by going on the Money Minds website: www.money-minds.co.uk

Since launching the programme in January 2016, 182 courses have been delivered to over 4,700 pupils, receiving great feedback.

“I know now that the money I have in my hands is what I have to spend, so I have to be careful with my budget.”

Key Stage 1 student from St Joseph’s Primary School, Wallasey

²² 79% are losing sleep and 74% suffering effects on their mental health as a result of being in debt. Citizens Advice, April 2014

²³ The EBP (The Education Business Partnership (Lincoln)) is a social enterprise developing the skills of young people, supporting young people across the country, helping them develop the skills they need to thrive. <http://the-ebp.co.uk/>

We are now looking at expanding the reach of this programme, with a focus on supporting children in more deprived communities where our impact will be greatest.

Through the Make the Grade programme²⁴ we have teamed up with secondary schools situated in disadvantaged areas near our two biggest office sites in Bradford and Leeds. This programme aims to raise aspiration and improve the future employability of students and prepare them for life after school. We have helped students with CV and personal statement writing, interview skills, financial education, mentoring and visits to our workplace.

In 2016, through this programme we supported over 2,800 students. The impact on the students has been tremendous, with 92% saying that they now know more about the world of work and 92% feeling attending a careers event helped improve their confidence and self-belief.

“It has taught me to believe in myself and do research before an interview.”

Year 11 student, Grange Technology College, Bradford (aged 16).

Growing skills by giving time

Our community programmes not only benefit our local communities, but also help to improve colleague engagement and skills development.

After carrying out volunteering activities, 86% of employees felt their teamwork skills had improved and over 72% said their communication skills had been enhanced. 73% reported increased sense of wellbeing and job satisfaction and 67% said it made them feel prouder to work for YBS, with 94% of colleagues saying they would volunteer again.

²⁴ Make the Grade is a programme run by Ahead Partnership which is a social enterprise that connects businesses and communities to create social and economic change. <http://www.aheadpartnership.org.uk>

Supporting people in vulnerable situations

In the UK, more than one million people over 65 describe themselves as always or often feeling lonely, and two in five say that their TV or pet is now their main form of company²⁵. This is why we have decided to support Silver Line by training our colleagues to become Silver Line Friends.



314
hours of calls made by our Silver Line friends

4,700
pupils attended a Money Minds lesson

57,500
hours of Marie Curie nursing care funded

13
colleagues serving on the Board of a charity

Silver Line Friends are matched up with an isolated older person and give them a call once a week. Our colleagues are brilliant at listening and talking to customers when they visit a branch or agency or on the phone, which means that being a Silver Line Friend is a natural extension of doing something they already enjoy and are great at.

37 colleagues are making calls as Silver Line Friends or going through the training and matching process. Over 314 hours of calls were made in 2016, making a huge difference to people's lives:
50% reported an increase in their independence
50% felt less lonely or isolated
43% felt their sense of wellbeing had improved

"I have the TV on at times, but you can't talk to the TV like you talk to someone - it's nice to have a conversation with a real person."

Phil, a Silver Line beneficiary.

We were Silver Line's first corporate supporter and we know that they have a waiting list of people to be matched up, so we aim to have at least 75 colleagues making regular calls by the end of 2017.



Following the end of our partnership with Marie Curie in December 2016, we launched a new and exciting partnership with End Youth Homelessness. Over the next three years, we aim to break down the barriers that homeless young people face. We aim to challenge public

²⁵ Age UK, May 2014

In 2014, we started a two and a half year partnership with Marie Curie, which was chosen by our colleagues and customers. Marie Curie nurses care for terminally ill people in specially designed hospices and in their own homes, so they can spend their final days with their loved ones. We aimed to raise £500,000 to fund one hour of nursing care for every hour of the partnership, but through fantastic colleague and customer support we doubled this target and raised over £1.15 million by the end of 2016. Colleagues took part in runs, treks, bed races, swimathons and many more activities to support the charity. We organised several Group-wide Marie Curie days, including a static bike challenge to celebrate the Tour de France Grand Depart in 2014. We held a Guinness World Record breaking tea party in June 2015 and a 'Keepy Uppy' challenge led by Marie Curie Ambassador and Sky Sports football pundit Chris Kamara during Euro 2016. We also generated a £334,000 donation through an affinity savings account which proved very popular with customers.

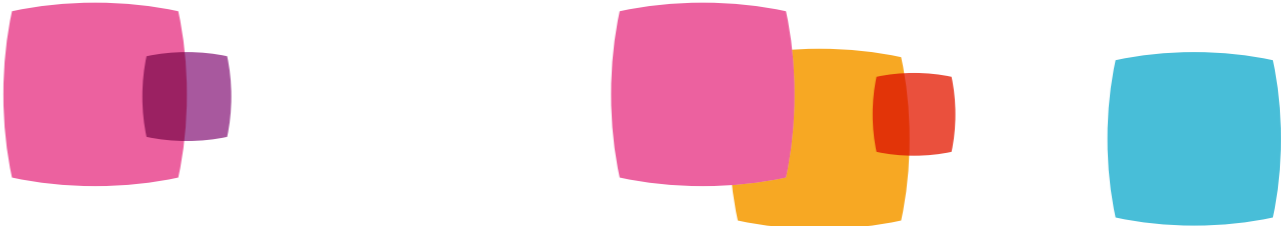
In total, the partnership funded more than 57,500 hours of nursing care. Colleagues also supported the charity by volunteering 7,421 hours of their time to fundraise, take part in Great Daffodil bucket collections, volunteer at Marie Curie hospices and charity shops and mentor some of the charity's managers to develop their leadership skills.



preconceptions of youth homelessness and raise vital funds to enable over 700 young people to move into their own home - because we believe that to build a successful future, everyone needs a safe place to call home.



£7m
has been
donated since
1999 by
the Charitable
Foundation



Community

Helping local communities to thrive and prosper

We aim to inspire our colleagues to make a difference by getting involved in their local communities through charitable and volunteering activities. This is a reflection of our local heritage and our commitment to helping our communities grow, develop and succeed.

Research suggests 43% of charities feel it has become harder or much harder to bring in new Trustees²⁶. To help alleviate this issue, we work with Be a Trustee, an organisation which supports senior colleagues in becoming board members of local charities. So far 13 colleagues, most of whom are part of our senior leadership team, have taken this opportunity to share their leadership and strategy skills with organisations such as Bug Life, a charity devoted to the conservation of all invertebrates, and Overgate Hospice, which provides palliative care and support for those with terminal illness. This new programme is important as not only do our most senior colleagues share their valuable experience with charities, it also helps them to develop their own skills. We plan to expand this programme in 2017 and already have a further eight colleagues in the process of being matched with a charity.



The Yorkshire Building Society Charitable Foundation is a registered charity and is independent of the Group. Since the Charitable Foundation was set up in 1998, it has donated over £7 million through over 23,000 donations made to local charities and community groups, the majority of which were nominated by members and colleagues.

Following a strategic review conducted by the Trustees in 2016, the Charitable Foundation's donation policy has been refined to ensure its focus is clearer. The Charitable Foundation's priority areas are alleviating poverty, improving health and saving lives. To do so the Charitable Foundation makes donations to registered charities, nominated by colleagues and members, who support beneficiaries such as children, the seriously ill, the elderly, the homeless and the disabled in the UK.

In 2016, the Charitable Foundation made 1,813 donations totalling £554,229 - you can explore which causes received support through an interactive map at ybs.co.uk/charitablefoundation

Small Change, Big Difference® (SCBD)

YBS Group makes a financial contribution to the Charitable Foundation each year, as well as providing administrative support.

However the majority of the Charitable Foundation's funding comes from the members who take part in the Small Change, Big Difference® scheme. These members donate the pence from the annual interest from their

mortgage and savings accounts directly to the Charitable Foundation.

Over 740,000 members' accounts are part of the SCBD scheme which generated £346,500 for charities and good causes in 2016.

To support the Charitable Foundation by joining the SCBD scheme please go to ybs.co.uk/charitablefoundation

²⁶ National Trustee Survey October 2016. Available at <http://www.nfpsynergy.net>

ENVIRONMENT

Our Environment vision is to be respectful of our planet and continuously reduce our environmental footprint. We aim to do this by:

- 9 Minimising our environmental footprint through responsible procurement and reduction of our impacts across energy and water consumption, travel and waste.
- 10 Raising awareness and understanding of environmental risks and opportunities amongst colleagues and customers.

CarbonNeutral®
status
achieved²⁷

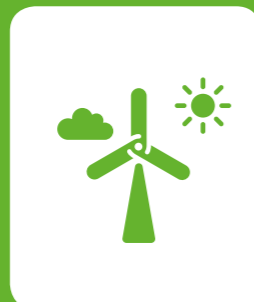
Key achievements

We monitor our performance against annual targets and maintain high standards in line with industry best practice to deliver on our environment priorities.

Our approach has resulted in a number of key achievements:



8%
reduction in our
carbon footprint
between 2012 and
2016



3%
reduction in our
energy use (gas and
electric) on top of
the 5% we achieved
in 2015



90%
of our waste
recycled with
office paper use
down by 10%

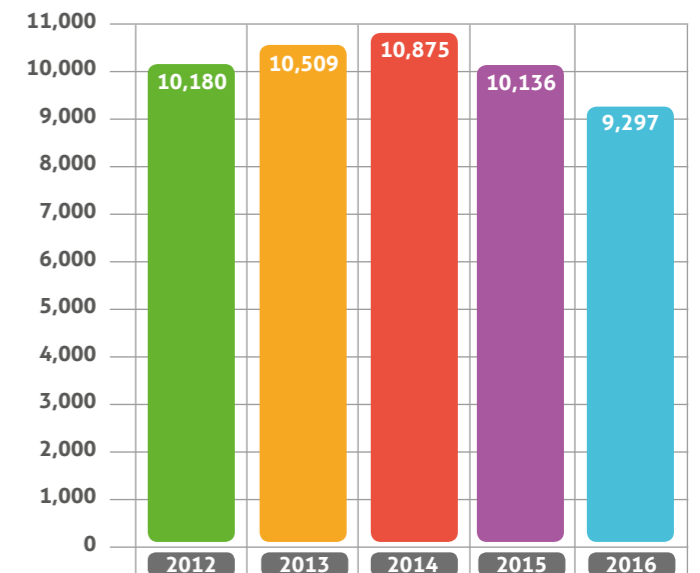
Minimising our environmental footprint

Our environmental footprint includes energy, water and waste from our buildings, direct and indirect emissions to the atmosphere, discharges to water, and the overall impacts we have on the communities we serve through areas such as colleague commuting and biodiversity. We have progressively reduced our environmental impacts by investing in efficient resource use, improving waste management and engaging colleagues in supporting our efforts to become more sustainable.

Independent assurance²⁸ of our carbon footprint (2012-2016) and data related to our use of electricity, gas, business travel, water use and waste generation has demonstrated our significant progress. We have achieved an 8% reduction in our carbon footprint since 2012.

Comparable Emissions (tCO2e)

Location based method



²⁷ CarbonNeutral® is the registered trademark of Natural Capital Partners and is a global standard to certify that businesses are able to report net zero emissions for their company, products, operations or services in accordance with The CarbonNeutral Protocol. CarbonNeutral® status achieved in December 2016

²⁸ Ricardo Energy & Environment January 2017. <http://www.ybs.co.uk/policies>



Solar power

A key emission reduction measure has been the installation of over 1,300 Solar panels at our Bradford and Peterborough offices with a generating capacity at peak of up to 350 MW – enough to continually operate 2,000 PCs or 50,000 energy efficient light bulbs, and reduce our carbon dioxide emissions by 160 tonnes per year.



100%
green
electricity
purchased

We have also refurbished our head office in Bradford to make it more energy-efficient, including:

- LED lighting installation to replace inefficient fluorescent lighting
- Retrofit of primary air-handling units with upgraded fans and motors
- Replacement of central chiller plant
- Reducing air leaks to improve thermal efficiency
- Installation of voltage optimisation units
- Installation of new high-efficiency gas boilers and calorifiers.

A number of our branches have also benefited from a refurbishment and upgrade programme, including:

- Installation of more efficient air conditioning systems
- LED lighting to both improve energy and quality of lighting
- Pilot installations of building management and remote energy management control systems.



Despite all of these improvements, we still consume a significant amount of energy. To reduce our carbon footprint further, we have procured green tariff electricity produced via solar, wind, hydro or other renewable sources since 2007. Our current contracts with Scottish Power and SSE provide electricity through 100% renewable sources, which are certified by the government's Renewable Energy Guarantees of Origin (REGO) scheme. This reduces our overall carbon footprint by almost 80% compared to the consumption of electricity produced from fossil fuels.

Our environmental footprint has been verified by Ricardo Energy & Environment and their verification statement can be viewed at ybs.co.uk/policies



CarbonNeutral.com

In 2016, we took our commitment to fighting climate change one step further by becoming certified as CarbonNeutral®, in line with the carbon neutral protocol. To achieve net zero emissions, we purchased green electricity and 2,176 TCO2e carbon offsets, split 50:50 across two certified Gold Standard projects, one in Vietnam - providing Household Agricultural Biogas - and the other in Uganda - providing improved cooking stoves for rural communities.

These projects were chosen as they deliver both the required carbon emission reductions and additional socio-economic benefits which align with our Society Matters objectives of providing life-changing support to people in challenging situations and helping local communities to thrive. These projects will provide financial security and economic growth to people who benefit from them, helping to alleviate poverty and provide a secure and sustainable energy source in the regions in which they are implemented.



We use a significant quantity of water as a business, approximately 38 million litres in 2016. This equates to 22.9 litres a day for every full time colleague, which whilst below the reported usage of many of our peers, we are keen to reduce further. The majority of water use is from our washrooms, catering facilities, cleaning activities, and gym and cyclist showers, most of which have low flow and sensor taps and water saving cisterns. As the water market will be de-regulated in 2017 our plan is to use a single supplier for our national water supply, followed by a review of our consumption, targeting higher usage locations. We will also begin to introduce data logging for key water-meters.

The waste generated across our operations includes confidential, mixed recyclable, general non-recyclable, non-hazardous electrical and electronic equipment, food, oil and grease (from catering), small quantities of hazardous and clinical, and other waste from building refurbishment such as furniture. All of our paper waste is destroyed confidentially and recycled. Other waste is segregated for recycling, re-use, bio-fuel or composting. In 2015 we diverted slightly over 80% of our waste from landfill, and by working with our contractors we have increased this to almost 90% in 2016. Our aspiration is to send zero waste to landfill by 2020.

Throughout 2017 we'll focus on reducing our use of materials and sourcing these from sustainable resources. In our recent projects we've fitted carpets made from recycled materials including recovered fishing nets and have used FSC-certified timber in our branch refurbishments.



90%
waste recycled



Raising awareness among colleagues

With more than 4,400 colleagues travelling to work every day it's vital that we actively promote sustainable travel choices to reduce transport pressure, vehicle emissions and to help colleagues reduce travel costs. Specific measures include:

1. Business Travel - low emission vehicles for the Group's car fleet - this will be further reviewed in 2017.
 - 96% of our vehicles emit less than 160gCO²/km
 - 86% of our vehicles emit less than 130gCO²/km
2. Air and Rail Travel - since 2014 we have booked our corporate travel through an external supplier, which enables us to accurately log each journey and the distances travelled and therefore determine the associated carbon emissions. This represents around 1% of our overall carbon footprint. We continue to reduce colleague travel by encouraging the use of tele and video-conferencing solutions, and discouraging non-essential travel.
3. Car Sharing - around 550 colleagues are registered with around 100 vehicles using Liftshare spaces.
4. Public Transport - we also promote the Cycle to Work scheme across YBS Group, and Metro Card public transport discounts in West Yorkshire.

Colleagues spent 1,695 hours volunteering to deliver valuable conservation and environmental improvement support in 2016. Activities included removing thousands of invasive non-native plants from local woodlands, cleaning beaches and canals, repairing and re-cycling bicycles, re-building walls and hedges, and planting new trees and gorse seedlings.



550
colleagues
car share

Biodiversity

Since May 2012 bee hives have made a home at our Bradford head office. Working with the Bradford Beekeepers Association, colleagues have helped to look after the bees, and harvested honey which has been used in our onsite restaurant.

In 2017 we are planning to undertake a baseline biodiversity survey of our office sites in Bradford, Peterborough and Cheltenham, and the associated land that we manage including over 4 hectares of mature woodland, small streams and numerous hedgerows.

OUR BUSINESS

Making a lasting positive impact on society needs to start from within. As a mutual organisation, operating in a responsible way is at the heart of everything we do. This is reflected in our investment strategy, which focuses predominately on residential mortgage lending to UK homeowners, funded primarily by retail savings deposits²⁹.

We have a number of policies in place to ensure we always behave in the right way and limit risks of things going wrong. To ensure our colleagues are familiar with our policies³⁰, we have procedures and a thorough training programme, including a comprehensive range of annual mandatory learnings. We review our performance and the adequacy of these policies, procedures and training through our corporate governance structure. Our Compliance function also provides independent and objective oversight in relation to how we treat our customers and financial crime risk. It also promotes a culture in which all colleagues are aware of their responsibility to comply with all laws and regulatory requirements, supporting them in delivering fair outcomes for customers as well as achieving the Group's strategic objectives.

A key part of being a responsible business is to foster strong relationships with our suppliers, based on trust and mutual support. To achieve this aim our supply chain function has both Procurement and Supplier Relationship Management teams dedicated to supporting our suppliers and ensuring that we treat them fairly. This includes processes to on-board and manage our supplier relationships with clear and ethical contracting and payment terms. In 2017 we will develop this further, by offering suppliers a self-service portal to engage directly with our supply chain teams and share information about suppliers' performance and commercial opportunities within YBS Group.

We also engage with government, local authorities and relevant European and international institutions, campaigning on issues that would directly benefit our members, defend the principles of mutuality or ensure the long term financial security of the Group. We make evidence-based, practical policy proposals for consideration by policy makers and the wider public, whilst remaining politically neutral and working on a fair and impartial basis.

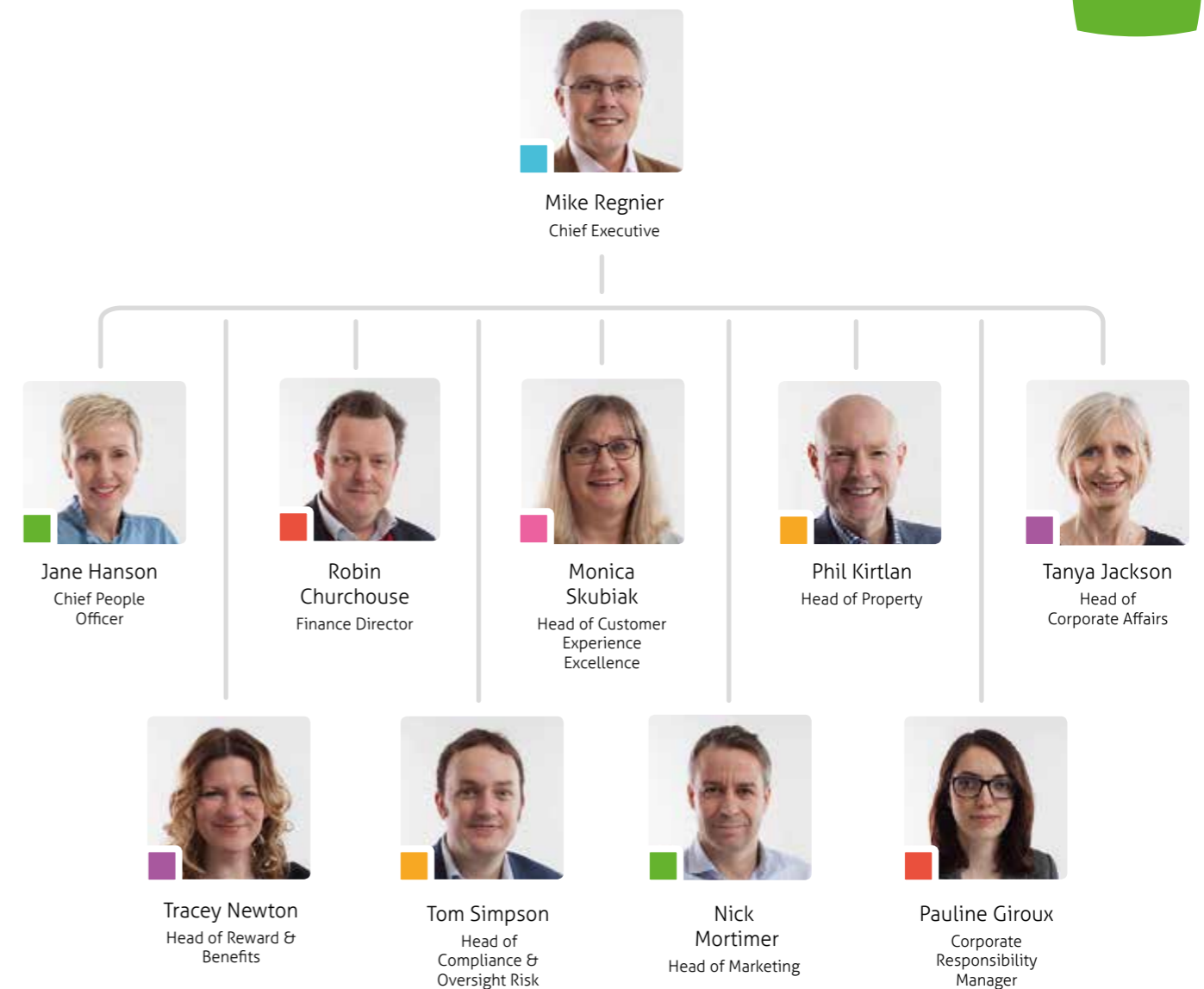
Although we are confident that our values, policies and processes ensure we operate in a way that positively impacts on society, we know that there is more that we can do. This is why in 2017 we aim to publish a full Ethical policy, summarising all that we stand for and how we intend to engage with our suppliers, partners and clients to work together to achieve progress in this area.

Governing our Society Matters strategy

The strategy is governed by a Committee chaired by the Chief Executive and is made up of chief officers and members of the senior leadership team. The committee meets six times a year and the Corporate Affairs function provides the secretariat support.

The role of the Committee is to set the ambition and direction of the Group's Society Matters strategy - and to ensure effective governance, decision making and progress monitoring. The Committee also provides appropriate visibility of plans and progress to the YBS Group Board and is responsible for regularly and transparently communicating to internal and external stakeholders.

Society Matters Committee



²⁹ We have a very limited role in commercial lending (i.e. only social housing which must be made to registered social landlords, and commercial mortgages which makes up about 1% of lending). On our treasury activity, we have limited cause for funds beyond a pool of investments to provide liquidity (i.e. ready access to funds) to support the residential mortgage lending and personal savings activities of the Group. The main element of this liquidity portfolio is placed on deposit at the Bank of England or held in investments that are primarily made up of debt issue by the UK Government or other financial institutions

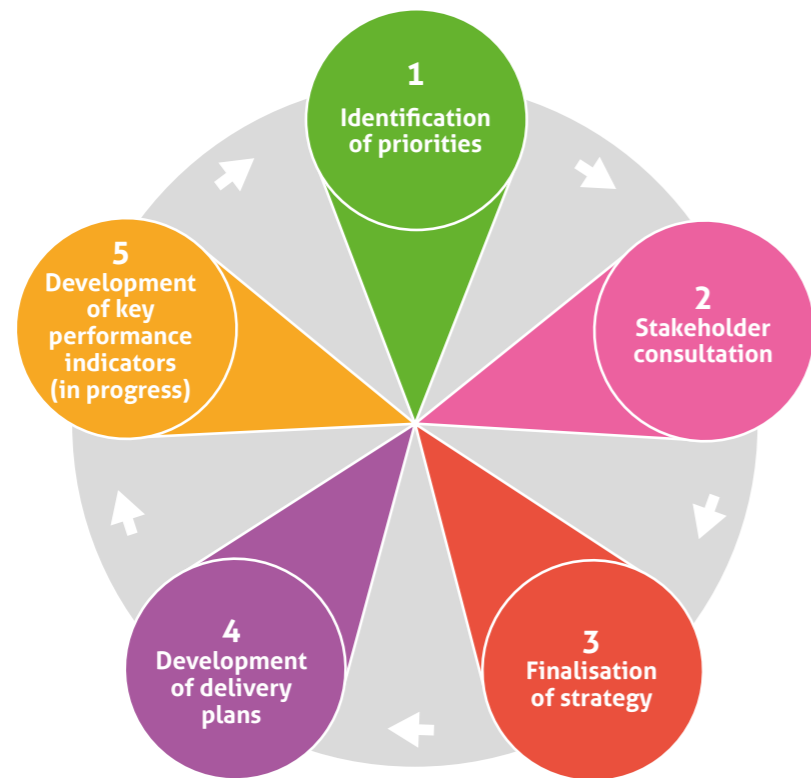
³⁰ To read more about our policies, please see <http://www.ybs.co.uk/policies>

ABOUT THE STRATEGY

As a mutual organisation, we were set up over 150 years ago with the clear social purpose to address the need of many working class people who were living in rented slums and in need of support to buy a home of their own. Home ownership in the mid-nineteenth century also provided the right for a man to have a vote.

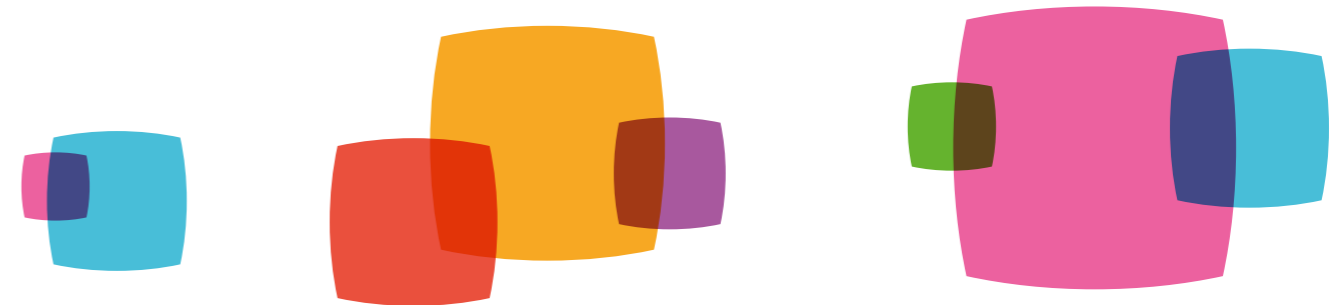
Although being able to vote is thankfully not tied to property ownership anymore, we still aim to make a lasting, positive impact on society, just as we did when we were first set up.

We therefore started the journey towards creating our new Society Matters strategy by following a five-stage process:



Following a review of the Global Reporting Initiative framework and the United Nations Sustainable Development Goals, we created a list of 12 priorities - all relevant to us as a mutual financial services organisation:

1. Demonstrably embedding Corporate Responsibility in the Group's values and all we do.
2. Promoting and selling financial products and services fairly.
3. Making it easy for disadvantaged people to gain access to financial services.
4. Treating all colleagues in a fair and respectful way and investing in their development.
5. Promoting diversity and providing equal opportunities in the workplace.
6. Meaningfully investing in supporting local communities to develop and thrive.
7. Offering a community programme that supports causes that members and colleagues care about.
8. Managing, reducing and mitigating the Group's environmental impacts.
9. Choosing partners and suppliers with shared values and principles.
10. Screening the Group's investments for environmental and social risks.
11. Considering environmental and social impacts and opportunities within product development.
12. Communicating transparently to external stakeholders about the Group's Corporate Responsibility activities.



We then conducted surveys, interviews and workshops with key stakeholders in order to gather feedback on these priorities. We did this with our colleagues, including the senior leadership team, customers, suppliers and journalists.

The research captured our stakeholders' views on the priorities selected, including the importance of each of them. This research demonstrated that the selected priorities were all important to all stakeholders:

Importance of Priorities³¹



Based on the results of the research, we grouped the priorities together under Customer, People, Community and Environment, to create the Society Matters strategy.

Each area of the Society Matters strategy is led by a member of the senior leadership team who, alongside key Chief Officers and led by our Chief Executive, form the Society Matters Committee. For more information on how the Society Matters strategy is governed please see pages 32 - 33.

One of the first tasks the Society Matters Committee undertook was refining our 12 priorities to ensure they were specific to YBS Group, resonated with our stakeholders and that progress on them could be measured. The final strategy is displayed on page 7.

Our focus now is on continuing to deliver on our plans for each of these priorities, as well as establishing how progress will be measured and reported.

Of course, the strategy will continue to evolve and be refined over time and we also intend to update our stakeholder research every two years.

³¹ Survey conducted amongst five stakeholder audiences on a 5-point scale so there is a maximum of 25 points per priority, as at April 2016. Data was extrapolated on priorities 1, 9, 10 and 11 for customer stakeholder group as these questions were not included in the survey

ABOUT THE REPORT

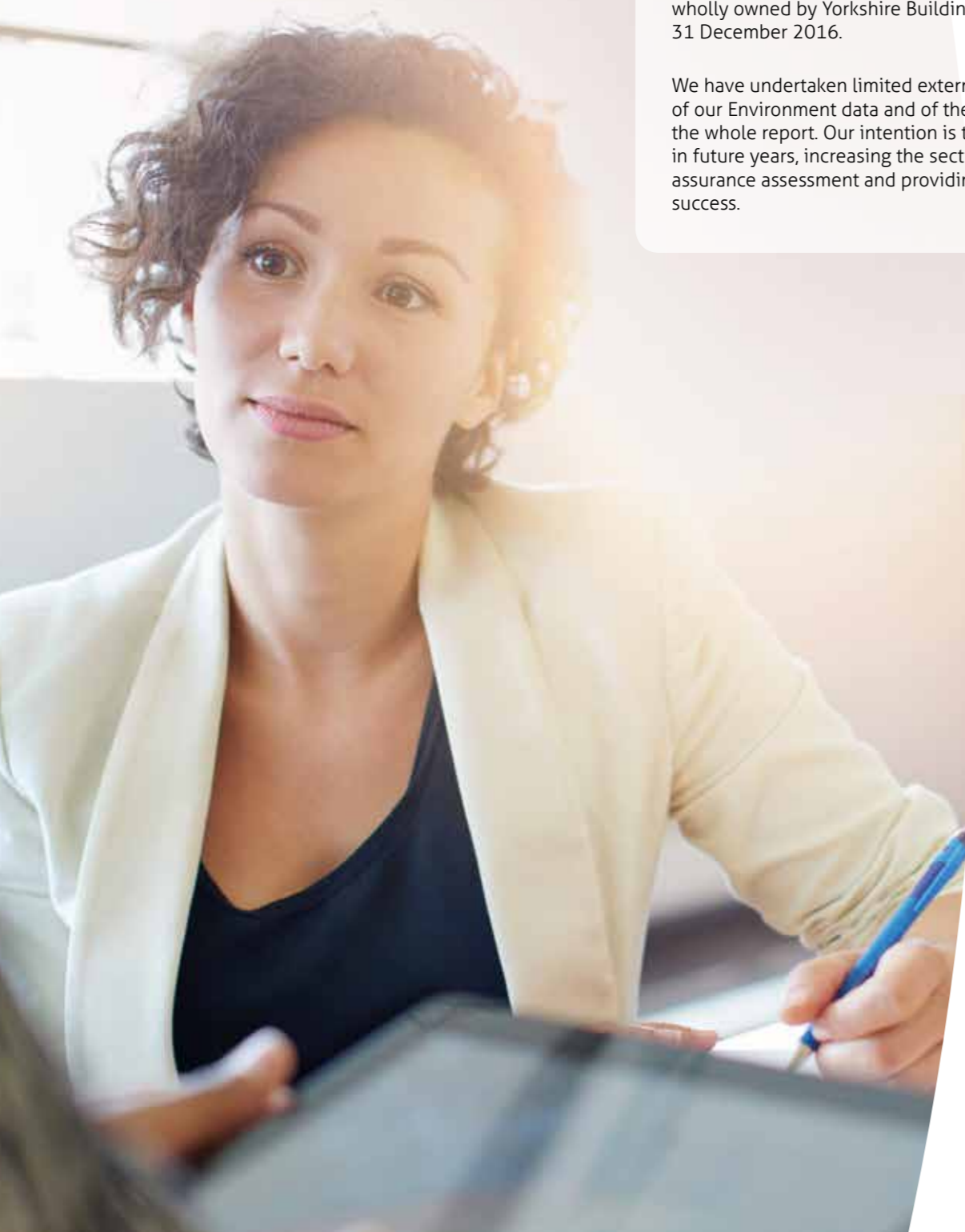


About the report

This report is our 2016 Society Matters Report, which launches the new Society Matters strategy and also gives an account of YBS Group's performance in 2016 across a range of social, ethical and environmental issues.

Performance relates to the year 1 January – 31 December 2016 (unless otherwise stated) and covers the businesses wholly owned by Yorkshire Building Society as of 31 December 2016.

We have undertaken limited external assurance assessment of our Environment data and of the commentary across the whole report. Our intention is to improve our reporting in future years, increasing the sections subjected to an assurance assessment and providing clear measures of success.



About Yorkshire Building Society

Yorkshire Building Society is the second largest building society in the UK. We have:



208 branches



100 agencies



assets of £39.6 billion



4,477 colleagues



3.24 million customers

References to 'YBS Group' or 'Yorkshire Group' refer to Yorkshire Building Society, the trading names under which it operates (Chelsea Building Society, the Chelsea, Norwich & Peterborough Building Society, N&P and Egg) and its subsidiary companies.

We operate only in the UK and our principle office is in Yorkshire.

Working with:



APPENDICES

Environment

Since 2012 we've achieved a carbon reduction using the location-based calculation (UK average emission factors) of 8% and a reduction of 82.5% using the market-based calculation (taking into account our purchase of electricity from renewable sources).



Table 1 - location based carbon footprint

YBS Carbon Emission 2012-2016 (in tCO₂e) calculated using the location based methodology as verified by Ricardo AEA Limited

| Scope 1 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|---------------|--------------|
| Natural gas consumption | 1,446 | 1,480 | 1,315 | 1,290 | 1,233 |
| Company cars and private cars | 196 | 223 | 344 | 441 | 523 |
| Total scope 1 | 1,662 | 1,703 | 1,660 | 1,731 | 1,755 |
| Scope 2 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Electricity emissions | 7,868 | 8,076 | 8,439 | 7,465 | 6,530 |
| Total scope 2 | 7,868 | 8,076 | 8,439 | 7,465 | 6,530 |
| Scope 3 | 2012 | 2013 | 2014 | 2015 | 2016 |
| T&D electricity | 622 | 691 | 738 | 616 | 591 |
| Private car mileage for company travel | - | - | - | 121 | 221 |
| Staff travel - Rail | - | - | - | 104 | 106 |
| Staff travel - Aviation | - | - | - | 37 | 34 |
| Waste recycling | - | - | - | 15 | 17 |
| Waste landfill | - | - | - | 5 | 9 |
| Water supply and treatment | 28 | 39 | 39 | 42 | 33 |
| Total scope 3 | 650 | 730 | 777 | 941 | 1,011 |
| Total footprint | 10,180 | 10,509 | 10,875 | 10,136 | 9,297 |

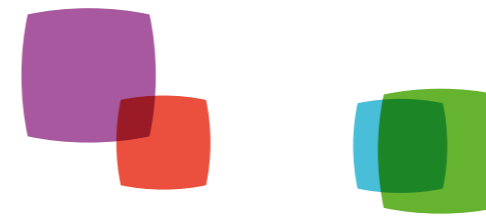


Table 2 - market based carbon footprint

YBS Carbon Emission 2012-2016 (in tCO₂e) calculated using the market-based methodology as verified by Ricardo AEA Limited

| Scope 1 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|--------------|--------------|
| Natural gas consumption | 1,446 | 1,480 | 1,315 | 1,290 | 1,233 |
| Company cars and private cars | 196 | 223 | 344 | 441 | 523 |
| Total scope 1 | 1,662 | 1,703 | 1,660 | 1,731 | 1,755 |
| Scope 2 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Electricity emissions | 7,868 | 8,076 | 8,439 | 0* | 0* |
| Total scope 2 | 7,868 | 8,076 | 8,439 | 0* | 0* |
| Scope 3 | 2012 | 2013 | 2014 | 2015 | 2016 |
| T&D electricity | 622 | 691 | 738 | 0 | 0 |
| Private car mileage for company travel | - | - | - | 121 | 221 |
| Staff travel - Rail | - | - | - | 104 | 106 |
| Staff travel - Aviation | - | - | - | 37 | 34 |
| Waste recycling | - | - | - | 15 | 17 |
| Waste landfill | - | - | - | 5 | 9 |
| Water supply and treatment | 28 | 39 | 39 | 42 | 33 |
| Total scope 3 | 28 | 39 | 39 | 324 | 420 |
| Total footprint | 10,180 | 10,509 | 10,875 | 2,055 | 2,176 |

- Data not available

* Due to the purchase of green electricity



Our printed material is available in alternative formats e.g. large print, Braille or audio.

Please contact your local branch or call us on **0345 1200 100**.

All communications with us may be monitored/recorded to improve the quality of our service and for your protection and security. Calls to 03 numbers are charged at the same standard network rate as 01 or 02 landline numbers, even when calling from a mobile.

References to 'YBS Group' or 'Yorkshire Group' refer to Yorkshire Building Society, the trading names under which it operates (Chelsea Building Society, the Chelsea, Norwich & Peterborough Building Society, N&P and Egg) and its subsidiary companies. Yorkshire Building Society is a member of the Building Societies Association and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Yorkshire Building Society is entered in the Financial Services Register and its registration number is 106085. Head Office: Yorkshire House, Yorkshire Drive, Bradford BD5 8LJ.

Marie Cure Cancer Care, Registered Charity No. 207994 in England and Wales, Sco38731 in Scotland.

Yorkshire Building Society Charitable Foundation Registered Charity No: 1069082.

Small Change Big Difference ® is a registered trademark of Yorkshire Building Society.

Small Change Big Difference provides the majority of the Yorkshire Building Society Charitable Foundation's funding. Contributions never exceed 99p per account, per year. Annual interest accounts, the donation is taken in March. Monthly interest accounts the donation is taken in June. Mortgage donations are taken in December.

End Youth Homelessness (EYH) is a national movement of local charities working together to end youth homelessness in the UK. EYH trades through its designated Administrator, Centrepont (charity number 292411).

The Silver Line Helpline is registered in England & Wales as a Charity with number 1147330 & as a Company limited by guarantee with number 08000807. Also registered in Scotland as Charity number SCO44467. Registered office address: 40 Queen Anne Street, London W1G 9EL.

Ahead Partnership is a social enterprise that connects businesses and communities to create social and economic change. Registered office 1 Park Row, Leeds LS1 5AB Company number 5687891.

Be a Trustee helps skilled professionals to join the boards of charities across the UK. Their programmes enable employees to share and develop their skills, and charities to gain a new committed board member with skills and their companies' support.

The EBP (Education Business Partnership Lincoln) is a social enterprise developing the skills of young people, supporting young people across the country, helping them develop the skills they need to thrive. The Lincolnshire & Rutland Education Business Partnership, Trading as The EBP 2013-2017. A company limited by guarantee, registered in England 4190289.

Royal National Institute of Blind People (RNIB) is a charity aiming to make daily life better for people affected by sight loss. Registered Charity Number 226227 (England and Wales) and SCO39316 (Scotland).

