

Yorkshire Building Society





SOCIETY MATTERS REPORT 2017

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

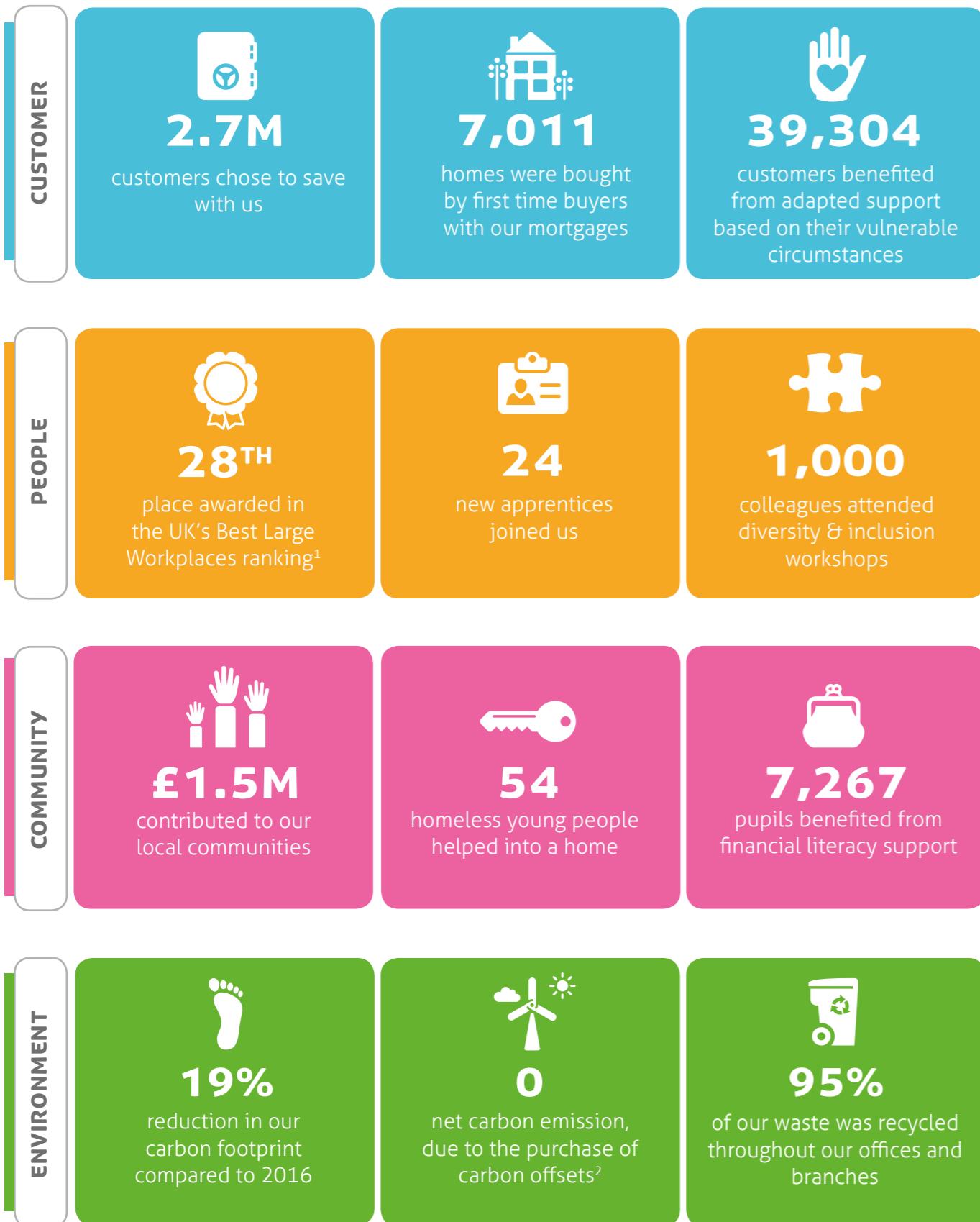




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HIGHLIGHTS



¹ Great Place To Work - UK's Best Workplaces: Large Category 2017 (2017). greatplacetowork.co.uk/best-workplaces/best-workplaces-in-the-uk-large-category

² In line with the Carbon Neutral Protocol. More information can be found here: carbonneutral.com/the-protocol

AWARDS RECEIVED IN 2017

Customer	
Moneynet Personal Finance Awards 2017	Best First Time Buyer Mortgage Provider
Moneynet Personal Finance Awards 2017	Best Offset Mortgage Provider
Moneynet Personal Finance Awards 2017	Best Fixed Rate Mortgage Provider (N&P)
Moneyfacts Consumer Awards 2017	First-Time Mortgage Buyers' Choice
Moneywise Mortgage Awards	Best Lender for Discounted Rates
Moneywise Mortgage Awards	Best Lender for First Time Buyers
Moneyfacts Awards 2017	Best Building Society Mortgage Provider
What Mortgage Awards	Best Offset Mortgage Lender
Annual LSL Group Awards	Most Improved Lender (Accord)
Financial Adviser Service Awards 2017	Most Improved Lender (Accord)
Trinity Financial Awards	Most Improved Lender (Accord)
Mortgage Advice Bureau Awards 2017	The Relationship Award (Accord)
Your Mortgage Awards	Best Intermediary Mortgage Lender (Accord)
Mortgage Finance Gazette Awards 2018	Best Buy-To-Let Lender (Accord)
Mortgage Finance Gazette Awards 2018	Best Customer Service / Treating Customers Fairly (Accord)
Northern E-commerce Awards	Financial Services Ecommerce Website of the Year (Accord)
Northern E-commerce Awards	Best Online Experience (Accord)
Collections & Customer Service Awards	Transformation Programme of the Year
Process Network Excellence Awards 2017	Best Process Improvement Programme Under 2 Years
Process Network Excellence Awards 2017	Best Process Improvement Project Under 90 Days
Chartered institute of Public Relations Yorkshire & Lincolnshire PRide Awards	Best Use of Media Relations
Community	
Charity Times Awards 2017	Corporate National Partnership of the Year with a Financial Institution
PRmoment Awards 2017	Low Budget Campaign of the Year - In-House
Chartered institute of Public Relations Yorkshire & Lincolnshire PRide Awards	Low Budget Campaign
Society Matters	
Mortgage Finance Gazette Awards 2018	Corporate Social Responsibility

WELCOME FROM MIKE

Yorkshire Building Society was founded more than 150 years ago with a strong ethos that continues to run through the heart of our organisation today.



As a mutual, we are not owned by external shareholders but by our customers, who are members of our Society. We exist for the benefit of our members, to provide real help with their real lives. This means being there for them through the different stages of their lives and responding with practical solutions and empathy. Our Society Matters strategy helps us to deliver this.

In this report we demonstrate our continued commitment to doing the right thing for our members, colleagues, local communities and the environment. We have achieved some great things in the last year, including:

- Supporting homeownership by financing more than 7,000 home loans to help first time buyers get on to the property ladder
- Being recognised amongst the UK's Best Large Workplaces³ based on an assessment of colleague trust and engagement
- Launching a new three-year partnership with End Youth Homelessness to help 700 homeless young people move into their own homes.

During 2017 we went back to basics to focus on our heritage – helping our members buy a home of their own and save for their futures. This meant making decisions about our brands and high street network that were difficult for some of our members and colleagues, but necessary for us to improve the value we provide overall and to secure our long-term sustainability and relevance in a rapidly-changing world.

The changes we have made will enable us to improve the service and value we provide to members, ensuring we adapt to their current and future needs. We are supporting our members and colleagues through these changes and are doing all that we can to minimise the impact.

Thank you for your continued support,

Mike Regnier
Chief Executive, Yorkshire Building Society Group

³ Yorkshire Building Society was ranked 28th best Large Workplace. More information can be found here: greatplacetowork.co.uk/best-workplaces/about-applying-to-best-companies-lists

Society Matters strategy

Focus areas	Vision	Priorities
Customer	We will be market-leading for financial inclusion and deliver tailored outcomes for all customers.	<ol 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.	<ol 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.	<ol 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.	<ol 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.		<ol 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.

GET IN TOUCH

We are a mutual organisation and your views matter. You can get in touch at corporateresponsibility@ybs.co.uk or speak to a colleague in your local branch or agency⁴. We will continue to provide updates on our progress throughout the year, which you can see by visiting ybs.co.uk/societymatters.

⁴ Agencies are independent businesses, such as estate agents or solicitors, which offer Yorkshire Building Society savings accounts and manage savings transactions. We carefully select businesses to act as local agencies on our behalf.

CUSTOMER

We provide real help with real lives, enabling people to buy their own home and save for what's important to them.



Our ambition is to be market-leading for financial inclusion and deliver tailored outcomes for all customers by:

1

Enabling all individuals to save by offering a variety of options to suit their specific needs

2

Supporting customers through every step of their journey to have a place to call home

3

Providing adapted support to customers in challenging situations

KEY HIGHLIGHTS


2.7M
customers chose to save with us


7,011
homes were bought by first time buyers with our mortgages


39,304
customers benefited from adapted support based on their vulnerable circumstances

ENABLING ALL INDIVIDUALS TO SAVE

As a mutual organisation, we are totally committed to providing good long-term value to our members. Our average savings rate in 2017 was 0.28% better than the rest of the market average⁵. Additionally, when the Bank Rate increased we were one of the first financial providers to commit to passing on the full 0.25% rise to all our savers with a variable rate account. In 2017, we opened 193,000 new savings accounts, supporting our existing customers and more than 68,000 new customers to save for their futures.

We believe passionately in encouraging the habit of regular saving, but we know that this isn't always easy. Four in ten working-age people across the UK lack a savings buffer⁶, with less than £100 available to them at any time. We aim to foresee and address the financial challenges savers face by providing adapted products and services that we believe will help.

This includes easy access accounts which give savers the option to withdraw their money whenever they like or need, perhaps to help with life's unexpected situations. Our regular savings account encourages customers to develop healthy savings habits by requiring regular deposits and our fixed rate options provide customers with a safe place to deposit their money over a set period of time. We also offer children's accounts to help young savers get into the habit of saving early⁷.

In April 2017 we introduced new flexibility on our Cash ISAs (Individual Savings Accounts), which give tax-free saving up to certain annual limits. Customers can now choose to replace any savings they have withdrawn from a Cash ISA within the same tax year without it counting towards their annual ISA allowance, in order to maximise their tax-free savings. We also introduced a Help to Buy ISA specifically designed to allow eligible first time buyers to apply for a Government bonus, giving them a financial boost as they take their first step on the housing ladder.

16.8m

WORKING-AGED
BRITONS HAVE LESS
THAN £100
IN SAVINGS⁶

193k

NEW SAVINGS
ACCOUNTS OPENED
FOR EXISTING AND NEW
CUSTOMERS

SAVING FOR SPECIAL OCCASIONS

Mother-of-two Joanna Thomas, from Bradford, saves with us regularly throughout the year to help cover the costs of a busy December. With six family birthdays as well as Christmas falling during that period, putting away up to £100 a month provides her with a healthy pot come the end of the year.

Joanna said: **"I've got a hectic December with lots of celebrations on top of Christmas so saving all year helps cover the cost. I put money away by standing order so I don't even notice it really, and when I have any left over each month, I top it up separately. It gives me peace of mind and means by the time we get to the party season I can enjoy it without worrying about how I'm going to afford it."**

The majority of our accounts can be opened and managed either in branch or online, giving our customers the flexibility to do business with us in a way that suits them.

Throughout 2017 we have continued to deliver on our savings pledges, which underline our commitment to be open with savers; maintain the availability of products; offer savings checks so a customer knows their money is still in the right account for them and treat new and existing customers equally. Thanks to our savings pledges:

- 68,145 customers have benefitted from a face-to-face savings review in 2017 to make sure their money is working as hard as it can for them
- 44,080 customers have signed up for our savings alerts, giving them the opportunity to find out about newly launched savings accounts first and reserve any they may be interested in⁸.

YBS Share Plans has more than 37 years' experience of providing and administering employee share plans for its corporate clients. These plans enable companies to offer their employees a way to save and invest in company shares through regular payroll contributions. YBS Share Plans currently supports approximately 217,000 employees across 184 companies. A recent survey⁹ of YBS Share Plans customers revealed:

- 92% of customers liked the ease of making payments directly from their salary

⁵ Average rates are based on savings stock from CACI's Current Account & Savings Database (CSDB) which covers 86% of the retail savings market (based on stock value). Data period January - October 2017.

⁶ Money Advice Service - Low saving levels put millions at financial risk (2016). Available from: moneyadvice.service.org.uk/en/corporate/press-release-low-savings-levels-put-millions-at-financial-risk

⁷ Investment limits and access restrictions may apply to savings accounts. These will be detailed in each product factsheet.

⁸ Based on figures since the launch of Savings Pledges. Data period: October 2015 - December 2017.

- 65% of customers for whom their Share Plans account is their only form of savings said they would spend most or all of this money if they didn't have this account.

In 2018 we will work with Salary Finance¹⁰ to offer companies a simple and easy way for their employees to save money directly from their salaries into an instant-access account which can be managed entirely online. This could potentially benefit a further 25 million¹¹ savers across listed, unlisted and public sector organisations. Through the Salary Finance scheme, individuals can vary how much they would like to save each month and set savings goals that are personal to them. Employees also receive access to online financial education resources and planning tools, to ensure they feel confident about managing their money and are supported throughout. This new service will make regular saving and managing savings easier and more convenient, which we believe is how we can help people develop good, long-term savings habits and protect themselves against future financial shocks.

⁹ Study conducted by Professor Andrew Pendleton (Durham University Business School) and Professor Andrew Robinson (Leeds University Business School) in conjunction with YBS.

¹⁰ Salary Finance is an employee benefit which helps staff to improve their financial health. More information can be found here: salaryfinance.com

¹¹ Office of National Statistics - UK Labour Market September 2017 (2017). Available from: ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2017

PROVIDING FLEXIBLE MORTGAGES

Simon Luckings from Bury St Edmunds wanted to make his savings work harder for him in the current low interest rate environment, so opted for an offset mortgage.

The 30-year-old, who manages his family's business - a commercial landscaping company - bought his first home aged 20, with the help of his parents. At the time he took out a 35-year term mortgage with a competitor, but when he moved back into the property in October 2015 after renting it out he had a bit of a shock at the cost of the repayments and decided to shop around for a better deal. Simon chose a two-year, 1.39% fixed rate offset mortgage with Yorkshire Building Society.

"As I already had some savings with Yorkshire Building Society, an offset mortgage made sense," says Simon. **"I was able to secure a very competitive deal which left me a lot better off financially. This mortgage has also enabled me to reduce the term of my loan by 10 years and if I maintain the level of savings I currently have, the term could reduce even further. This could be a real game-changer for me, as I could potentially have paid off my mortgage in my mid-forties, having saved thousands of pounds in mortgage interest payments."**

SUPPORTING PEOPLE TO HAVE A PLACE TO CALL HOME

We have been offering mortgages for 150 years. It was the reason our business was created: to provide borrowing members with mortgages supported by savings members. Today our customers face average house prices that are almost eight times average earnings¹³ - an all-time high. Difficulty getting on and moving up the housing ladder is a reality for many people¹⁴. The Council of Mortgage Lenders (CML) predicts that by 2020 only a quarter of 30-year-olds will own their own home compared to more than half of the generation currently approaching retirement. To better understand and address this concern, we have conducted first time buyer research¹⁵ for the past two years, which showed that young people remain optimistic about the prospect of owning a property and that it continues to be very important to them:

- 56% are currently saving money to buy their first property
- 65% believe it was likely or very likely that they would become homeowners
- 56% said that buying a property was "essential" to feeling that they had succeeded in life.



In 2017 we helped home owners by providing 36,064 mortgages. This included 7,011 mortgages to first time buyers, enabling 11,014 people to take their first step on the property ladder. Our aim is to make sure the mortgages we provide are a perfect fit for our customers' needs. Throughout the year we have consistently offered a choice of market-leading rates, across varying loan-to-values and terms, which are designed to help keep customers' monthly mortgage repayments low. For instance, we launched the lowest ever mortgage rate available in the UK at 0.87% to borrowers with a 35% deposit. We also offered one of the lowest two-year fixed rate mortgages for first time buyers with a 5% deposit at a rate of 3.25%.

Our Offset and Offset Plus mortgages are designed to help customers make the most of their money, supporting both first time buyers and those moving up the housing ladder. Offset mortgages provide the opportunity to use savings to reduce the cost of the mortgage, meaning that instead of earning interest on savings the interest charged on the mortgage is reduced. Borrowers have the flexibility to choose to reduce the length of time it takes to repay the mortgage or to lower monthly payments now or in the future, whilst at the same time being able to deposit more savings and make withdrawals. Our Offset Plus mortgage is a simple way of allowing parents and grandparents to use their savings to help reduce the mortgage repayments of their children or grandchildren, whilst ensuring they still have full access to their savings should they need them.

We understand that life is not linear, which means sometimes people need more flexibility with their mortgage. This is why we have increased the flexibility within our lending criteria so we are able to cater for a broader group of customers and their individual needs. For instance, based on feedback from our customers, in 2017 we introduced a number of competitive mortgages without any early repayment charges. As times change, we aim to ensure our mortgage products change too. For example, variable working patterns are becoming common place, with a growing number of people working as contractors or self-employed, for whom getting a mortgage can be difficult. With this in mind, we launched a new mortgage designed for contractors, which helped 270 customers, whom we previously may not have been able to offer a mortgage to. Following this success we are now looking to extend the offer to more people with variable income in 2018.

We identified a need to look after interest-only customers, many of whom at the end of their mortgage term do not, or cannot, repay their outstanding balance. In many cases these borrowers wish to stay in their home. Whilst we look at all available options for customers, we cannot always offer the solutions they need. This is particularly the case if a lifetime mortgage or equity release is required, which are specialised solutions that the Group is not qualified to advise on. As a result, in order to ensure that we provide the support these customers need, we joined forces with Age Partnership which provides independent advice specifically to people in this situation. To help our customers further we allow extra time for them to find the most appropriate solution for their circumstances. Our relationship with Age Partnership also means that our customers do not incur the cost of the advice fee, typically £1,295. In the first nine months of the relationship 140 customers have benefited from this support.

CAMPAINING FOR STAMP DUTY REFORMS

As a building society we are always looking for genuine solutions to help address the issues that affect people buying a home of their own. This is why we welcomed the Government's changes to the Stamp Duty Land Tax, removing the burden for all first time buyers purchasing a home up to £300,000. We were pleased to see this measure taken as in recent years we have campaigned for the reform of stamp duty, suggesting it is replaced with a residential property sales tax, paid by the seller rather than the buyer. This would have reduced the taxation burden for home purchasers buying a more expensive property as well as removing it entirely for all first time buyers, going a few steps further than the recent changes. We will continue to campaign for Government policy improvements to support the home ownership aspirations of our current and future members.

887

MENTIONS IN MORTGAGE BEST BUY TABLES¹²

2,279

CUSTOMERS HELPED THEIR LOVED ONES WITH OUR OFFSET PLUS MORTGAGES

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

¹² Presswatch Financial from Kantar Media: January 2017 – December 2017.

¹³ Moneywise - UK house prices eight times average wage (2017). Available from: www.moneywise.co.uk/news/2016-10-12/uk-house-prices-eight-times-average-wage

¹⁴ Council of Mortgage Lenders - The challenge facing first-time buyer (2015). Available from: cml.org.uk/news/news-and-views/723

¹⁵ YBS - First-time buyers 2017 (2017). Available from: ybs.co.uk/pdf/news/first-time-buyer-report.pdf



OUR CUSTOMERS' NEEDS COME FIRST

One of our mortgage customers had been struggling to meet her mortgage repayments since she was diagnosed with cancer. Her illness had advanced to being incurable, so she wanted to remain in the comfort of her home as she could not face the prospect of moving. She came to us to ask if she could move to an interest only mortgage. Not only did we agree to move her onto a new interest only mortgage, with the lowest available rate, but considering her special circumstances, we decided to waive all fees, including any that would arise when the property is sold.



PROVIDE ADAPTED SUPPORT TO CUSTOMERS

We aim to help customers who experience vulnerable circumstances or characteristics that may affect their ability to manage finances. To do so, we have established a specialist team, whose role is to assess and understand the needs of our potentially vulnerable customers and help our colleagues provide the right support.

We conducted research to help us understand the expectations our customers have on how we support those with vulnerability. They said they want us to:

- Provide direct access to colleagues who are able to help
- Be sensitive, taking into account each customer's situation
- Protect vulnerable customers from fraud through rigorous account security.

We have invested in specialist training to help our colleagues be more proactive in identifying customers that may need help and appropriately directing them to suitable specialist support. Customers with difficulties

caused by specific circumstances, such as illness, are given advice on charities and other organisations that can help with their particular issue. We also signpost customers who are struggling financially to the Money Advice Trust¹⁶, a charity that supports people across the UK to tackle their debts and manage their money wisely. Our current charity partner, End Youth Homelessness, is also helping to increase our specialist team's awareness and understanding of both the causes and signs of homelessness, and how we can support people in these circumstances.

We are proud to support Anchor¹⁷ campaign 'Standing Up 4 Sitting Down', which highlights that older people would be more likely to visit service providers if more seating was available. We have chairs in all our branches, ensuring that seating is available for anyone who needs it, and have

¹⁶ The Money Advice Trust operates National Debtline which offers free debt advice and support, and Business Debtline which advises self-employed people on both business and personal finances. More information can be found here: moneyadvicetrust.org/howweare

over 100 branches that have two or more seats that older people can use to have a rest while out and about in our communities. It is important to us that our customers can retain their independence, which can help tackle loneliness and isolation. Going forward we will also look to increase seating during branch refurbishments in support of the campaign.

To complement the service we have in branches and in our telephone call centres, we've introduced a simple way for customers to let us know about any support they need through our website¹⁸. In 2018 we will focus on supporting our customers to improve their account security and on reviewing how we work with trusted third parties so we can continue to provide better customer service.

¹⁷ More information can be found here: anchor.org.uk/media-centre/campaigns/standing-up-4-sitting-down

¹⁸ More information can be found here: ybs.co.uk/societymatters/get-involved

SUPPORTING THROUGH CHANGE

In 2017 we announced some branch closures and the withdrawal of our current account, to allow us to concentrate on our core businesses of mortgages and savings, offering good long term value to members and delivering excellent customer service. We acknowledged that additional support would be required for customers who needed to take action following these changes.

To minimise the impact of the current account withdrawal, we worked closely with other financial services organisations to make the transition as easy as possible for our customers. For vulnerable customers whose local branch was closing, we took additional steps, including a programme of proactive telephone calls, to ensure they were aware of the timings of the branch closures and supported in identifying their alternative closest branch or agency. We also supported colleagues through the change and provided them with additional training so they were able to offer appropriate assistance to those impacted.

PEOPLE

Our colleagues play a vital role in everything we do; in return we make sure that they feel respected, valued and proud to work for YBS Group.



Our ambition is to be a leading employer by:

4

Developing a 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

KEY HIGHLIGHTS



28TH

place awarded in the UK's Best Large Workplaces ranking¹⁹



24

new apprentices joined us



1,000

colleagues attended diversity & inclusion workshops

¹⁹ Great Place To Work - UK's Best Workplaces: Large Category 2017 (2017). Available from: greatplacetowork.co.uk/best-workplaces/best-workplaces-in-the-uk-large-category

SUPPORTING AND ENGAGING ALL COLLEAGUES

In our first year of entering the Best Workplace™ Awards, we were recognised as one of the UK's Best Large Workplaces alongside a range of household names, such as Hilton and Admiral Group. The results were based on an anonymous colleague survey and a culture audit carried out by Great Place to Work®. The insight allowed us to gain a better understanding about how it feels to work for YBS Group and how we can support colleagues further. We believe that by investing in our colleagues we can help them to thrive, and in turn provide brilliant customer service. This is especially key in times of change, which is something a number of our colleagues experienced this year.

As a result of a number of branch closures and the withdrawal of our current account, 310 colleagues working in those areas were put at risk of redundancy. Whilst this was a difficult time for everyone involved, we worked hard to support our colleagues by:

- Establishing a dedicated redeployment team, with the sole focus of finding colleagues new roles within YBS, which we successfully achieved for 51 colleagues at risk of redundancy
- Working with Nottingham Building Society (NBS) to ensure their vacancies were presented to our branch colleagues facing redundancies, which led to 23 of them being offered a role
- Creating a career portal to help colleagues secure a new role, within the Group or elsewhere, by providing guidance and support with CV writing, interview skills and learning courses to help them develop in areas of interest
- Giving colleagues access to one-to-one career planning sessions from professional career coach network LHH Penna and to a 24-hour Employee Assistance Helpline to provide legal advice and counselling.

Our second annual colleague survey run by Great Place to Work was completed towards the end of 2017 and brought results that were reflective of the scale of change within the organisation. Overall colleague engagement reduced to 68%, from 77% in 2016. Whilst this still compares favourably to average engagement in large organisations (57%), we have made a clear commitment to address the issues raised by our colleagues. We will be working in particular to enhance colleagues' understanding of our business direction by providing more regular updates on our strategy, what we are seeking to achieve and the progress we are making. We are also planning to hold a series of events in 2018 to discuss our strategic direction directly with colleague representatives from all areas of the business. The survey included some positive highlights, with the two highest scoring areas relating strongly to our Society Matters strategy:

- 86% of colleagues said they were treated fairly regardless of age, race or ethnic origin, gender or sexual orientation
- 85% of colleagues said they feel good about the ways we contribute to the community.

In 2017 we introduced a new wellbeing programme, which aims to help our colleagues stay well and support them when they aren't. To make sure that our approach is effective, we based it on feedback from over 800 colleagues collated through interviews and surveys, along with insights taken from our absence data. In the programme's first year:

- 1,200 colleagues accessed support through our 'My Wellbeing' intranet hub
- 885 colleagues signed up to Unmind, an online platform providing mental health support for colleagues, leading to improved sleep, reduced stress and increased happiness
- 100 colleagues participated in workshops to help them become more resilient, especially in periods of change.

1 IN 4
PEOPLE IN THE
UK EXPERIENCE A
MENTAL HEALTH
PROBLEM EACH
YEAR

COLLEAGUES SHARE STORIES ABOUT MENTAL HEALTH

Mental health remains an important topic with 1 in 4 people in the UK experiencing a mental health problem each year²⁰. As such, mental health is a key focus of our wellbeing programme.

One of the most powerful actions an organisation can take is to destigmatise mental health by getting colleagues talking about it.

We have published blogs and videos about mental health on our intranet, which have encouraged colleagues across the Group to share their personal experiences including one of our Directors, Chris Field, and a Chief Officer, Charles Canning.

Charles Canning, said: **"Being open with colleagues and sharing how I feel at times has not only helped me personally but I hope has also encouraged colleagues to realise that it is OK to sometimes feel vulnerable. It does not make you a poor leader and in fact can be turned into a real positive."**



We are proud to have signed the Time to Change²¹ Employer Pledge as confirmation of what we've done so far and our commitment to the wellbeing of all our colleagues. Our colleagues' feedback on the wellbeing programme has been really positive. Jonny Clamp, Customer Consultant in our Huddersfield branch, said: **"The thing that has made the world of difference to me is Unmind. It is seriously incredible, I use it every day and it's changed my life."**

In 2018, we will focus on a review of our absence policy and procedures, mental health awareness activities for all colleagues and a bespoke 'Managing Mental Health at Work' training programme. This training programme has been developed for us by national mental health charity Mental Health Foundation²² and will be offered to all people managers in the business.

885
COLLEAGUES
SIGNED UP TO
UNMIND

1,200
COLLEAGUES
ACCESSED
WELLBEING
SUPPORT

²⁰ Mental health facts and statistics (2017). Available from: mind.org.uk/information-support/types-of-mental-health-problems/statistics-and-facts-about-mental-health/how-common-are-mental-health-problems/#one

²¹ Time to Change is a mental health campaign in England, with the objective of reducing mental health-related stigma and discrimination. More information can be found here: time-to-change.org.uk

²² Mental Health Foundation's vision is for a world with good mental health. They help people understand, protect and sustain their mental health. More information can be found here: mentalhealth.org.uk



We also continued working towards our diversity and inclusion ambition, to foster an inclusive environment where everyone can contribute to the Group's success by:

- Hosting a variety of educational workshops, ranging from a basic introduction to diversity and inclusion, which was attended by 1,000 colleagues, to inclusive leadership sessions
- Creating an inclusive recruitment website adapted for candidates with diverse accessibility needs
- Investing in prayer and relaxation room facilities in our head office in Bradford, similar to our existing facilities in our Leeds office
- 66 colleagues becoming 'agents of change', our diversity champions located across the business, who help promote diversity and inclusion throughout YBS Group.

We have also set up a Diversity and Inclusion Advocacy Forum to keep the agenda at the heart of what we do and we have sponsored a number of events celebrating diversity in the community, including the Bradford Festival and Leeds Pride. The latter included changing our logo to rainbow colours and raising awareness on social media using #prideinoursociety, which turned into the most successful social media campaign of the year for the Group.

The National Centre for Diversity²³, through the Investors in Diversity accreditation process, is helping us to understand how well fairness, respect, equality, diversity and inclusion are embedded in the way we operate day to day. A total of 1,246 colleagues answered their survey, with some encouraging results as well as areas for improvement:

- 65% of colleagues said they'd attended some form of diversity and inclusion training over last 12 months
- 90% of colleagues think YBS Group is accepting of people whatever their background

²³ The National Centre for Diversity aims to advance Equality, Diversity and Inclusion (EDI) to ensure fairness for all. More information can be found here: nationalcentrefordiversity.com

FINDING THE BALANCE

We understand the importance of a good work-life balance and we are keen to support colleagues to work more flexibly. In May 2017 we launched 'Finding the Balance', bringing all of our family and flexible working policies together.

As part of this, we improved our flexible working policy and provided training and coaching to help line managers support their teams to work in different ways. We also looked at the financial impact of taking care of a family and have increased the support given to new parents, in the form of enhanced paternity and maternity pay, and to carers, by introducing paid leave for caring responsibilities.

Stephen Grimwade, Business Architect, took paternity leave this year. He said: **"I'm really pleased with the new family friendly policy which meant I could take extra paternity leave. Having talked with friends who work at different organisations our benefits are amongst the best."**

Since the launch of Finding the Balance, over 750 colleagues have benefited from our family-friendly policies, including enhanced leave and flexible working. These changes have been recognised externally, with YBS Group being named as one of the UK's top 30 employers for working families as a result of our investment and commitment to foster a flexible approach to the way we work.



- 20% of colleagues told us that they have witnessed inappropriate behaviour, including bullying/harassment (16%) and discrimination (9%)
- 10% said that complaints about inappropriate behaviour were not handled satisfactorily and 8% said they didn't know how the complaint was handled at all.

In 2018 we are focusing on the areas colleagues highlighted for improvements by tackling inappropriate behaviours at work and improving our complaints handling processes, as well as training colleagues to recognise and address any unconscious biases that could stop them from making fair decisions at work.

In 2017 for the first time we reported our gender pay²⁵ gap, the difference between the average pay of men and women regardless of seniority. Our mean gender pay gap at April 2017 was 31%. Our analysis shows that the key driver for our gap is the imbalance in the numbers of women and men at different levels in the organisation. If YBS Group were to have a 50:50 split of males and females at each level, our gap would be much lower at 3.5%.

In simple terms we have more women occupying less senior roles in the organisation, and fewer in the most senior roles. It is this imbalance that results in our gender pay gap, rather than a difference in the pay awarded to men and women at similar levels. To help address this, we want to ensure that we provide an environment where all our colleagues can thrive, and that there is nothing in the way of anyone fulfilling their potential and aspirations. For example, we want to make sure that both women and men feel confident to apply for our most senior roles, and men as well as women feel equally comfortable applying for part time working. Our diversity and inclusion plans are crucial to help us achieve this aim and this report covers many of the commitments we have made, such as introducing family friendly policies to ensure parents do not have to choose between their career and bringing up their children.

²⁴ Working Families - Britain's most family friendly workplaces unveiled (2017). Available from: workingfamilies.org.uk/news/brit-gains-most-family-friendly-workplaces-unveiled

²⁵ YBS - YBS Gender Pay Report 2017 (2017). Available from: ybs.co.uk/assets/pdfs/your-society/comitees/gender-pay-gap-report.pdf

PROVIDING OPPORTUNITIES FOR EVERY COLLEAGUE TO DEVELOP AND REACH THEIR POTENTIAL

Continuous learning and development is essential to give our colleagues the skills and knowledge required to deliver the best service to our customers. In 2017, we collated, ordered and catalogued all the learning programmes which exist across the Group, organising them with each business area's needs in mind. These academy frameworks are designed to enable colleagues to find learning opportunities easily to help improve their technical expertise or the competencies they may require for their current role or to move to a new role. So far over 1,500 colleagues have used the frameworks, the most popular programme being 'Leading your own Development'. In 2018 we will work to create an instant response directing colleagues who have identified a learning gap to the relevant learning programmes. We will also continue to grow and evolve the content of the academy frameworks based on the needs of our colleagues.

It is important that as an organisation we are never constrained in achieving our ambitions through a lack of leadership capability. We are therefore focusing on building leadership skills and ensuring effective succession planning is in place for all senior management roles. We are also keen to ensure that we develop and promote our colleagues as opportunities arise, and in 2017 our internal appointment ratio rose to 53%, compared to 41% in the previous year.

Just as it is important to develop colleagues, we understand how important it is to recognise the great work they already do, and key achievements that happen both inside and outside of work, during their time with us. We have continued developing the recognition tools available to colleagues, which include two formal

schemes: 'Raising the Roof', which enables colleagues to nominate each other for going the extra mile and 'My YBS Group Adventure', which allows managers to recognise a colleague's unique journey with the Group. In our colleague survey, 61% agreed that everyone has an opportunity to get special recognition.

We received over 1,500 nominations for the Raising the Roof scheme in 2017 and 63 colleagues were invited to a gala dinner where their achievements were recognised and celebrated. Lizzie Pollitt, Raising the Roof Winner, said of the event: **"I loved attending the Raising the Roof awards dinner. It was great to be recognised in this way and really strengthened the feeling of connection between myself and the Group. For me the best part of the event was hearing other colleagues' stories. It was really humbling and a reminder of what awesome people we have working with us."**

In addition to recognising each other, receiving thanks from our customers is hugely important to our colleagues as it helps them feel valued for the service they provide each day. This was especially true in closing branches this year, where colleagues worked tirelessly to ensure our customers were supported through the changes. Some of these branches installed thank you boards to give customers the opportunity to leave messages acknowledging the help our colleagues provided them,

such as: 'A lovely building society with such friendly and helpful staff. We'll miss you.'

'My YBS Group Adventure' was launched in 2017 to celebrate three core aspects of a colleague's life and career, which were chosen based on what colleagues told us was important to them:

- Work anniversaries - key markers throughout a colleague's time with the Group
- Life moments - key highlights in a colleague's life, such as getting married or becoming a parent
- Work moments - moments at YBS Group that hold great importance for a colleague, for instance passing an exam or getting a promotion.

In one year, colleagues wrote more than 3,700 comments and added over 1,100 photos to 700 colleagues' yearbooks – keepsakes marking a colleague's 3rd, 5th, 10th, 25th or 40th anniversary with the Group. Those reaching other milestones also received personalised framed posters and gifts recognising their achievement. Karen Miller in the Mortgages & Savings team completed 20 years' service in April. Her team made sure it was a day to remember. Karen said: **"It was a huge surprise to receive the kind notes from colleagues and for the team to secretly arrange the congratulations banner and bouquet of flowers which was a lovely touch. I felt very special."**

As well as the yearbooks, we have created a range of easy and simple tools for managers to create memorable experiences for a colleague. These include email headers to mark important life and work moments (such as 'congratulations on your new role' and 'happy new home') and templates to make photo collages or personalised front page of our colleague magazine, It's Mutual. The tools allow managers and colleagues to create a lasting memento of a colleague's achievements and memories.

Carol Minney and Jo Clarke were recipients of a personalised photo collage on their first day at Pudsey branch, after being redeployed from Farsley in May. They were bowled over by the support from their new team and customers. Claire Byrne, Pudsey Branch Manager, said: **"We wanted to do something a bit special to welcome Jo and Carol on their first day, and they both loved their framed keepsakes. Carol was showing hers to all her customers who loved it as much as she did."**

Colleagues have also been celebrating each other's life moments – and weddings seem to be a favourite. In April Krishna Mistry and Phil Holloway, who are based in our Leeds office, tied the knot on Easter Sunday. On their final day at work before their big day, their teams adorned their desks with balloons and confetti and surprised them with a lovely bunch of flowers. Krishna said: **"We couldn't believe that our colleagues had gone to so much effort. We feel blessed to have such wonderful people to work with!"**

37%
OF COLLEAGUES
WERE
NOMINATED FOR
A RAISING THE
ROOF AWARD

1,500
COLLEAGUES
HAVE USED OUR
NEW LEARNING
PROGRAMMES

LEARNING FROM OUR APPRENTICES

In 2016 we welcomed 12 apprentices to the Group and in 2017 we have doubled this number with a further 24 new apprentices, all of whom are aged between 16-25 years, with 83% from local schools or colleges.

All of our apprenticeships are permanent roles, paying the Real Living Wage²⁶ and offering the same benefits as other colleagues' roles. In 2016 we offered level 3 and level 4 apprenticeships and we increased this in 2017 where we also offered two level 6 positions, one of which is a graduate apprenticeship in collaboration with Leeds Beckett University. Each apprentice is also able to gain an additional professional qualification that's relevant to their career aspirations, such as a Certificate in Retail Banking Conduct or an Associate Chartered Banker Diploma. This will see all of our apprentices gain industry recognised qualifications in addition to their apprenticeship.

Our apprentices have developed and grown during their time with the Group and we have benefited in new ways too. Our Chief Operating Officer, Stephen White, has been reverse-mentored by Mya, Luke, Benedict and Jack, helping to educate Stephen on how young people engage with technology, finances and the working world.

Stephen said: **"I love the reverse-mentoring meetings I am having with the team, I am learning lots and it is refreshing as they are so honest. No one is ever a perfect leader and everyone must continue to learn, develop and listen - and as my Mum says, you have two ears and one mouth for a reason!"**



²⁶ The Living Wage Foundation sets the real Living Wage based on the cost of living in the UK, and in London separately. This is voluntarily paid by almost 4,000 UK businesses who believe a fair day's work deserves a fair day's pay. More information can be found here: livingwage.org.uk/what-real-living-wage

COMMUNITY

We believe in making a positive difference to the communities where our members and colleagues live and work.



Using our expertise, passion and scale, we focus on the following to maximise our impact on the communities we serve:

6

Delivering educational programmes to improve employability and financial literacy

7

Providing life-changing support to people in the most challenging situations

8

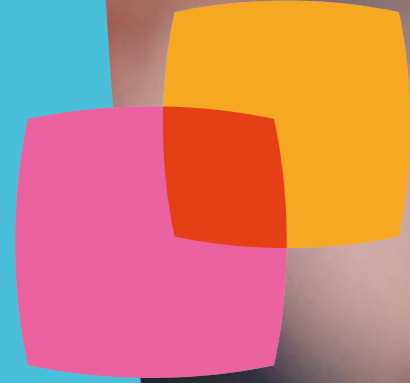
Meaningfully engaging with our local communities to enable them to thrive and prosper

KEY HIGHLIGHTS


£1.5M
contributed to our local communities


54
homeless young people helped into a home


7,267
pupils benefited from financial literacy support



94%
OF PUPILS FEEL
MORE FINANCIALLY
CONFIDENT THANKS
TO MONEY MINDS

2,516
YOUNG PEOPLE
BENEFITTED FROM
EMPLOYABILITY
SUPPORT

IMPROVING EMPLOYABILITY AND FINANCIAL LITERACY

As a building society, we believe we have a role to play in helping young people understand finances and prepare for the world of work. Getting young people ready for the future is so important to us that we have established several programmes to inspire and encourage our colleagues to share their skills and experience with them, using their annual 31 hours volunteering allowance²⁷.

In 2017 we continued to grow and develop our bespoke financial literacy programme, Money Minds, enabling colleagues to deliver 251 courses to 7,267 pupils aged 5-19, an increase of 54% in students supported compared to 2016.

Money Minds consists of 10 lesson plans developed in collaboration with social enterprise EBP²⁸, which cover topics ranging from the difference between wants and needs, how to plan and budget and what to consider when

buying a house. The programme plugs a gap in the current school curriculum, helping to fulfil the need for financial education. One teacher from Norton Primary School, Malton, said: **"Money Minds is amazing. The children enjoyed the creative element of planning their dream party and really considered budgets. The session had a good range of activities to engage all and create a great buzz in the school."**

The feedback from pupils has been equally enthusiastic with 95% saying they enjoyed the session and 94% that they learned something new and feel more confident about managing money. After taking part in the Project Party lesson, the nine-year-old students from Oakfield Junior School, Gateshead, reflected on the experience. One said: **"I know what budgeting and break-even mean now"**. Another added: **"I have seen Storage Hunters and heard them talk about profit - it makes more sense now."**

Any school or youth organisation can request our free courses by visiting our Money Minds website²⁹. Research has shown that pupils in areas with lower academic attainment are over two years behind their peers by the time they reach 16 years old³⁰. Learning how to manage finances effectively is a vital life skill, which is why we engage proactively with schools in areas where we can make the greatest impact. Working with our charity partner End Youth Homelessness, we have also developed new Money Minds lesson plans to widen our reach to young people at risk of being homeless, which we will introduce in 2018.

We offer several colleague volunteering programmes focusing on raising young people's aspirations and helping them prepare for the world of work, including Make the Grade³¹. In 2017, we introduced new activities including

careers panels, where pupils question colleagues, and experience days, where colleagues deliver fun and interactive workshops. CV and personal statement writing workshops and mock-interview sessions continue to be really popular with young people. We supported 2,516 pupils through Make the Grade in 2017 and have expanded the programme to more secondary schools in Yorkshire. The impact of these activities on the students has been consistently positive, with 91% feeling more prepared for the world of work and 90% saying their confidence and self-belief had improved as a result. A Year 10 student at Grange Technology College, Bradford, said: **"It made my business course at school more real."**

²⁷ Volunteering allowance is pro-rata for part-time colleagues

²⁸ 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. More information can be found here: the-ebp.co.uk

²⁹ YBS - Money Minds Homepage (2017). Available from: money-minds.co.uk

³⁰ Education Policy Institute - Closing the Gap? (2017). Available from: epi.org.uk/wp-content/uploads/2017/07/closing-the-gap-web.pdf

³¹ Make the Grade is a programme run by Ahead Partnership, a social enterprise that connects employers with education, public and private sector partners to widen their social impact. More information can be found here: aheadpartnership.org.uk

MENTORING TOWARDS SUCCESS

2017 marked our third year of mentoring Leeds University Business School students, with 12 colleagues partnering with students over that time. They provide students with regular coaching and support with internships, CV writing and applications. Following the success of this mentoring programme, we began working with Bradford University in September, with five colleagues now supporting their students.

One of our colleagues, James Abbott, IT Technical Lead, has supported two students through the programme. He said: **"It is very rewarding to help young people, plus it enhances my communication, especially listening skills. My mentees' youthful energy is infectious too!"**

James' second mentee Jack benefited greatly from the support too. He said: **"This scheme has significantly contributed towards my development, from networking opportunities, help with my CV, talks with my mentor's colleagues, and also a two-week placement at YBS Group. Without the mentoring scheme, I may not have achieved as much in my first year at University, and may not have secured a placement at Unilever."**



589
HOURS OF
CALLS WITH OUR
COLLEAGUES' SILVER
LINE FRIENDS

£293K
RAISED FOR
END YOUTH
HOMELESSNESS

SUPPORTING PEOPLE IN VULNERABLE SITUATIONS

There are at least 83,000 homeless young people in the UK each year³². The majority of youth homelessness is hidden from the public eye, as many young people will move between the floors or sofas of friends, family or casual acquaintances until they exhaust goodwill. At that point, they often have to resort to desperate measures to find a safe place to stay, such as sleeping on night buses or injuring themselves to access a hospital bed. 25% of homeless young people have also slept on the street, where they are exposed not only to the elements but also to violence and potential assault.

We believe that everyone deserves a safe place to call home, which is why in 2017 we launched our new charity partnership with End Youth Homelessness (EYH)³³. EYH is a national movement of local charities working together to tackle youth homelessness in the UK. Over our three-year partnership, we aim to help 700 homeless young people, aged 16 to 25 years old, move into their own homes. Through colleague and customer fundraising we raised more than £293,000 in the first year of the partnership. Our highlights included a walk and abseil event in the Peak district, in which 355 colleagues took part, and Sleep Out³⁴ challenges, where colleagues braved the autumn cold to raise £33,800. We also donated £25,000 to EYH based on the number of member votes received at our Annual General Meeting.

All of these efforts fund the bespoke Rent Deposit Scheme, which enables young people to gain a privately rented tenancy without having to cover the unaffordable upfront cost of a deposit. Each young person we support is also offered a £200 grant to contribute towards essential household items, turning their house into a home. During their tenancy young people benefit from dedicated support with their finances, budgeting and other life skills, to increase their confidence and help them maintain successful tenancies, so they can start re-building their future. In addition to fundraising activities, our colleagues have donated 659 hours of extra volunteering support to



EYH member charities, and together with our members have collected warm clothing and toiletries worth £18,650 for young homeless people.

During our partnership with EYH we aim to deepen understanding of youth homelessness and its causes among our colleagues and customers. Often, the general perception of youth homelessness is that it may be linked to alcohol or drugs addiction, but in reality the biggest cause of youth homelessness is a breakdown in family relationships, followed by landlords terminating rental agreements.

In addition to our work with EYH, we have continued to support Silver Line³⁵. Across the UK, over 1 million people go a month or more without seeing or speaking to a friend, family member or neighbour³⁶. Using their fantastic listening and people skills developed in their day to day roles, 27 of our colleagues make weekly calls to a Silver Line friend. Silver Line matches volunteers with an isolated older person based on their shared interests. In total our colleagues spent 589 hours talking to their Silver Line friend in 2017, making a significant difference to their lives:

- 77% reported a reduction in isolation and loneliness
- 70% felt their overall wellbeing had improved.

The programme is also very popular with colleagues who take part, such as Laura Ruth, Complaints Team Manager. She said: **"It is the most rewarding feeling ever. We get into full conversations about family and friends and what we both like to do in our spare time. Silver Line is a brilliant charity and it's great to have the opportunity to make someone's day every week."**

³⁴ Sleep Out is a national fundraiser coordinated by End Youth Homelessness to support homeless young people. Sleep Out replicates a small part of the experience of sleeping rough, while raising money for young people facing it. More information can be found here: sleep-out.org.uk

³⁵ The Silver Line is the only free confidential helpline providing information, friendship and advice to older people, open 24 hours a day, every day of the year. More information can be found here: thesilverline.org.uk



SUPPORTING JESS INTO A SAFE HOME

Jess* had no choice but to leave home at a young age after experiencing abuse at home. Thankfully, she was able to move in with her partner's family and started working in a coffee shop. Unfortunately when their relationship broke down Jess was no longer able to stay. All of a sudden, she was homeless. For the next two months, Jess anxiously moved from sofa to sofa or slept rough in shop doorways when she had no alternative. During this time, Jess kept her job. She found a suitable property and was able to save the money to pay for the rent in advance and the agency fee required, but she didn't have enough for the deposit as well.

"When I was sofa surfing I felt like nothing in my life at that time was secure, worrying about where I would go next." - Jess

Jess turned to EYH charity Centrepont for support. After completing an assessment, Centrepont used the Rent Deposit scheme to provide the landlord with a bond and Jess moved into the flat. A home essential grant also funded by YBS Group enabled Jess to buy kitchen appliances and a Hoover.

The Rent Deposit Scheme has helped turn Jess' life around. She now lives much closer to work and has recently been promoted. Her dreams for the future are to advance within the company and start a family.

"Now I have my flat I feel safe and I'm getting my life back under control bit by bit." - Jess

The scheme has already helped 54 young people, including Jess, into a home of their own.

*Name changed to protect the young person's identity

³² Clarke, A., Burgess, G., Morris, S. and Udagawa, C. (2015) Estimating the scale of youth homelessness in the UK. Cambridge: Centre for Housing & Planning Research. Available from: chpr.landecon.cam.ac.uk/Projects/Start-Year/2014/Estimating-the-scale-of-youth-homelessness-in-the-UK/Report/copy_of_Full-Report

³³ End Youth Homelessness (EYH) is a national movement to end youth homelessness in the UK. More information can be found here: eyh.org.uk

HELPING LOCAL COMMUNITIES TO THRIVE AND PROSPER

Community programmes	
Charity Partner - End Youth Homelessness	£293k
Volunteering hours value	£378k
Other donations to charities	£906k
Total	£1,577k

Our colleagues play a crucial role in achieving our ambition to be at the heart of the communities we serve. In 2017, 56% of our colleagues made use of their 31 hours volunteering allowance to share their skills and make a difference to 364 charities and good causes. Colleagues regularly volunteer for local charities, donating the equivalent of £378,151 in volunteering hours. These activities provide welcome support to those in need, but the impact does not stop there; volunteering is a perfect way for colleagues to develop their skills and support their wellbeing too. Following their volunteering activity:

- 86% of colleagues feel their teamwork skills had improved
- 72% say they had enhanced their communication skills
- 73% report an increased sense of wellbeing and job satisfaction.

Mortgage Advisor Gemma Aughney took part in a team challenge with five colleagues at the Amber Foundation, one of the End Youth Homelessness member charities, to help them paint the new IT room and revamp the garden in their Dorking site. She said: **"The staff and residents at the Amber Foundation were thrilled with the results of our volunteering day and it was great to see the residents getting involved and helping us out to achieve the goal together - it was a brilliant way for us to get to know our colleagues better and spend some valuable time together whilst interacting with the young people living there."**

We deepened our relationship with Be a Trustee³⁷ in 2017, an organisation which supports senior managers to become board members of local charities. Thirteen of our senior colleagues now hold Trustee positions, supporting causes such as mental health charity Mind and Connect Housing Association which works with vulnerable people.

13
COLLEAGUES SERVING ON THE BOARD OF A CHARITY

56%
OF COLLEAGUES VOLUNTEERED IN THEIR LOCAL COMMUNITIES

22,617
VOLUNTEERING HOURS DONATED TO LOCAL CHARITIES AND GOOD CAUSES

Our colleagues have taken this opportunity to share their valuable experience, leadership and practical skills with the charities, which in turn has provided our colleagues with a new opportunity for personal development. Tanya Jackson, Head of Corporate Affairs, has been a Trustee of Overgate Hospice for two years. She said: **"Being a Trustee has given me the opportunity to share my skills with a very worthwhile charity I am passionate about. It has also enabled me to expand my own experience and knowledge from a very specialist area to wider business management."**

The feedback received from the charities our colleagues have been involved with has highlighted the importance of this programme. John Vincent at Bradford Mind said: **"Our Trustee's expertise in management is fantastic. She has brought professionalism, a great attitude and real commitment to the role. She's very motivated, has fantastic empathy and a real understanding of what we are about as a charity."**

SUPPORTING THE BRADFORD FOODBANK

This year our Customer Services Division set themselves the challenge of helping more than 1,000 families supported by Bradford Metropolitan Foodbank. Together, they have volunteered more than 100 hours, helping for instance to pack over 1,100 food parcels for some of the most vulnerable people in the city.

Keith Thomson, Treasurer for Bradford Metropolitan Food Bank, said: **"We are really grateful that the teams from Yorkshire Building Society have been able to help us this year. It is the vision of Bradford Metropolitan Food Bank to establish and facilitate a vital link between those that have surplus food and those that need it, creating a city and district wide collection and distribution service, but this can only happen with the continued support of our volunteers and local businesses working together."**



³⁷ Be a Trustee helps organisations to get their skilled professionals volunteering on the boards of charities as well as supporting charity boards with training and development. More information can be found here: beatrustee.co.uk



YORKSHIRE BUILDING SOCIETY CHARITABLE FOUNDATION

The Charitable Foundation has been supporting charities and good causes, most of them recommended by our members and colleagues, since 1998. It is an independent registered charity governed by a board of external and internal Trustees. Most of the Charitable Foundation's funding comes from members taking part in the Small Change, Big Difference® (SCBD) scheme, who donate the pennies from the annual interest on their savings and mortgage accounts.

Facial Palsy UK received £2,000 from the Charitable Foundation to help fund their educational book, *When Teddy lost his Smile*. The book has been developed to improve self-esteem in children with facial palsy, help normalise the condition, reduce feelings of isolation and increase awareness. Gareth Price is a Trustee of Facial Palsy UK and has a daughter with the condition. He said: **"Not many children understand what facial palsy is, but this book helps to raise awareness of the condition and how it affects those who have it. Isabelle really enjoyed the book - it helped her to understand that there are other children out there just like her and increased her self-confidence."**

The feedback we get from our members and colleagues regarding their support of the Charitable Foundation is overwhelmingly positive - it's a way for them to support the smaller, local charities that mean the most to them. Adam Bennett, the manager of our branch in Dronfield, nominated the hospital ward where his young son was treated for a life-threatening condition. He said: **"Without the care and attention of the nursing staff on the children's ward, I don't think we would have Reuben with us today. I was so proud to be able to help them secure the money they needed to refurbish their family room. Being able to recommend a cause so close to my heart to be supported by the Charitable Foundation was wonderful."**

Thanks to members' support, in 2017 the Charitable Foundation donated over £234,000 to 203 charities and good causes working to alleviate poverty, help improve health and save lives. 145 of these were nominated by our colleagues and 58 by our members.

For more details on the causes supported by the Charitable Foundation and the SCBD scheme visit ybs.co.uk/charitablefoundation.

£234k
DONATED TO
203
CHARITIES AND
GOOD CAUSES

739k
MEMBERS'
ACCOUNTS PART
OF THE SCBD
SCHEME



ENVIRONMENT

We are respectful of our planet and strive to continuously reduce our environmental footprint.



We believe we should lead by example, focusing on:

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

KEY HIGHLIGHTS



19%

reduction in our carbon footprint compared to 2016



0

net carbon emission, due to the purchase of carbon offsets³⁸



95%

of our waste was recycled throughout our offices and branches

³⁸ In line with the Carbon Neutral Protocol. More information can be found here: carbonneutral.com/the-protocol

MINIMISING OUR ENVIRONMENTAL FOOTPRINT

As a responsible large organisation, we believe it is important that we lead by example in the way we manage our environmental impacts. As the majority of our carbon footprint relates to our energy usage, we continue to invest in further improving the energy efficiency of our buildings, with initiatives such as:

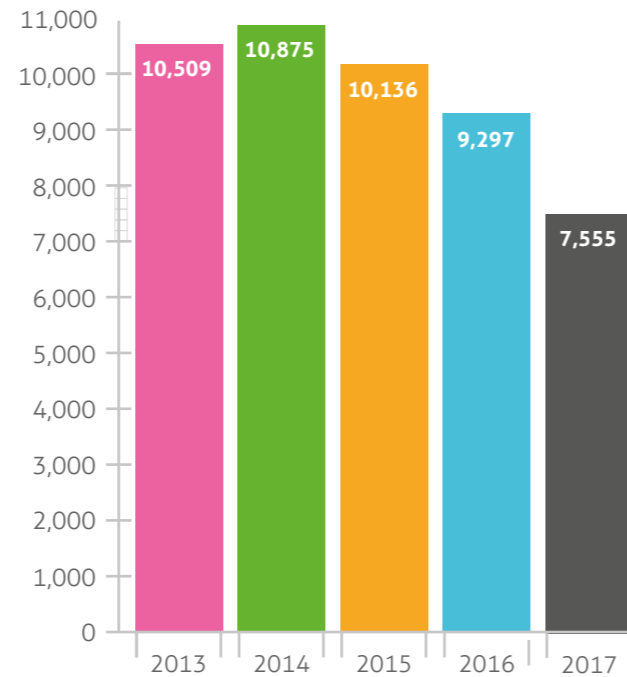
- Installing more efficient air conditioning and heating systems and LED lighting in our branch network
- Replacing electricity generators with more energy efficient models at both our Bradford and Peterborough offices
- Fitting 'smart' electricity meters in our head office in Bradford, which help us to pinpoint areas of inefficiency so we can drive down our energy usage further.

In 2018 we are looking to trial adding solar film, a thin heat reflective laminate, to the windows in our Bradford office, in order to reduce internal temperatures and lessen the need for air conditioning. It will also create a more comfortable work space for colleagues by reducing eyestrain from glare.

As a business we use a significant quantity of water, approximately 20 litres a day for every full time colleague. To reduce this we have installed aerated water flows in our Leeds office and lowered the water pressure in our Bradford office. We are now working with a single supplier for all our water services, which allows much easier analysis of usage at all our sites and will help us to continue addressing areas where improvements can be made.



Comparable emissions (tCO2e)
Location based method



CARBON FOOTPRINT

Our carbon footprint includes energy, water, business travel and waste from our buildings. In 2017, we reduced our carbon emissions by 19%, driven by energy efficiency improvements in our buildings, as well as the closure of 48 of our branches.

A full analysis of our carbon footprint is available in Appendix 1 on page 42 - 43. Our carbon footprint has been verified by Ricardo Energy & Environment³⁹.

8%

REDUCTION
IN ENERGY
CONSUMPTION
COMPARED TO
2016

100%

GREEN
ELECTRICITY
USED

We have continued to maintain a high level of diverted waste from landfill, 93% of our branch waste and 98% of our office waste, and are still on track to achieve our aspiration of sending zero waste to landfill by 2020. All of our paper waste is destroyed confidentially and recycled and other waste is segregated for re-use, recycling, bio-fuel or composting.

We recognise that our environmental footprint is impacted by the products, services and goods that we purchase too. Wherever possible we source materials such as carpet tiles, timber and office stationery products from sustainable sources, and will continue to improve our procurement choices further in 2018.

In 2017, we commissioned Ricardo Energy & Environment to undertake biodiversity audits of the land at our

Bradford, Peterborough and Cheltenham offices, to provide information on the biodiversity value of the sites and identify opportunities for improvements. This was in accordance with our desire to manage the land we own in an environmentally sustainable way. The work involved undertaking a Preliminary Ecological Appraisal (PEA) of the sites, which provided recommendations for improvements that we will look to implement in 2018:

- Developing a sensitive lighting strategy to provide suitable roosting habitat and darker foraging and commuting corridors for more sensitive species
- Selectively leaving parts of the grassland uncut to provide cover and foraging opportunities
- Clearing out and regularly maintaining our ponds to provide more suitable habitat for amphibians.

CARBON NEUTRAL

We are proud to continue to be certified as CarbonNeutral®, in line with the carbon neutral protocol. To achieve net zero emissions in 2017, we purchased 1,880 tCO2e carbon offsets split across two certified Gold Standard projects in Indonesia and China. In addition to contributing to the carbon emission reduction, these projects deliver additional environmental and socio-economic benefits locally, which was a key factor in their selection.

The Indonesian project guarantees the protection of 47,000 hectares of tropical forest on the island of Borneo,

home to the endangered Borneo Orangutans, and supports 2,000 people living in the area to improve food security, income opportunities, healthcare and education.

The second project provides solar cookers to 100,000 rural households in one of the poorest regions in China, replacing traditional inefficient coal-fired cooking stoves, which greatly improves the indoor air quality and living conditions of these families. Rongjun, a farmer in Yinxing village, said: **"The solar cooker is very convenient for cooking and boiling water. We also reserve the hot water for showering at night. We never stop using it as long as we get the solar energy."**



³⁹ The carbon footprint assurance statement can be found here: www.ybs.co.uk/policies



WOODLAND REVIVAL PROJECT

We own a small amount of woodland to the north of our principal office in Bradford. The area covers approximately four hectares, and is home to plants such as bluebells, honeysuckle, and wood sorrel. There are also mature beech, ash, elm, oak and horse chestnut trees. The area was overgrown so 25 colleagues volunteered to revive the site, making it a useable space for the community. With the help of volunteers from Bradford Environmental Action Trust (BEAT), they reintroduced footpaths running through the woodland. There is still plenty more to do in the area, so more volunteering activities are in plan for 2018.

Alison James – Environment and Energy Coordinator, said: **"After a lot of digging, chopping and shoveling we're delighted that the hard work has paid off – we've now created a space where local people can walk and enjoy the natural surroundings with ease. We even discovered five picnic tables which were hidden beneath shrubbery and have now been restored."**



RAISING AWARENESS AMONGST COLLEAGUES

With nearly 4,000 colleagues working across 264 locations, we understand the huge part they are able to play in reducing our environmental impact. That is why we work with colleagues to raise awareness of environmental matters through campaigns, such as Fairtrade Fortnight, Bike to Work week, National Liftshare Week and World Environment Day.

In 2017 we continued to promote sustainable travel choices to reduce transport pressure, vehicle emissions and to help colleagues reduce travel costs. Thanks to our efforts:

- Over 500 colleagues are registered to car share, with around 100 vehicles using dedicated Liftshare car spaces
- Over 260 colleagues have taken up the Cycle to Work scheme across YBS Group
- Over 340 colleagues have benefited from discounted Metro Card for public transport in West Yorkshire.

In 2017, 8% of our overall carbon footprint was due to business travel. We discourage all non-essential travel and encourage the use of tele and video-conferencing solutions instead, which are available to all colleagues. When travel is necessary and train is not a suitable option, we encourage colleagues to use one of our 180 company cars. At the moment, 93% of our vehicles emit less than 130gCO₂e/km, and the remaining emit less than 160gCO₂e/km. This is a marked improvement from 2016 when only 86% of our fleet emitted less than 130gCO₂e/km and 96% less than 160gCO₂e/km.

Our colleagues are also supporting environmental initiatives outside of our offices and branches. In 2017, colleagues spent 986 hours delivering valuable conservation and environmental improvements through our volunteering programme, such as helping to clear debris and encroaching shrubbery, gardening and tree felling to provide varied habitats for wildlife at various Leeds parks. Some colleagues even had the opportunity to collect wild apples, which were turned into juice and cider to be sold in the local community.

260
COLLEAGUES ON
CYCLE TO WORK
SCHEME

52 tCO₂
SAVED BY OUR
COLLEAGUES WHO
CAR SHARE



OUR BUSINESS

As a mutual organisation, we were established over 150 years ago to help people to save, and by pooling these savings together, to buy a home of their own. We still believe that by encouraging people to save we can help them to secure their futures and to protect themselves against unforeseen events. We also believe passionately in helping people achieve their dreams of owning their home. As a result, these are still the priorities reflected in our Group strategy, which focuses predominately on residential mortgage lending⁴⁰ to UK homeowners, funded primarily by retail savings deposits.

ADAPTING FOR THE FUTURE

The way consumers use financial services is changing, with increasing numbers choosing digital services for day-to-day interactions and transactions, whilst many continue to value face-to-face service. To ensure we are evolving in line with our customers' needs, we are investing in enhancing our digital capability. We have also reviewed our branch network to ensure it meets the demands of our existing and future customers. This demonstrated that we have a high concentration of branches in some areas, and little high street presence in other areas where there is clear customer demand. This led us to making difficult, but necessary, decisions to continue to meet our customers' changing needs:

- We have consolidated our high street brands, with the intention to retire the N&P brand in 2018 to allow us to run the business more effectively and efficiently, and enabling us to deliver better products and services for our members

HELP IN CHANGING TIMES

When one of our customers came into her local Cathedral Square branch in Peterborough, feeling anxious about the withdrawal of the N&P current account, our branch colleagues gave her details about independent advice providers such as the Money Advice Service. A week later she came back to the branch and asked our colleagues to escort her to her preferred financial provider where she was going to open a new current account, as she felt nervous about explaining the situation on her own. Our colleagues took her to the branch of the new provider, ensured they were aware of the situation and understood the next steps she needed to take. The customer was able to open a new current account and was really appreciative of the extra care and attention our colleagues provided to ensure that she was well looked after.

- We withdrew our N&P current account from the market. The level of investment required to maintain and extend the service to new customers would not have represented good long-term value for members within the changing landscape of the current account market
- We made changes to our high street network to make sure we have a more even spread of branches and agencies across the UK. This includes closing 48 branches in 2017 and an additional 13 branches in 2018 in areas where there are duplicate branches in the same location or where we have a high concentration of branches. This is alongside a phased closure of our Cheltenham office site by 2019
- Our ambition is to expand our retail network into around 50 new locations across the UK over the next three years, by looking for and working with agency partners where there is customer demand. This approach allows us to reach new locations in a more cost effective way, by continuing to build on our existing network of 99 agencies.

Whilst these decisions allow us to focus on and develop our core activities, delivering our vision of being simply brilliant at mortgages and savings, we understand that this can be unsettling for customers and colleagues. During these changes we strive to ensure that all those affected are dealt with fairly and sensitively, and we remain committed to doing the right thing for our members and colleagues.

OUR VALUES:
TRUSTWORTHY

OUR VALUES:
CUSTOMERS AT OUR HEART

OUR VALUES:
PASSIONATE

OUR VALUES:
PERSONAL



DEFINING OUR ETHICAL PRINCIPLES⁴¹

Operating our business in a responsible way is at the centre of everything we do, and in 2017 we developed an Ethics Policy to clearly outline the four principles we adhere to:

- We put customers at the heart of our decision making
- We treat our colleagues in a transparent and personal way
- We conduct our business responsibly and in a way that builds trust
- We passionately believe in doing the right thing.

Our ethical principles are defined around our organisational values - Trustworthy, Customers at our heart, Personal and Passionate - to ensure they are naturally embedded throughout the organisation. The Policy also defines the monitoring structures and supporting policies in place to ensure we maintain the high standards we set out to achieve. The performance and adequacy of all policies and the associated procedures are subject to review through our corporate governance structure. We believe our colleagues are our greatest asset and to ensure they are familiar with our policies, we have a thorough training programme in place, including a comprehensive range of annual mandatory learnings.

WORKING WITH OUR STAKEHOLDERS

We believe that fostering strong relationships with our suppliers based on trust and mutual support plays a key role in a responsible business. The introduction of our Ethics Policy will seek to deepen these relationships by working with our suppliers to deliver a truly ethical supply chain. We also engage with government, local authorities and relevant European institutions, campaigning on issues that would directly benefit our members, defend the principles of mutuality and 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.

SOCIETY MATTERS FORUM

Each area of our Society Matters strategy is led by a member of the senior team who form the Society Matters forum, which is chaired by our Chief Executive. The role of the forum is to set the ambition and direction of the strategy and to ensure effective governance, decision making and progress monitoring. The forum 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.

⁴⁰ 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.

⁴¹ More information can be found here: ybs.co.uk/policies

WORKING WITH



Be a Trustee



SALARY FINANCE



EBP



ABOUT THE REPORT

This is our 2017 Society Matters Report, which gives an account of YBS Group's corporate responsibility performance in 2017 across a range of social, ethical and environmental issues.

Performance relates to the year 1 January - 31 December 2017 (unless otherwise stated) and covers the businesses wholly owned by Yorkshire Building Society as of 31 December 2017.

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 one of the largest building societies in the UK. As of 31 December 2017 we have:



160
branches



99
agencies



£42 billion
of assets



3,994
colleagues



Over 3 million
customers

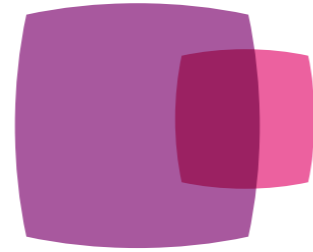
APPENDICES

ENVIRONMENT

Since 2012 we've achieved a carbon reduction using the location-based calculation (UK average emission factors) of 25% and a reduction of 81% using the market-based calculation (taking into account our purchase of electricity from renewable sources). All figures are in tCO₂e⁴².

Table 1 - location based carbon footprint

YBS Carbon Emission 2012-2017 (in tCO₂e) calculated using the location based methodology as verified by Ricardo AEA Limited.



Scope 1	2012	2013	2014	2015	2016	2017
Natural gas consumption	1,466	1,480	1,315	1,290	1,233	1,133
Company cars and private cars	196	223	344	441	523	444
Total scope 1	1,662	1,703	1,660	1,731	1,755	1,577

Scope 2	2012	2013	2014	2015	2016	2017
Electricity emissions	7,868	8,076	8,439	7,465	6,530	5,190
Total scope 2	7,868	8,076	8,439	7,465	6,530	5,190

Scope 3	2012	2013	2014	2015	2016	2017
T&D electricity	622	691	738	616	591	485
Private car mileage for company travel	-	-	-	121	221	124
Staff travel - Rail	-	-	-	104	106	91
Staff travel - Aviation	-	-	-	37	34	31
Waste recycling	-	-	-	15	17	12
Waste landfill	-	-	-	5	9	11
Water supply and treatment	28	39	39	42	33	34
Total scope 3	650	730	777	941	1,011	788

Total carbon footprint	10,180	10,509	10,875	10,136	9,297	7,555
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⁴² Tonnes of carbon dioxide equivalent (tCO₂e) is a measure that allows to compare the emissions of other greenhouse gases relative to one unit of CO₂. It is calculated by multiplying the greenhouse gas's emissions by its 100-year global warming potential.



Table 2 - market based carbon footprint

YBS Carbon Emission 2012-2017 (in tCO₂e) calculated using the market-based methodology as verified by Ricardo AEA Limited. Market-based emissions were not calculated for 2012 - 2014, therefore the location-based methodology is used for those years.

Scope 1	2012	2013	2014	2015	2016	2017
Natural gas consumption	1,466	1,480	1,315	1,290	1,233	1,133
Company cars and private cars	196	223	344	441	523	444
Total scope 1	1,662	1,703	1,660	1,731	1,755	1,577

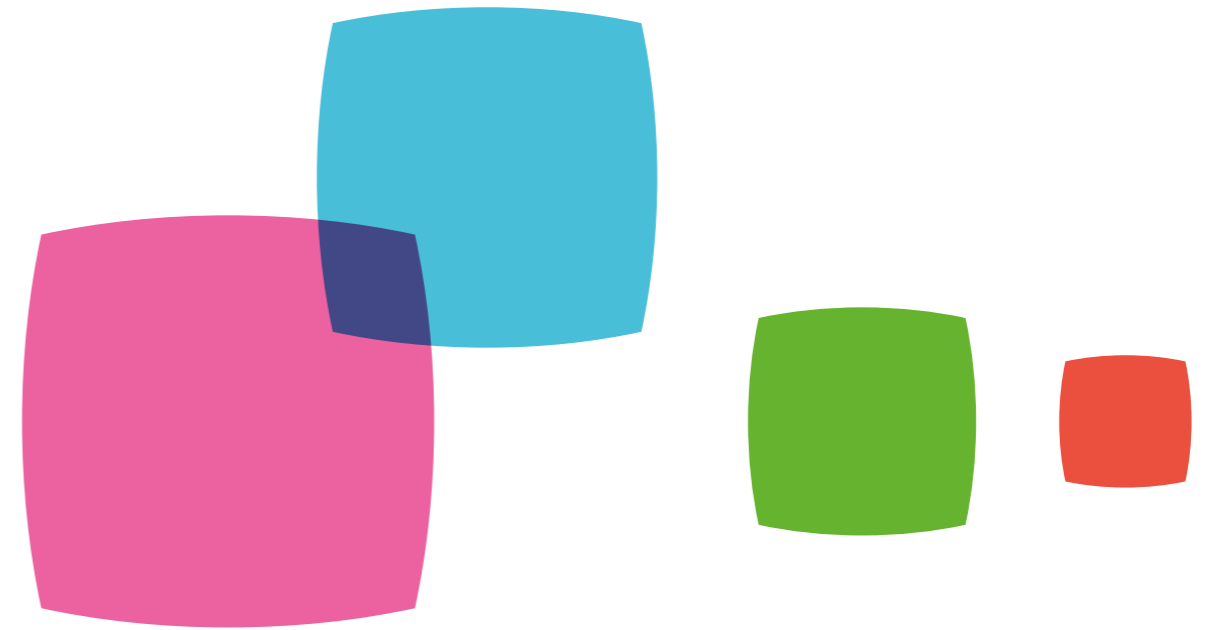
Scope 2	2012	2013	2014	2015	2016	2017
Electricity emissions	7,868	8,076	8,439	0*	0*	0*
Total scope 2	7,868	8,076	8,439	0*	0*	0*

Scope 3	2012	2013	2014	2015	2016	2017
T&D electricity	622	691	738	0*	0*	0*
Private car mileage for company travel	-	-	-	121	221	124
Staff travel - Rail	-	-	-	104	106	91
Staff travel - Aviation	-	-	-	37	34	31
Waste recycling	-	-	-	15	17	12
Waste landfill	-	-	-	5	9	11
Water supply and treatment	28	39	39	42	33	34
Total scope 3	650	730	777	324	420	303

Total carbon footprint	10,180	10,509	10,875	2,055	2,176	1,880
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- 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 visit us in 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 and 02 landline numbers, even when calling from a mobile.

References to 'YBS Group', 'Yorkshire Group' or 'the 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. ybs.co.uk

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. For annual interest accounts, the donation is taken in March. For monthly interest accounts the donation is taken in June. Mortgage donations are taken in December.

Yorkshire Building Society Charitable Foundation Registered Charity No: 1069082. Registered Office: Yorkshire House, Yorkshire Drive, Bradford BD5 8LJ.

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, Centrepoint (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.

Mental Health Foundation, Registered Charity No. 801130 in England, SC039714/Company Registration No. 2350846 in Scotland.

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.

