

Matters Reserved to the Board

The Board delegates day-to-day management of the business of the Society and its subsidiaries and associated companies to the executive team. Due to legal or regulatory requirements, however, certain matters remain the responsibility of the Board as a whole. The Board may delegate some of these matters to a Board Committee, the limits of a Board Committee's authority are set out in its terms of reference. Any matters not reserved to the Board or a Board Committee are delegated to the Chief Executive Officer (in accordance with the expenditure mandates) who has authority to sub-delegate matters to their direct reports as they see fit.

The following matters are reserved for the Board:

Matters Reserved to the Board ¹	
1.	Strategy and Management
1.1	Any matter which may have a material effect on the Society's financial position or would have a similarly material impact on the Society's overall reputation, brand, values and conduct or consequences that should be addressed by the Board as a matter of material business impact.
1.2	Approval and oversight of the Strategy, Purpose and Behaviours and the desired culture.
1.3	Approval of the Society's Corporate Plan (including the Wholesale Funding Plan) and Budget, including any subsequent amendment.
1.4	Approval of the following policies (including annual review and interim material changes): <ul style="list-style-type: none"> ▪ Policies (and frameworks) aligned to Tier 1 Risks of the Society as set out in the Enterprise-wide Risk Management Framework (on the recommendation of the Board Risk Committee) ▪ Conflicts of Interest - Directors and Chief Officers (on the recommendation of the Board Governance and Nominations Committee (BGNC)) ▪ Fire, Health and Safety (on the recommendation of the Board Risk Committee) ▪ Financial Crime (on the recommendation of the Board Risk Committee) ▪ Inside Information and Disclosure (on the recommendation of the BGNC) ▪ Procurement, Outsourcing and Third Party Risk Policy (on the recommendation of the Board Risk Committee) ▪ Tax (on the recommendation of the Board Risk Committee) ▪ Whistleblowing
1.5	Authority to enter into specific merger, acquisition / disposal or takeover negotiations * and approval of the final terms (subject to any delegation by the Board to a Committee or including one constituted specifically for the purpose) for the transfer of entities or assets of any kind. * Excluding non-material non-binding offers or expressions of interest, where Board will only need to be notified. Non Material in this regard is defined as below £50m.
1.6	Approval to change the Society's mutual status and propose appropriate conversion resolutions to members.
1.7	Approval to enter into any material extension of the Society (and / or any subsidiary) activities into new lines of business or geographic areas.
1.8	Approval to significantly modify or cease to operate all or any material part of the Society's (and / or any subsidiary) business (including temporary material closures).
1.9	Changes to the Group's structure, including any creation, acquisition or disposal of any subsidiary or associated company, together with any financial support above management financial mandate levels (except where the Board has delegated authority to set a loan cap or in relation to intercompany loans to Group subsidiaries with a nil impact).
1.10	Branch and Agency Network - approval of closures, except where significant Financial Crime issues or heightened risk is identified in relation to the agency network requiring expediated action in which case authority will be delegated to the Executive Committee to approve. (Approval of closures does not include circumstances relating to relocations within the same area or where an agency has served notice on the Society).

¹ The assessment of materiality or significance must be carried out and interpreted having regard to the real or potential impact on:

- strategic, financial, capital and/or liquidity plans;
- aggregate level of risk; and/or
- the Society's reputation.

From time to time the Board might agree and specify financial thresholds that would be indicative of reaching the materiality level to facilitate decision making in addition to those set out in these matters reserved. The materiality or significance of a matter shall be determined by the CEO, in their sole discretion, acting reasonably. The CEO will be supported in this assessment by the senior management team as appropriate.

1.11	Approval to enter into arrangements with third parties for the material outsource of products or activities and any subsequent material change to any such product or activity.
1.12	Ensuring maintenance of a sound system of internal control and risk management including, on the recommendation of the Board Risk Committee, approval of: <ul style="list-style-type: none"> (i) Board level Risk Appetite Statements, metrics and limits; (ii) adherence to Society Risk Appetite. (iii) operational resilience: <ul style="list-style-type: none"> - important business services and impact tolerances; and - self-assessment. (iv) borrowing or lending propositions which, in the opinion of the Board Risk Committee, falls outside the Society's normal business or risk appetite. (v) regulatory capital (ICAAP). (vi) regulatory liquidity (ILAAP). (vii) Consumer Duty Assessment. (viii) appointment and / or removal of the Chief Risk Officer. (ix) Recovery Plan.
1.13	Resolvability - approval of the Society's arrangements in respect of actions required in fulfillment of the Bank of England's Resolvability Assessment Framework, including responsibility for overseeing the creation and delivery of a Business Reorganisation Plan. The Board may delegate some or all of these responsibilities to a committee (including one established solely for this purpose) as necessary.
2.	Financial Management and Reporting
2.1	Portfolio Expenditure above the management mandate levels which require Board approval. That is expenditure: <ul style="list-style-type: none"> (i) where management believe there is a reasonable likelihood the total spend in the Portfolio in the year will exceed the total approved spend in the Budget; (ii) where any individual programme expects to exceed its agreed budget by more than 10%; (iii) where there is an impact to the ongoing spend of the business as a result of Portfolio activity and ongoing costs of any individual programme are expected to be over 10% of the planned level, subject to a minimum of a £250k tolerance.
2.2	All Expenditure (i.e. "planned" and "unplanned", ManEx and CapEx, FTEs and other), excluding Portfolio Expenditure covered in 2.1, above the management mandate levels which have to be approved by the Board. This is expenditure: <ul style="list-style-type: none"> (i) within Plan of greater than £5m; (ii) outside Plan of greater than £2.5m; (iii) within Plan for multiple year contracts with total expenditure of: <ul style="list-style-type: none"> - £10m or above for up to and including 3 years contract period - £15m or above for up to and including 5 years contract period This includes an overspend above Plan of £1m for each contract year.
2.3	Approval of amendments to existing management mandate levels.
2.4	Bank Accounts - approval of appointment of main authorised banks for the Society.
2.5	Capital and Funding - approval of: <ul style="list-style-type: none"> (i) the issue of or any liability management exercise (including buy back) in relation to Common Equity and Additional Tier 1 eligible instruments; and (ii) the first time investment in or issuance of any form of treasury instrument or treasury transaction not already permitted within a Board approved Board Delegated Authority or the Financial Risk Policy; and (iii) the granting of a floating charge.
2.6	On the recommendation of the Board Audit Committee, approval of: <ul style="list-style-type: none"> (i) any formal announcements relating to financial performance, including the annual results and Half-Yearly Financial Report. (ii) press releases in respect of the Half-Yearly Financial Report and annual financial results. (iii) the Annual Report and Accounts and Summary Financial Statement. (iv) the Corporate Governance Report, Directors' Remuneration Report, Risk Report and Strategic Review for inclusion in the Annual Report and Accounts (following recommendation and approvals from the relevant Board Committee where appropriate). (v) the adoption of the Going Concern basis and the Going Concern and Viability Statements for inclusion in the Annual Report and Accounts and Half-Yearly Financial Report. (vi) the annual Pillar 3 disclosure. (vii) the Half-Yearly Financial Report.

	<p>(viii) any significant changes in accounting policies or practices.</p> <p>(ix) the appointment, re-appointment or removal of the external auditors to be put to members for approval at the Annual General Meeting.</p> <p>(x) significant changes to the Statement of Policy on the Employment of Employees of the External Auditor.</p> <p>(xi) Letters of Representation from the external auditor where approval is required on behalf of the Board.</p> <p>(xii) the Group's annual Sustainability Report (or any future iteration).</p>
2.7	Approval of changes to profitability objectives. This is any active pricing decision that reduces core operating profit by more than 10% of the approved Budget or Corporate Plan in a 12m period.
3.	Board Membership and other senior management/HR Issues
3.1	<p>On the recommendation of the Board Governance and Nominations Committee (BGNC) approval of:</p> <p>(i) Changes to the structure, size and composition of the Board (within the limitations set out in the Society's Rules).</p> <p>(ii) the appointment and removal of Executive Directors and Non-Executive Directors, including the Board Chair, Vice Chair, Senior Independent Director, Committee Chairs, any other Non-Executive Director role, (including the Non-Executive Director for Workforce Engagement) and those delegates required for Senior Management Function roles;</p> <p>(iii) the membership of BGNC, Board Audit, Board Risk, Board Remuneration Committees and Board Environmental and Social Purpose Committee (together with any other Board Committees constituted by the Board), in consultation with the Chair of those Committees where appropriate;</p> <p>(iv) the re-appointment of any Non-Executive Director at the conclusion of their term of office and prior to the re-election by members having considered their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (excluding the Non-Executive Director(s) the matter relates to);</p> <p>(v) the ongoing independence of the current independent Non-Executive Directors.</p> <p>(vi) any matters relating to a Board director's continuation in office. This includes (but is not limited to) entering into a Settlement Agreement, suspension and/or termination of a Director's contract. The Board must act in accordance with all the applicable laws and regulations (including the Senior Managers' and Certification Regime), the Society's Rules; and the relevant Director's service contract or contract for services. In any such case, the impacted Director/s is recused from the decision making;</p> <p>(vii) the appointment of any statutory director of the Society to executive or other office;</p> <p>(viii) adequate succession planning for the Non-Executive Directors and Executive Directors;</p> <p>(ix) role responsibilities of the Board Chair, the Vice Chair, Senior Independent Director, Committee Chairs, and other Non-Executive Directors; and</p> <p>(x) the annual review of the Board Diversity Statement, including any Board level diversity targets.</p>
3.2	Approval of the remuneration of Non-Executive Directors - Executive Directors and Chair of the Board only (excluding the fees payable to the Chair of the Board which are approved by the Board Remuneration Committee).
3.3	Approval of the Board Travel and Expenses Policy.
3.4	Appointment and removal of the Society's Chief Executive and Secretary in accordance with the Society's Rules.
3.5	<p>Pension Scheme</p> <p>(i) consent to the Pension Scheme Corporate Trustee to amend the Pension Schemes' Trust Deed and Rules;</p> <p>(ii) approval of the fees of the Trustee Directors on the board of the Corporate Trustee company for the Pension Scheme.</p>
3.6	Approval of any loan to a Director or connected person of a director (in accordance with the Building Societies Act) unless approved by the Board Governance and Nominations Committee with its delegated authority.
4.	Constitution/Corporate Governance Matters
4.1	<p>In relation to a General Meeting or Annual General Meeting of the Society:</p> <p>(i) convening of the Annual General Meeting (Rule 30) and special general meetings whenever the Board thinks fit (Rule 31). Arrangements for Members to attend and participate in Annual General Meetings and special general meetings (Rule 32).</p> <p>(ii) resolutions and corresponding documentation to be put forward to the Society's members at a General Meetings including proposals for amendments to the Society's Rules and Memorandum (including the Directors Remuneration Policy on the recommendation of the Board Remuneration Committee).</p>
4.2	Approval of the establishment (or removal) of a Board Committee and the Terms of Reference and delegations to each Committee.
4.3	Approval of any other document stated to be made on behalf of the Board.

4.4	Approval of delegated powers in relation to the signing and sealing of documents on behalf of the Society.
5.	Other Matters
5.1	Approval and oversight of the Society's arrangements for its employees and contractors to raise concerns in confidence, including whistleblowing (subject to delegation by the Board of the review and oversight of specific issues to an appropriate Committee) and the appointment of the Whistleblowing Champion.
5.2	Yorkshire Building Society Charitable Foundation - recommendation of: (i) the formation and dissolution of any Charitable Foundation linked to the Society; (ii) the appointment and removal of internal and external Trustees of the Yorkshire Building Society Charitable Foundation on the recommendation of the Charitable Foundation's Board
5.3	Approval of the prosecution, defence or settlement of litigation or governmental or regulatory enforcement action (including any associated fines, penalties or compensation payments) that are outside the delegated authority levels approved by the Board, that is greater than £7.5m, or which would reasonably be considered to have a material impact on the Society's reputation.
5.4	Approval of this Schedule of Matters Reserved to the Board and the Board Terms of Reference.