

Appendix 1 - Tax Strategy

Yorkshire Building Society Group Tax Strategy

Approved by the Board 22 October 2025

1. Strategy

This document sets out the Tax Strategy of Yorkshire Building Society (“YBS”) and its controlled entities (‘the YBS Group’).

As a mutual business, at YBS we recognise the importance of meeting our tax obligations and managing tax risk so we can operate a financially secure and sustainable business for the benefit of our members, both today and in the future. We also understand the importance of taxes paid on our business activities, and collected from the YBS Group, in making a social contribution towards and supporting the wider society in which we operate.

The strategy of the Board of Directors of Yorkshire Building Society (‘the Board’) on managing tax is to have within YBS and the wider group:

- good governance and accountability for tax risks and strategy (‘governance’).
- well defined roles and responsibilities with respect to managing tax risks, robust tax processes and strong controls and reporting mechanisms (‘management, processes and controls’).
- an up-to-date and well-informed understanding of tax legislation and practices (‘knowledge’).
- a responsible approach to tax planning (‘planning’); and
- a proactive, open and professional relationship with HMRC (‘relationship’).

2. Governance

The YBS Group’s approach to tax strategy and risk is ultimately a decision for the Board, generally via delegated authority to the Chief Financial Officer.

The Chief Financial Officer is also the Senior Accounting Officer as defined in Schedule 46 Finance Act 2009, and has responsibility to ensure that appropriate tax accounting arrangements are in place to enable the YBS Group to calculate tax liabilities accurately. The day-to-day development and application of strategic and operational tax matters is implemented by the Chief Financial Officer with the support of the Director of Finance and our in-house team of tax specialists (“Group Tax”) and managers within the business.

The Board Risk Committee is updated twice a year on the status of the YBS Group’s tax position, and on relevant tax developments. The Committee escalate any material tax risk matters arising from business and tax legislation changes to the Board.

3. Management, Processes and Controls

The YBS Group’s approach to tax risk is to operate in a low risk and prudent manner, co-operating with His Majesty’s Revenue and Customs (‘HMRC’) in a pro-active, honest and transparent way. As a result, the YBS Group has no defined thresholds or de-minimis levels in respect of acceptable tax risks.

There are robust processes in operation to actively identify, record, monitor and mitigate risks in line with the Group’s tax governance framework.

Risk management (including tax risk) across the business is managed through an Enterprise Risk Management Framework, with control reporting measures in place. The YBS Group’s internal tax policy which sits within the Framework requires colleagues to consult with Group Tax in relation to matters affecting taxation when reaching business decisions or implementing changes to products, services, and processes.

Under this framework, Group Tax also proactively explores with the wider business, any tax developments with the potential to impact the operations of the YBS Group and provides appropriate technical advice and guidance to the business. External professional tax advice is taken where needed.

4. Knowledge

The YBS Group seeks to maintain a clear and properly informed understanding of its tax obligations by:

- employing sufficiently qualified tax specialists within its Group Tax team, and other teams directly responsible for tax compliance activities;
- obtaining external advice or opinions from professional advisers where we do not have the required expertise in-house.

5. Planning

YBS has adopted the Code of Practice on Taxation for Banks ('the Code') and has committed to not undertake tax planning which aims to achieve a tax position which is against the intentions of Parliament. Tax planning in respect of genuine commercial activity is only proposed when tax, accounting, regulatory and legal implications have been evaluated and found to be in accordance with the Code. There have been no known breaches of the Code to date.

In compliance with the Code, the YBS Group does not engage in tax planning or transactions designed specifically for the purpose of avoiding tax liabilities. The YBS Group will only undertake tax planning, whether business-led or with the assistance of external advisers, in relation to supporting commercial activity and pursuing genuine business opportunities of the YBS Group, and only with the approval of the Chief Financial Officer who in turn will seek approval from the Board.

The YBS Group does however use genuine reliefs, allowances, and exemptions in calculating its tax liabilities, in line with common tax compliance practices.

By managing our tax affairs within both the spirit and the letter of the law, we can ensure that we continue to provide value for our members and protect our business reputation.

The YBS Group takes steps to ensure that we do not facilitate others who may have a connection with the YBS Group's business in evading taxes. The Group continues to maintain controls, monitoring, testing and provides regular training to staff to enable adherence of our obligations under the Criminal Finances Act of 2017 in respect of the failure to prevent the facilitation of tax evasion.

6. Relationship with His Majesty's Revenue and Customs ('HMRC')

The YBS Group maintains a pro-active, honest, and transparent professional working relationship with HMRC and is willing to co-operate with HMRC on any reasonable enquiry into any aspect of its activity that is relevant to its tax liabilities.

The YBS Group will approach its Customer Compliance Manager in real time regarding any significant areas of tax risk and will constructively discuss them in an open manner.

All enquiries from HMRC, and all correspondence and negotiations with HMRC, are managed on behalf of the Board by Group Tax, with additional support from management and external professional advisers if required.

The tax strategy above is published in accordance with the Group's duty under Schedule 19, part 2 paragraph 16(2) of *the Finance Act 2016* in respect of the accounting period ending 31 December 2025. The strategy applies to Yorkshire Building Society and all of its controlled entities (as disclosed within the Annual Report and Accounts each year) and has been approved by the Board.