

Yorkshire Building Society

Environmental and Social Purpose Committee Terms of Reference

Role	The Environmental and Social Purpose Committee ('the Committee') is a committee of the Board of Yorkshire Building Society, from which it derives its authority. Its role is to provide ongoing oversight of the Society's environmental and social purpose agenda.
Membership	The Committee will comprise at least 3 members, all of which shall be independent Non-Executive Directors. If a regular member is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another Non-Executive Director to serve as an alternate member. Appointments to the Committee are made by the Board, based on the criteria for membership and will be reviewed annually.
Chair	The Board will appoint the Committee Chair who will be an independent Non-Executive Director. In the absence of the Chair, or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
Secretary	The Secretary of the Committee will be agreed between the Chair of the Committee and the Group Secretary.
Attendees	Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Chief People Officer, Director of Colleague Experience, Director of Balance Sheet Strategy and Analytics and the Independent Committee Adviser may be invited to attend for all or part of any meeting, as and when appropriate. Individuals should not attend part of any meeting when there is a conflict of interest in the item being discussed, unless agreed with the Chair of the Committee.
Frequency	The Committee will normally meet a minimum of three times a year. Meetings of the Committee shall be called by the Secretary of the Committee or the Group Secretary at the request of any of its members. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, where possible no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members by the Secretary of the Committee and to other attendees, as appropriate, at the same time. Draft minutes of Committee meetings will be circulated promptly to all members and attendees of the Committee. Once approved by members, the draft minutes will also be circulated to other members of the Board unless it would be inappropriate to do so and will be formally approved at the next Committee meeting. Outside of the formal meeting programme, the Chair, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Group's governance.
Quorum	The quorum necessary for the transaction of business will be: <ul style="list-style-type: none"> ▪ Two members if the number of members who constitute the Committee is three. ▪ Three Members if the number of members who constitute the Committee is four or more. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. In the event of equal votes, the Chair of the Committee shall have a casting vote.
Written Resolutions	Written Resolutions must be undertaken in accordance with the requirements set out in the Society's Rules with written consent required from all Committee members for approval.
Mandate	The Committee is authorised to: <ol style="list-style-type: none"> 1. Seek any information it requires from any employee of the Society in order to perform its duties; 2. Obtain, at the Society's expense, any outside legal or other professional advice on any matters within its terms of reference; 3. Call any employee to attend a meeting of the Committee as and when required; and 4. Have the right to publish in the Society's Annual Report details of any issues that cannot be resolved between the Committee and the Board. The Committee is required to exercise independent judgement when evaluating the advice of external third parties and when receiving views from Executive Directors, Chief Officers and other Senior Managers.
Responsibilities	The Committee will carry out the duties below for the Society, and the Group as a whole, as appropriate. The Committee will support the Board, where appropriate and required, in fulfilling the Board's duty to i. be accountable to members of the Society, and ii. ensure the short and long-term interests of members are balanced.

1. Duties

- 1.1 Review at regular intervals and at least once a year, the outcomes of the Society's environmental and social purpose work as demonstrated across all activities, and regularly review progress against any measurable objectives that the Board has set in respect of this strategy.
- 1.2 Review and oversee the programme of work targeted at taking actions to embed purpose across the Group and its operations, example of topics include, but are not limited to:
 - (i) How purpose is increasingly embedded in the Group's decision-making;
 - (ii) Role of the YBS brand in activating the Group's purpose; and
 - (iii) Community engagement and communications.
- 1.3 Agree and oversee delivery of high impact, purpose-driven activity embedded in business strategies and owned by the business units. Conduct deep dives into current priority areas and escalate for review and discussion to the Board for approval as appropriate. Priority areas may include, but are not limited to:
 - (i) Place to Call Home (ESG Priority);
 - (ii) Financial Wellbeing (ESG Priority);
 - (iii) Building a Greener Society (ESG Priority); and
 - (iv) Member Value in relation to our community objectives and environmental commitments.
- 1.4 Receive and review regular business updates and reports across the Group on performance against its strategy in relation to environmental and social purpose matters and how these relate to Group Purpose, as well as its Sustainable Finance and ESG Reporting Frameworks and review progress accordingly.
- 1.5 Monitor and receive updates on developments, emerging best practice and regulatory changes in relation to environmental and social purpose matters and how these relate to Group Purpose, matters which impact the business of the Group and its environmental and social purpose strategy, as well as the implementation of this strategy.
- 1.6 Review the Group's ESG ratings to identify any gaps or areas for improvement in the Group's E&S initiatives.
- 1.7 Oversee progress on broader environmental themes such as biodiversity, forests, and water.
- 1.8 Monitor emerging environmental issues that require board level oversight and/or external stakeholder engagement.
- 1.9 Work and liaise, as necessary, with other committees of the Board. In particular, the Committee shall:
 - (i) Provide input to the Audit Committee on any matters that may be relevant to Sustainability and TCFD/ISSB disclosures/reporting and at the request of the Audit Committee, provide any support required in assessing the adequacy of the Group's Sustainable Finance and ESG Reporting Frameworks;
 - (ii) Provide input to the Audit Committee on the suitability of the 'E' and 'S' elements of the ESG Report and any wider areas relating to 'E' and 'S' within the Annual Report and Accounts.
 - (iii) Notify the Board Risk Committee of any matters within the Committee's remit that may require consideration in relation to Environmental Risk, Conduct Risk and/or Legal Risk as defined in the Enterprise Risk Management Framework and/or in relation any matters within the Committee's remit that may be relevant in the context of the Reputation Risk Management Framework; and
 - (iv) At the request of the Remuneration Committee, provide input as required to assist in its deliberations in relation to environmental and social purpose matters and how these relate to Group Purpose under its responsibility.
- 1.10 Review and approve how the Group provides external updates on its progress delivering against its environmental and social purpose ambitions and its responsible business operations (e.g. ESG reporting, Annual Report and Accounts), whilst recognising that external reporting is separately considered and approved through the Audit Committee.

2. Recommendations to the Board

- 2.1 Support and make recommendations to the Board in its oversight of the environmental and social purpose agenda, relating to the services and products provided to members and customers and the Group's own business activities.
- 2.2 Support the Board in monitoring the implementation of the Society's environmental and social purpose agenda and, if appropriate, make recommendations to the Board as to how to further develop these strategies.
- 2.3 Review and make recommendations to the Board on the suitability of the Society's environmental and social purpose agenda, position statements, frameworks, ambitions, metrics, and targets.
- 2.4 Escalate issues and making recommendations to the Board where appropriate, including:
 - On any environmental and social purpose matters under its responsibility where it considers that material action or improvement, additional to any proposed by management, is required to help the Society deliver its environmental and social purpose ambitions.
 - In relation to any environmental and social purpose matters under its responsibility where it considers external stakeholder engagement is necessary (e.g., investors, NGOs, civil society, etc).

	<p>3. Reporting Responsibilities The Committee shall:</p> <p>3.1 Report formally to the Board through the Committee Chair on its proceedings after each meeting on all matters within its duties and responsibilities.</p> <p>3.2 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.</p> <p>3.3 Report to the Board on how it has discharged responsibilities which will be included in the Society's Annual Report.</p> <p>4. Senior Managers Regime Prescribed Responsibilities</p> <p>4.1 The Committee shall assist the Senior Management Function (SMF) role holder(s) in relation to the escalation of their Responsibilities to the Committee in relation to:</p> <ul style="list-style-type: none"> ▪ Management of the financial risks from climate change. <p>5. Other Matters</p> <p>5.1 The Committee shall give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate. This will include having regard to the various matters set out in Section 172 of the Companies Act 2006 in promoting the success of the Society where relevant.</p> <p>5.2 The Committee shall annually arrange for reviews of its own effectiveness and, at least annually, review its terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.</p> <p>5.3 The Chair of the Committee will attend the Annual General Meeting to answer member questions on the Committee's activities.</p> <p>5.4 The Committee shall make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.</p> <p>5.5 The Committee shall ensure that all new members receive an induction tailored to their requirements on joining the Committee.</p>
Sub Committees	None
Date of Approval	10 December 2024 (effective 1 January 2025)