

DIRECTORS' REMUNERATION REPORT



A word from the Chair of the Remuneration Committee.

I am pleased to share the Directors' Remuneration report, my second as Chair of the Remuneration Committee.

Looking back at 2024

Last year, the Management team set out clear ambitions for the Society over the next five years. While acknowledging continuing external uncertainty which has been a feature of recent times, the strategy remains at the heart of ensuring we continue to provide Real Help with Real Life for more customers, year after year.

For 2024, we updated our Remuneration Policy. The updated policy is in place to support all our colleagues in working together for the benefit of the Society, our members and customers with the Remuneration Committee's oversight of remuneration, across the whole workforce the focus of its agenda in the year. To support our colleagues with the continued pressure seen on personal finances in a period of high inflation we agreed to award a 5% pay increase pool for all eligible colleagues as part of the 2024 annual pay review.

About the Remuneration Committee

The current members of the Remuneration Committee consist of Non-Executive Directors. They are:



Debra Davies
Chair



Dina Matta
Independent
Non-Executive Director



Janet Pope*
Independent Non-Executive
Director (from 1 January 2025)

*Joined the Remuneration Committee from 1 January 2025

Alison Hutchinson (former Senior Independent Non-Executive Director and Vice Chair as well as a member of the Group Risk Committee) was a member of the Remuneration Committee to 31 December 2024 when she stepped down.

Jennelle Tilling (former Independent Non-Executive Director) was a member of the Remuneration Committee to 31 December 2024 when she stepped down.

During 2024, we refreshed and simplified all our Society bonus schemes to align with the new strategy. The new bonus schemes 'Our Bonus' and 'Our Senior Leaders Bonus' align all leaders and colleagues to the delivery of the strategy with the same financial and customer underpins in place across both schemes.

The leadership of the Society now has one bonus scheme 'Our Senior Leader Bonus'. The new scheme aligns the objectives of all Senior Leaders and ensures a direct link to the success of the Society by rewarding delivery of long-term strategic objectives. All senior leaders are rewarded in line with the delivery of stretching but appropriate financial, member value and change targets.

Both the 'Our Bonus' and 'Our Senior Leader Bonus' schemes continue to be subject to robust financial sustainability measures as we maintain our focus on the long-term position of the society for its current and future members.

The proposed changes to the Remuneration Policy were widely supported and approved (c. 92% in favour) at the AGM this year and the Remuneration Committee continues to monitor and review the application of the policy ensuring it is operating as envisaged.

I am pleased that solid progress has been made in 2024 with Core Operating Profit performance above target. In addition, the Society continued to provide strong service to our members, demonstrated by achieving our target Net Promoter Score for the year.

The Society's solid performance in delivering value for members and colleagues despite ongoing economic uncertainty, has resulted in above target bonus awards for eligible Senior Leaders. For all other colleagues eligible for the 'Our Bonus' scheme, this has resulted in eligible colleagues being awarded with an average bonus of c. 8% of salary.

2024 has continued to be a year of senior changes at the Society with Tom Ranger joining as Chief Financial Officer (CFO) alongside a number of new senior role holders who will broaden the experience of the Management team.

The remuneration package for the new CFO is in line with our Remuneration Policy and was set taking into consideration market levels of remuneration as well as his extensive Financial Services experience. As normal in these circumstances, we have agreed to compensate Tom for the loss of deferred bonus forfeited on his resignation from Santander; these replacement awards are no more generous than the original awards and will be paid in line with the prior vesting schedule. The full remuneration details for Tom are outlined in this report.

The Investment Association 'Principles of Remuneration' were published on 8 October 2024, with a heightened emphasis on companies having the freedom to adopt remuneration policies and structures considered appropriate. In addition to these we are actively reviewing the recently updated 2024 Corporate Governance Code, which is effective from financial years beginning on or after 1 January 2025 and contains additional disclosure requirements pertaining to malus and clawback. While these updates have no immediate impact on the Society, the Remuneration Committee will continue to watch developments across the external market with interest.

Directors' remuneration outcomes for 2024

Executive Directors are eligible to receive a bonus award as part of the 'Our Senior Leader Bonus' scheme. The value of this award is determined by the Society performance as measured against the scorecard of strategic, financial, non-financial and individual metrics. Full details are contained within this report.

The financial and customer underpins for 2024, have been met, which has unlocked any bonus award on this scheme. Specifically, this has resulted in a bonus of 96.6% (of salary) for the CEO and 87.8% for the CFO. We have included full details of how remuneration is awarded to Executive Directors and the amounts later in this report.

Looking forward to the year ahead

Looking ahead to 2025, the Remuneration Committee will continue to review the updated Remuneration Policy, including the newly introduced bonus schemes, to ensure alignment with our strategic objectives and to foster stability while delivering value to our members. These bonus schemes are designed to align all colleagues with the Society's strategy, and the Remuneration Committee will closely monitor and evaluate their effectiveness to confirm they achieve the desired outcomes.

Additionally, the Remuneration Committee will maintain a proactive approach to the evolving regulatory and corporate governance landscape, ensuring we remain informed of and responsive to any updates.

In summary

I can confirm that the Society has operated in line with the approved policy, a summary of which is set out later in this report, and always acts in the best interests of the Society's members. The *Directors' Remuneration report* is subject to an advisory vote the 2025 Annual General Meeting (AGM). As such, the Remuneration Committee recommends that members vote at in favour of the 2024 Director's remuneration report at the AGM.

Debra Davies
Chair of the Remuneration Committee
26 February 2025

Basis of Preparation

For the 2024 financial year we have applied the principles and complied with the provisions of the UK Corporate Governance Code published in July 2018 (available on the Financial Reporting Council's website www.frc.org.uk) as far as they apply to Building Societies (as set out in the Building Societies Association (BSA) Guidance available at www.bsa.org.uk) other than where stated in the *Corporate Governance report*.

Executive Director remuneration for 2024

All remuneration in the 2024 performance year has been awarded in line with the Society's Remuneration Policy.

Details of the full policy relevant for 2024 can be found at www.ybs.co.uk.

The table below shows the single total figure table of remuneration for the Executive Directors of the Society for the years ended 31 December 2024 and 31 December 2023. This information has been audited by our independent auditors, PwC.

Single total figure of remuneration for each Executive Director (audited)

Executive Directors	Role	Fixed Remuneration								Variable Remuneration						Total Remuneration Excluding Replacement Awards		Total Remuneration Including Replacement Awards	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		Base Salary £'000		Taxable Benefits £'000		Pension £'000		Total Fixed £'000		Bonus £'000		Replacement Awards £'000		Total Variable £'000		£'000		£'000	
Susan Allen ⁴³	Chief Executive Officer	798	655	32	26	88	72	918	753	777	777	N/A	2516	777	3293	1,695	1,530	1,695	4,046
Alasdair Lenman ⁴⁴	Chief Financial Officer	246	482	16	31	25	50	287	563	144	378	N/A	N/A	144	378	431	941	431	941
Tom Ranger ⁴⁵	Chief Financial Officer	259	N/A	19	N/A	29	N/A	307	N/A	426	N/A	869	N/A	1,295	N/A	733	N/A	1,602	N/A
David Morris ⁴⁶	Chief Commercial Officer	281	362	9	12	31	40	321	414	N/A	311	N/A	N/A	311	321	725	321	725	

* Please note that as all four Executive Directors have not been in their stated YBS role for the full two year reporting period, their relevant remuneration reflects time in role.

Base salary

In 2024 Susan Allen was awarded a pay increase of 3.18% effective 1st May. This uplift was lower than that provided to all colleagues (which was on average 5% with a minimum of 4% or £1,250 whichever was greater) and remains in line with our analysis of the broader market. Alasdair Lenman and David Morris did not receive a pay increase during the year.

⁴³ Susan Allen – joined YBS as CEO on 2 March 2023 and 2023 salary reflects part year earnings. The bonus awarded to Susan for the 2023 performance period has been calculated based on the annual base salary as at 31 December 2023.

⁴⁴ Alasdair Lenman – retired from the Society as Chief Financial Officer on 30 June 2024, all data disclosed above reflect payment for time in role. Alasdair was granted Good Leaver status which enabled Alasdair to keep all deferred awards. Please note that Alasdair was awarded a bonus of £143,749 in 2024, performance metrics were assessed at point of retirement and then reviewed at year end. The payment made to Alasdair was calculated based on his 2024 eligible pay and therefore prorated in line with time in role.

⁴⁵ Tom Ranger – joined the Society as Chief Financial Officer on 18 June 2024 and was awarded an annual base salary of £485,000. Replacement awards include £868,937 awarded to compensate for deferred awards forfeited on leaving his previous employer. In line with remuneration regulatory expectations these replacement awards will vest in line with the prior vesting schedule. The bonus awarded to Tom for the 2024 Performance Period under the 'Our Senior Leader Bonus' scheme has been calculated based on his 2024 eligible pay; plus the lost incentive opportunity award for the period of 2024 prior to joining the Society; and an additional £26,000 discretionary award by the CEO.

⁴⁶ David Morris – resigned from the Society as Chief Commercial Officer on 4 October 2024, all data disclosed above reflect payment for time in role. Please note that David forfeited his 2024 bonus award.

Variable pay

This section explains the underpins and mechanics of the variable pay schemes in operation by the Society in 2024.

For 2024 and as approved at the 2024 AGM, we have implemented a new approach to bonus. There are two separate schemes, one for Senior Leaders (including Executive Directors): 'Our Senior Leader Bonus', and one for all colleagues (excluding Senior Leaders): 'Our Bonus'. The two schemes utilise the same underpins: financial performance and customer experience. For the 'Our Bonus' scheme, financial performance and customer experience unlock and determine the bonus pool. For 'Our Senior Leader Bonus', financial performance and customer experience are key determinants of the bonus opportunity.

Financial performance

The first performance measure is Profit Before Tax ('PBT'), which is adjusted for bonus purposes to exclude items, both positive and negative, where they do not reflect underlying commercial performance – i.e. timing differences and or accounting treatment, this is referred to as the Society's Core Operating Profit.

The Remuneration Committee has scope to adjust the calculation of profit within the bonus scheme plan, for example to reflect the need to increase our capital (in the event of Society growth) or to reflect significant deviation from cost management plans. The following principles are applied when identifying potential adjustments:

- Where an unexpected or unplanned item arises that is not part of the core, business as usual, running of the Society. For example, one-off investments or projects that were not included in the plan profit number against which actual performance is judged.
- Removal of both positive and negative impacts from non-core actions that do not reflect management of the Society. For example, any unplanned profits (or losses) on the sale of property would not be included in the Core PBT figure used to calculate bonus award levels.

In line with the principles above, the overall Core Operating Profit figure achieved represents a performance level above target for the Society's bonus schemes.

Customer experience

The second performance measure is the customer 'Net Promoter Score' ('NPS') which measures how likely our members and customers are to recommend us.

The overall NPS figure achieved in 2024 was 64, which represents an on target performance above the threshold for the Society's 2024 bonus schemes.

Financial sustainability review

In addition to the above, before any bonus awards are granted, a number of reviews are completed to ensure the level of capital held by the Society remains sustainable and compliant with regulation as well as an assessment which determines that the Society's cost management practices are robust.

'Our Bonus'

The Society's threshold performance levels against the Core Operating Profit and NPS need to be achieved before any bonus award will be granted. An additional percentage of bonus may be awarded based on individual performance. The assessment of individual performance is measured against the achievement of individual objectives, which may contain both financial and non-financial measures.

'Our Senior Leader Bonus'

The Society's threshold performance levels against the Core Operating Profit and NPS need to be achieved before any bonus award will be granted. The calculation of Society performance across all the measures determines the core bonus award.

An additional percentage of bonus may be awarded based on individual performance. The assessment of individual performance is measured against the achievement of individual objectives, which contain both financial and non-financial measures. For each colleague, these are agreed at the start of the year and are subject to independent review at the year end.

All bonus awards are subject to the operation of a Business Controls Overlay ('BCO') Process as outlined in the Remuneration Policy.

How 'Our Senior Leader Bonus' value was calculated for Executive Directors

Category	Metric	Weighting %	Achievement	Outturn %
Finance	Profit Before Tax	30%	Target	24.9%
	Cost	10%	Threshold	4.2%
Strategic/ Non-Financial	Create Joyful Experiences	Customer Experience	5% Stretch	5%
		NPS	5% Target	2.5%
	Double our Reach and Deepen our Impact	Deepen Our Impact: Deliver Member Value	7.5% Target	6.1%
		Double our Reach: Mortgage Propositions	5% Stretch	5%
	Build a Future Ready Society	Building a Greener Society	5% Threshold	2.1%
		Growing Sustainably	5% Target	3.7%
	Cultivate an Ambitious Culture	Organisational Health	7.5% Target	3.8%
Shared Scorecard (out of 80%)				57.3%

Executive Director personal objectives 2024

In addition to the shared Senior Leader scorecard for 2024, the Executive Directors have a number of personal objectives.

Performance against personal objectives was assessed to have met or exceeded Target for both the CEO and CFO with respective outturns of 15.08% and 12% awarded out of a maximum of 20%.

The Remuneration Committee thoroughly reviewed bonus outturns for the Executive Directors to ensure they accurately reflected their performance. Ultimately, the Remuneration Committee was satisfied that the outcomes were a fair representation of performance.

How bonus is awarded for Executive Directors

In line with relevant remuneration regulations, bonus awards for Executive Directors are subject to deferral over a multi-year period.

This table below shows the years in which the 2024 performance year payments to Executive Directors vest, with 50% delivered in cash and 50% via Share Equivalent Instrument ('SEI'). Payments made via SEI are subject to a holding period. For further details on deferral please refer to the Deferral and Share Equivalent Instrument ('SEI') section.

Executive Director	Role	Total Award		Deferral schedule															
				2025		2026		2027		2028		2029		2030		2031		2032	
		Cash	SEI	Cash	SEI	Cash	SEI	Cash	SEI	Cash	SEI	Cash	SEI	Cash	SEI	Cash	SEI		
Susan Allen	CEO	388.6	388.6	155.6	155.6	-	-	-	-	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	46.6	
Tom Ranger	CFO	212.9	212.9	85.4	85.4	-	-	-	-	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	
Alasdair Lenman	CFO	71.9	71.9	28.9	28.9	-	-	-	-	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	

Payments for loss of office

There were no payments to Directors for loss of office in 2024.

Payments to past Directors

There were no payments made to past Directors in 2024 that have not already been disclosed in previous reports.

Colleague considerations in relation to remuneration

Our aim is to build a working environment where colleagues feel engaged and committed to the Society's journey, ensuring they feel valued and respected to give their best. Our reward offering is integral to that, with an approach founded in our mutuality and values. Our Remuneration Policy is in place to support our colleagues in working together for the benefit of the Society, our members and customers. This was reviewed in 2023 for 2024 with the creation of a discretionary element in the 'Our Bonus' scheme that supports our ambitious culture pillar of the Society's strategy and seeks to ensure that high performance and certain behaviours are recognised and rewarded.

Colleague listening

The Society actively seeks views of colleagues through a variety of sources, including through our recognised trade union, Aegis. Our Colleague Forum and Performance and Reward Committee are other examples of where we gain direct colleague input into the design and ongoing development of the Society's remuneration framework. Angela Darlington has been our Non-Executive Director for Workforce Engagement since January 2024 (the role having previously been held by Alison Hutchinson), ensuring colleague views are fed through to the Board.

Supporting colleagues in 2024

It is important to us that our colleagues feel recognised, valued and fairly rewarded for the contributions they make to providing essential services to our customers and the effective running of our operations.

In 2024 we made another significant investment in base pay, providing eligible colleagues with an on average, circa 5% salary increase, this resulted in a minimum payment per colleague of 4% or £1,250, whichever was greater.

CEO Pay ratio reporting

We continue to publish the ratio of the Chief Executive's pay to the wider colleague population. This ratio compares the total remuneration of the CEO against the total remuneration of the median colleague and those who sit at the 25th and 75th percentiles (lower and upper quartiles).

In line with prior years, we have used the reporting method of 'Option B', which involves utilising our existing gender pay gap reporting data as the basis for identifying the colleagues at each of the required quartiles. The Total Remuneration calculation for the colleagues identified at each quartile was taken as at 31 December 2024.

This ratio reflects the nature of the Society, in particular the range of different roles and skillsets required to operate within Financial Services; from a number of customer-facing colleagues in the branch network and call centres, through to, for example, heavily technical specialist roles in our Treasury department.

We note that in last year's report, the 2023 CEO pay ratio numbers included replacement awards paid to the CEO upon joining the Society (median CEO pay ratio of 110:1). The figures below reflect the median CEO pay ratio excluding any replacement awards.

Year	Defined Method	25th percentile	50th percentile	75th percentile
2024	Option B	59:1	43:1	28:1
2023	Option B	60:1	44:1	28:1
2022	Option B	28:1	21:1	14:1
2021	Option B	29:1	21:1	14:1
2020	Option B	39:1	28:1	20:1

The total remuneration values and base salary values for the 25th, 50th and 75th percentile employees for 2024 are:

	25th percentile	50th percentile	75th percentile
Total Remuneration	£28,888.74	£39,547.70	£60,106.06
Salary	£24,732.30	£33,730.50	£49,448.20

* The following elements have been utilised to calculate the total remuneration of each colleague; base salary, pension (including pension cash allowance), car allowance, private medical insurance and bonus.

Non-Executive Directors

Chair of the Board and Non-Executive Directors

The Chair of the Board and Non-Executive Director ('NED') fees are reviewed periodically. Following analysis of the market data available, and in line with the award provided to all colleagues the NED fees were increased in July 2024 as outlined below.

Non-Executive Director fees (annual equivalents)	Annual fees as at 1 July 2024	Annual fees as at 1 July 2023
	£'000	£'000
Chair of the Board basic fee	225.0	216.2
Vice Chair of the Board basic fee	84.8	81.5
Non-Executive Director basic fee	59.8	57.5
Additional fee for:		
Audit Committee - Chair	24.3	23.4
Audit Committee - Member	10.1	9.7
Remuneration Committee - Chair	19.9	19.1
Remuneration Committee - Member	7.3	7.0
Board Risk Committee ¹ - Chair	24.3	23.4
Board Risk Committee ¹ - Member	10.1	9.7
Board Governance & Nominations Committee Member (N.B. Additional fee does not apply to the Chair or Vice Chair)	7.3	7.0

¹ Please note that until 1 January 2025, the Board Risk Committee was named the Group Risk Committee

During 2024 a review of the Board and Committee Architecture has been completed which was approved by the Board in December 2024. In conjunction with this a review of time commitment and Non-Executive Director fees has also been undertaken, including external benchmarking. As a result of the review, taking into account the increased requirements of the Non-Executive Director role, and including the outcomes of the time commitment review and the revised Board and Committee Architecture the following fees were agreed effective from 1 January 2025:

Role	Fee Effective from 1 January 2025
Non-Executive Director	£62,000
Additional fees:	
Vice Chair	£12,500*
Senior Independent Director (SID)	£25,000*
Audit Committee Chair	£27,000
Audit Committee Member	£13,500
Remuneration Committee Chair	£20,000
Remuneration Committee Member	£10,000
Board Risk Committee Chair	£27,000
Board Risk Committee Member	£13,500
Board Governance and Nominations Committee Member (excluding Board Chair and Senior Independent Director)	£10,000
Environmental and Social Purpose Committee Chair (new Committee with effect from 1 January 2025)	£20,000
Environmental and Social Purpose Committee Member (new Committee with effect from 1 January 2025)	£10,000
Board Champion Roles (excluding the Whistleblowing Champion Role and / or where Champion Roles are held by the Vice Chair or Senior Independent Director)	£3,000

* in addition to Non-Executive Director base fee.

There will be no further review of Non-Executive Director fees in 2025. The Board Chair fee was not included in the process and will, therefore, be subject to the normal annual review process in 2025.

Single total figure of remuneration for each Non-Executive Director

The Non-Executive Directors basic and committee fees earned in 2024 are outlined below. Non-Executive Directors do not receive any benefits, but in addition to the fees below, are reimbursed for any expenses incurred, such as travel and subsistence, as per the Society's expenses policy. This information has been audited by our independent auditors, PwC.

Non-Executive Director	2024			2023		
	Basic Fees £'000	Committee Fees £'000	Total £'000	Basic Fees £'000	Committee Fees £'000	Total £'000
Annemarie Durbin (Board Chair from 23 April 2024)	220.6	-	220.6	8.3	-	8.3
John Heaps (Board Chair to 23 April 2024)	82.1	-	82.1	209.1	-	209.1
Guy Bainbridge	58.7	40.9	99.6	55.6	38.8	94.4
Peter Bole (joined the Board on 1 September 2024)	19.9	3.4	23.3	-	-	-
Angela Darlington	58.7	33.7	92.4	55.6	32	87.6
Debra Davies	58.7	29.4	88.1	24.8	10.3	35.1
Alison Hutchinson (stepped down from the Board on 31 December 2024)	83.2	17.0	100.2	78.8	24	102.8
Dina Matta	58.7	7.1	65.8	55.6	6.8	62.4
Mark Parsons	58.7	19.8	78.5	55.6	18.8	74.4
Janet Pope (joined the Board on 29 October 2024)	10.7	-	10.7	-	-	-
Jennelle Tilling (stepped down from the Board on 31 December 2024)	58.7	7.1	65.8	55.6	6.8	62.4

Remuneration Policy

The following pages set out the approved Director Remuneration Policy for our Executive Directors and Non-Executive Directors. The revised policy was approved by members at the Annual General Meeting ('AGM') on 23 April 2024 with 92.31% of the votes cast being in favour of the resolution.

The policy is intended to apply for three years to the AGM in 2027. It is intended that no payments to Directors will be made outside of this policy, unless required as a result of regulatory change.

Our reward principles

We follow five key principles to support us in achieving our long-term aspirations which apply to all colleagues within the Society. These help us know when we are doing the right things and set out what we believe good reward practice for all of our colleagues looks like.

Our five reward principles developed with our colleagues are:

1. Attract and retain talent, aligned to our mutual values and forward thinking to ensure relevance in a changing world.
2. Focused on total reward; recognising that reward is more than just pay, it is part of a broader Employee Value Proposition.
3. Reward decisions are clear and transparent for colleagues; delivered through effective and open communication.
4. Flexible within a framework to ensure a consistent approach whilst responding to different challenges, supported by education to help managers balance doing the right thing for both the Society and their people.
5. Our reward arrangements are reflective of society, team and individual achievements, with the ability to recognise the contribution all colleagues have made to our success.

Our reward principles are applied consistently regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience.



As outlined in the *Our Strategy* section of the *Strategic report*, the Society started a new strategic cycle in 2024 and outlined ambitious plans to scale up and change at pace, while remaining anchored to its purpose, to guide towards a Society that is future-ready and fit to serve generations to come. Following the review of the Reward Principles and the Society's strategy, the Remuneration Committee focused their review on the bonus schemes in operation for colleagues across the Society, including Executive Directors.

A new bonus scheme was implemented for 2024 to support the Society's strategy in creating an ambitious culture, and to foster an environment where high performance is recognised and rewarded, not just through 'what' is delivered, but also 'how' it is delivered.

While there is a separate bonus schemes for Senior Leaders, including Executive Directors, and one for the broader colleague population, there is alignment of focus between the two schemes through the use of common performance metrics and gateways. This alignment supports a collective culture, where everyone works together to put our members needs first, as well as being able to recognise high performance.

Overview of Variable Pay Schemes for 2024

'Our Bonus'

The all-colleague scheme was introduced for 2024 ensuring full alignment with the Strategy.

The all-colleague scheme 'Our Bonus' is underpinned by performance against Core Operating Profit and Net Promoter Score metrics, retaining the commitment to long term financial sustainability and exceptional customer service. The all-colleague scheme is also subject to the Society's Business Controls Overlay process, which includes a financial sustainability review. Subject to company performance levels being met, all colleagues (excluding Senior Leaders) become eligible for a bonus award.

The actual bonus awarded to colleagues will be dependent on their individual performance and contribution to the Society. For the majority of colleagues who perform well and deliver as expected, this will look the same however, where performance exceeds expectations and certain behaviours are exhibited, those colleagues can now experience a higher bonus award than their peers, driving our ambitious culture value.

'Our Senior Leader Bonus'

To support the aim of simplicity, the new single Senior Leaders' Bonus scheme was implemented from 1 January 2024.

Our evolved approach to reward senior leaders has been influenced by a few key factors:

Aligning all senior leaders (SLT and Chiefs including EDs) to the delivery of Our Strategy	Driving three priority outcomes from our ambitious culture pillar; <ol style="list-style-type: none"> "leaders are aligned on priorities and provide both support and challenge"; "high performance is rewarded at YBS, with how and what I deliver being equally important"; and "I am clear what I'm accountable for and trusted to deliver"
Simplification	To ensure that all Senior Leaders are focused in the same direction in service of Our Strategy, anchoring back to the ambitious culture outcome of: <p>"I am clear what I'm accountable for and trusted to deliver"</p>
Alignment with market best practice	To ensure that we can attract and retain the skills we need. To ensure we are compliant with regulation. To ensure the Society's cost management practices are robust and sustainable. The scheme will also continue to be subject to the Society's Business Controls Overlay process.

Executive Director Remuneration Policy

There are no proposed changes to the Remuneration Policy for 2025.

As such and for simplicity, details of the full policy relevant for 2025 can be found at www.ybs.co.uk.

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Deferral and Share Equivalent Instruments (SEI)

In line with relevant remuneration regulations, including the Remuneration section of the PRA Rulebook and the FCA's Dual-Regulated Firms Remuneration Code, all variable pay awards for Executive Directors are subject to deferral. Deferral ensures that the Society delivers variable pay over a multi-year period, in a manner that mitigates unnecessary risk taking, whilst achieving a level of sustainable performance.

Also required by regulation, is that 50% of each variable pay award will be delivered via a SEI which is subject to a further holding period following vesting.

For the 2025 performance year, an Executive Director whose remuneration exceeds the de-minimis limit will receive 20% of their total variable pay in 2026, with a

further 20% delivered via SEI in 2027. The remaining 60% is deferred over seven years, with a 12 month holding period applying to the payments made via SEI.

For example:

- **Year 1:** 40% of any variable pay earned is paid out in the year following the relevant performance year. Half of this amount is paid in cash (in 2026) and the other half is delivered in a SEI and subject to an additional holding period prior to revaluation and payment (in 2027).
- **Deferral Years:** the remaining 60% is deferred for 7 years and paid equally each year from 3 years after the award. Each year, the award is split in two, with half the amount paid in cash and the second half held in a SEI and subject to an additional holding period prior to revaluation and payment. SEI valuations continue every 12 months until the variable pay schedule is complete.

Length of time variable pay at risk

2025 Bonus	Delivery	2026	2027	2028	2029	2030	2031	2032	2033	2034
Up-front: April	Cash	█								
Up-front: April	SEI	→	█							
Deferred Year 3: April	Cash			→	█					
Deferred Year 3: April	SEI			→	→	█				
Deferred Year 4: April	Cash				→	█				
Deferred Year 4: April	SEI				→	→	█			
Deferred Year 5: April	Cash					→	█			
Deferred Year 5: April	SEI					→	→	█		
Deferred Year 6: April	Cash						→	█		
Deferred Year 6: April	SEI						→	→	█	
Deferred Year 7: April	Cash							→	█	
Deferred Year 7: April	SEI							→	→	█

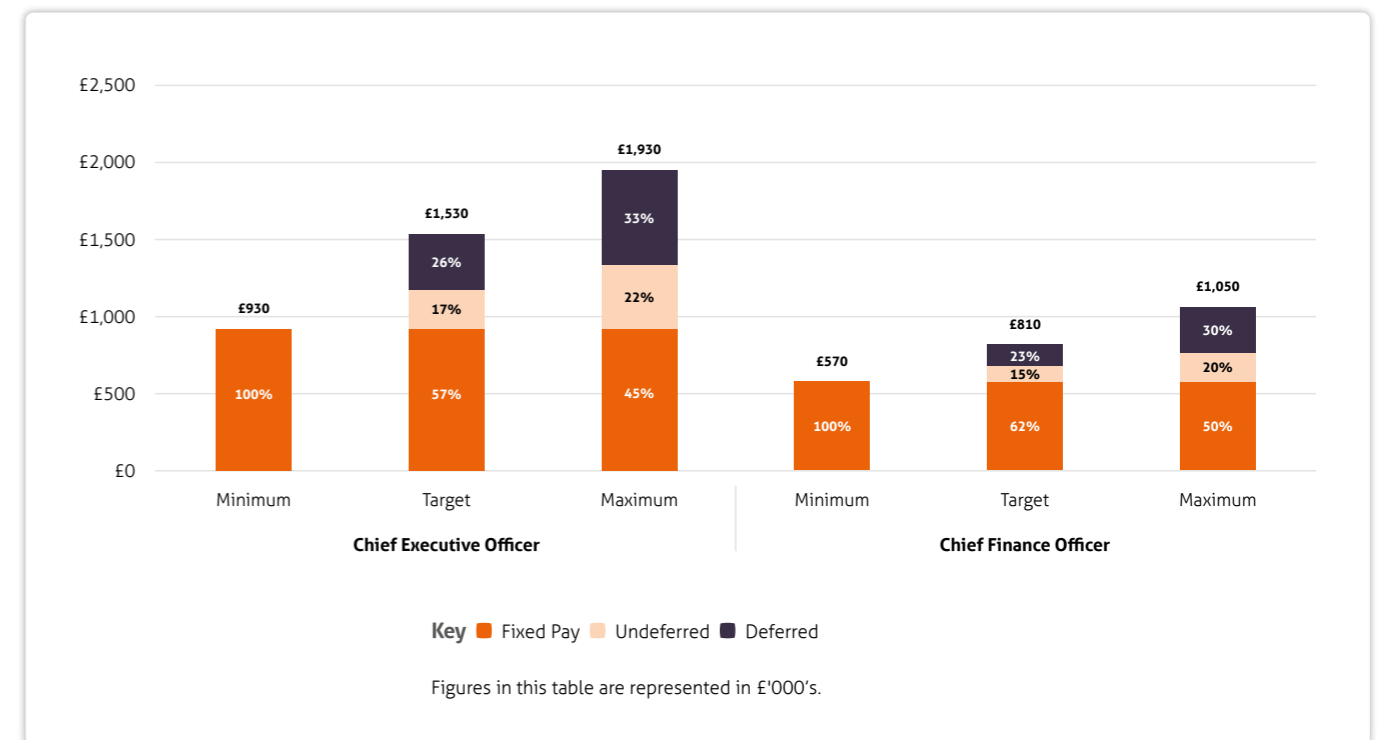
Key

→ Cash bonus deferral → SEI deferral → SEI holding period

Remuneration scenarios in relation to the Remuneration Policy in 2025

The chart below shows an illustration of the potential split of remuneration between fixed remuneration (base salary, benefits and pension) and total variable pay (bonus) for the CEO and other Executive Directors. For the purposes of this illustration, we have used the data pertaining to the Chief Executive Officer and the Chief Financial Officer under the following scenarios:

- **Minimum** – under certain performance conditions, variable pay can be zero.
- **Target** - represents a variable pay award (75% of eligible pay for the Chief Executive Officer and 50% for the remaining Executive Directors) that would be paid if Society and personal performance measures are achieved in 2025.
- **Maximum** – the maximum variable pay award (125% of eligible pay for the Chief Executive Officer and 100% for the remaining Executive Directors) that could be paid assuming stretch objectives and outcomes are fully realised in 2025.



Our committees

To ensure our reward policies and procedures are robust and assured we have two main committees in place to support this: the Remuneration Committee and the Performance and Reward Committee. These committees play different roles in making sure our approach to reward meets our required levels of compliance, as explained below.

Remuneration Committee

The Remuneration Committee has specific responsibility for making sure we have the right policies and processes in place for Chief Officers (including those that are Executive Directors) of the Society, and individuals identified as Material Risk Takers ('MRTs'), as well as the overarching Remuneration Policy and pay practices that impact all colleagues within the Society. The purpose of the Remuneration Committee is to oversee the Remuneration Policy in place for the Society, making sure this aligns to our business strategy and any regulatory requirements.

Details in relation to the composition and the Terms of Reference of the Remuneration Committee can be accessed on the Society's website.

Governance > **Directors' Remuneration Report**

The Remuneration Committee oversees a broad range of activities within the Society such as:

- Setting of the Remuneration Policy for all colleagues within the Society.
- Reviewing and approving the individual remuneration arrangements for all Chief Officers (including those that are Executive Directors) and Chair of the Board.
- Ratifying the annual objectives of the Chief Officers (including those that are Executive Directors).
- Determining individual variable pay awards for other MRTs.
- Overseeing and approving the variable pay outturn for all bonus schemes.
- The application of malus and / or clawback for MRTs if any evidence of risk taking or behaviour not conducive with our principles is identified.
- Overseeing remuneration processes and procedures in relation to MRTs, including ensuring MRTs do not undertake hedging strategies in relation to their variable pay opportunities.
- Responsibility for the Business Controls Overlay process.
- How remuneration is considered for all colleagues in the organisation, and the relativity of their remuneration to the Executives.

The Remuneration Committee is supported by the Chair of the Board, the Chief People Officer and the Head of Reward & Governance. Where it is felt to be appropriate, the Chief Executive Officer is invited to attend to provide further background and context to assist the Remuneration Committee in discharging its duties.

The Remuneration Committee met five times during the year and held two Extraordinary meetings and covered the following activities:

- Reviewing the Society's Remuneration Policy for Executive Directors and all colleagues, ensuring it is fit for purpose in relation to a Tier 1 firm.
- Ensuring remuneration policies and practices remain appropriate and are operating as intended.
- Ongoing work in relation to the Prudential Regulatory Authority's ('PRA') Remuneration Code and how it applies to the Society.
- Reviewing the Society's variable pay scheme structure and targets.
- Overseeing performance and remuneration of the Society's Material Risk Takers.
- Reviewing and monitoring the risk measures in place relating to Director performance.
- Reviewing the Society's gender pay gap reporting.
- Reviewing and approving the remuneration arrangements for MRTs.

Details of the number of scheduled meetings attended by each Committee member during 2024 can be found in the Attendance at Board and Committee meetings section of the Corporate Governance report.

The Remuneration Committee draws on the advice of an independent external consultant to support it in performing its duties. During the year, the Committee sought advice on reward and regulatory matters from EY. The Committee is satisfied that the advice received is objective and independent.

Further to the advice received from EY, additional advice was obtained from Willis Towers Watson and Deloitte LLP, who provided support and guidance on the review of the Executive Directors Remuneration Policy.

Performance & Reward Committee

The Performance & Reward Committee is in place to ensure effective governance and oversight of our Remuneration Policy with a focus on conduct and alignment to our business strategy. This committee also ensures that any variable pay arrangements that we offer colleagues drive the right behaviours towards risk taking and safeguard good customer and member outcomes. The Performance & Reward Committee comprises several senior leadership team members within the organisation with representation from the Customer Services, Commercial, People, Finance and Risk functions.

Our approach to risk management and governance of reward

Our reward provisions meet all the requirements of both our internal governance processes and external regulators. Our provision of reward and the associated policies, processes, procedures and practices relating to these are created in a way which ensures the appropriate level of governance is in place to mitigate any potential current and future risks to the Society, colleagues, members and customers. The variable pay scheme is subject to a Business Controls Overlay Process, under which the Remuneration Committee may adjust variable pay outcomes in the event risk issues are identified.

We are actively reviewing the recently updated 2024 UK Corporate Governance Code, which is effective from financial years beginning on or after 1 January 2025 and contains additional disclosure requirements pertaining to malus and clawback.

Our regulators

As a financial services provider we are regulated by both the Financial Conduct Authority (FCA) and the Prudential Regulation Authority ('PRA'). The relationship with our regulators is important to us and builds trust both inside and outside of the Society. This means that from a performance, reward and benefits perspective we ensure that our base salary, variable pay, and benefits not only meet any necessary obligations of our regulators but are designed and provided in a way which develops a trusted relationship with them.

Appendices

Appendix 1 – AGM - Statement of member voting

The Society remains committed to ongoing member dialogue and takes an active interest in voting outcomes. The policy has received strong support from members to date.

Non-Executive Director	2018	2019	2020	2021	2022	2023	2024
To approve the Directors' Remuneration report	90.29%	91.86%	91.32%	92.45%	91.77%	93.15%	92.89%
To approve the Directors' Remuneration Policy	n/a	90.95%	n/a	91.58%	n/a	n/a	92.31%

Appendix 2 - Aggregate remuneration data (Pillar 3)

For full details on the Society's full Pillar 3 disclosure, please visit www.ybs.co.uk/your-society/financial-results.

This report contains the statutory disclosures required under the Building Societies Act 1986 ('the Act') and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ('the DTR'). It also includes details of voluntarily applied disclosure requirements, including those in respect of the UK Corporate Governance Code ('the Code'), the Companies Act 2006 and the streamlined energy and carbon reporting ('SECR') rules.