

# BOARD GOVERNANCE AND NOMINATIONS COMMITTEE REPORT



## A word from the Board Governance and Nominations Committee Chair

I am pleased to introduce my first report since becoming the Chair of the Board Governance and Nominations Committee.

The Committee's role is critical to ensure that the Board has the right governance structure, skills, knowledge, experience, diversity, and succession plans to deliver on the Society's purpose, vision and strategy.

In 2024 there has been particular focus on Board succession with three Non-Executive Directors and two Executive Directors stepping down from the Board during the year. Two Non-Executive Directors and one Executive Director joined the Board and we appointed an independent Board Cyber Security Adviser. We updated and actively utilised the Board Skills Matrix to assist us to identify the skills that we needed as the Board's composition evolved.

To support the development of a broader array of diverse Board ready candidates in the UK, we partnered with Empowering People of Colour (EPOC) and Korn Ferry to identify and appoint a Board Fellow who will attend and participate in Board meetings during 2025.

During the year, we reviewed the Society's Board and Committee governance structures. This included the formation of a new Board Committee that will focus on the important topics of environmental sustainability and social purpose. At each Board meeting, we made space to discuss key strategic topics whilst tasking each of the Board Committees to oversee important risk, governance and control matters.

We plan to consolidate and embed the changes made this year during 2025. In addition the Committee will assume oversight responsibilities for the Society's executive governance structures to ensure that there continues to be effective linkages between Board and Executive level governance.

**Annemarie Durbin**  
Board Governance and Nominations Committee Chair

### Board Governance and Nominations Committee members and meetings

The members of the Committee during 2024 were:



**Annemarie Durbin**  
Board Chair



**Guy Bainbridge**  
Independent Non-Executive Director / Vice Chair  
(from 1 January 2025)



**Mark Parsons \***  
Senior Independent Director  
(from 1 January 2025)



**Angela Darlington \***  
Board Risk Committee Chair  
(formerly Group Risk Committee)

\* Joined the Committee from 1 January 2025 following the Board and Committee Architecture review.

Alison Hutchinson (former Senior Independent Director / Vice Chair) was a member of the Committee to 31 December 2024 when she stepped down from the Board.

John Heaps (former Board Chair) was Chair of the Committee to 23 April 2024 when he stepped down from the Board.

For more details on the Board and Committee Architecture review see the Corporate Governance report.

The majority of members of the Committee are and will continue to be independent Non-Executive Directors in accordance with the UK Corporate Governance Code (the Code).

Only members of the Committee are entitled to attend its meetings, although others may be asked to attend all or part of a meeting. The Chief Executive, Chief People Officer and Group Secretary are usually invited to attend each meeting.

The Committee held four scheduled meetings in 2024 and one ad-hoc meeting to discuss Executive succession.

Details of the number of scheduled Committee meetings attended by each member is available in the Corporate Governance report.

### Board Governance and Nominations Committee responsibilities

The responsibilities of the Board Governance and Nominations Committee include:

- Reviewing the structure, size and composition of the Board taking into account succession plans, the Board's Diversity Statement and the Board Skills Matrix.
- Overseeing succession planning for the executive and senior leadership teams and the development of diverse pipelines.
- Reviewing the approach to the annual evaluation process for the Board and its Committees.
- Overseeing the appointment process for Non-Executive Directors, Executive Directors and other key Board roles.
- Agreeing the training plan for the Board on at least an annual basis.
- Reviewing governance arrangements and monitoring corporate governance developments, making recommendations to the Board where appropriate.
- Reviewing and recommending to the Board the Directors and Chief Officers Conflicts of Interest Policy for approval and monitoring potential conflicts.
- Reviewing and recommending to the Board the Board Diversity Statement for approval.

Following the review of Board and Committee Architecture, from 1 January 2025 the Committee will also be responsible for the oversight of subsidiary governance, executive governance and the appointment of Pension Scheme Trustee Directors.

Further detail on the role and responsibilities of the Committee can be found in the terms of reference which are available on our website.

Further information in relation to Board training and conflicts of interest can be found in the Corporate Governance report.

### Corporate governance

The Committee is responsible for the oversight of Board governance and ensuring we work within a strong corporate governance framework. During 2024 this has included:

- Leading on the review of Board and Committee Architecture on behalf of the Board. Further details on the Board and Committee Architecture review can be found in the *Corporate Governance report*.
- Annual review of the Society's compliance with the Code (as it applies to a building society).
- Review the Corporate Governance report and the Board Governance and Nominations Committee's report and recommend to the Audit Committee and the Board that they be included in the Annual report and Accounts.
- Oversight of corporate governance developments with any changes required as a result agreed or recommended to the Board as appropriate to ensure the corporate governance framework is based on best practice, including changes to the Code published by the Financial Reporting Council (FRC) in January 2024.
- Oversight of the Board Effectiveness Action Plan monitoring delivery of the key actions for 2024 which will continue to strengthen the Board governance framework.

### Succession planning

The Board remains committed to ensuring it has the right composition both now and in the future to enable it to provide the right oversight to support the delivery of Our Strategy and the long-term success of the Society. The Board Governance and Nominations Committee works on behalf of the Board to keep under review the size, composition and skills mix of our Board and its Committees.

The Committee ensures that effective succession plans are in place to ensure that any impact on Board continuity is appropriately managed during periods of transition, particularly in relation to key roles. This includes ensuring future recruitment requirements for Non-Executive Directors are planned and reflect the ongoing and future skills requirements of the Board.

## Governance &gt; Board Governance and Nominations Committee Report

The Board Governance and Nominations Committee uses a range of information to support its work in relation to succession planning including:

<b>Board Skills Matrix</b>	Based on a self-evaluation by directors of their skills and experience. The information this provides supports the Committee in its succession planning and recruitment exercises to ensure the Board and its Committees have the skills they need. In 2024 the Committee completed a detailed review of the approach to the Skills Matrix to ensure it continued to provide key insight into the current balance of skills and experience to inform future recruitment and succession planning.
<b>Board Committee Membership and Key Non-Executive Director Roles</b>	Setting out current Board Committee membership, composition, and any future requirements, together with other key roles held by Non-Executive Directors, such as the Non-Executive Director for Workforce Engagement.
<b>Board Diversity Statement and Diversity Data</b>	Setting out our Board's commitments to inclusion and diversity and understanding the composition of our Board.
<b>Non-Executive Director Succession Timeline</b>	Setting out appointment dates, terms of office and expected retirement dates for Non-Executive Directors including key roles such as the Board and Committee Chairs.
<b>Chief Officer and Director Succession Plans</b>	Enabling the Committee to have oversight of the talent pipeline for senior roles and understand any opportunities or risks.
<b>Contingency Planning Procedure</b>	Whilst the Committee monitors and plans for future succession planning it recognises that emergency situations could arise. As such it has an agreed Contingency Planning Procedure to ensure plans are in place for unexpected circumstances.

The Committee continued to oversee succession planning in 2024, for Non-Executive Directors this included taking account of the tenure of existing directors and current and future skills requirements whilst balancing the need for stability and continuity during a period of transition for key roles.

During 2024 the Committee had an important role in providing oversight of succession planning for the Executive Committee, supporting the Chief Executive

through the appointment process for Chief Officer roles and the development of strengthened succession plans and talent pipelines. This will continue in 2025 as the Committee supports the Board in providing oversight of the effectiveness of the Executive Team.

### Recruitment of Non-Executive Directors, Executive Directors and Key Board roles

The Committee leads the recruitment of new Non-Executive and Executive Directors on behalf of the Board ensuring robust recruitment and appointment processes are followed. All recruitment is undertaken taking account of succession plans and the current and future composition requirements of the Board and its Committees. During 2024, the Committee has also led the processes for the appointment of a Board Cyber Security Adviser and Board Fellow in partnership with EPOC.

### Non-Executive Directors

In 2024 recruitment processes were undertaken for two new Non-Executive Directors. For each appointment, the Committee agreed a person specification setting out the key requirements for the role and a comprehensive recruitment process was completed, including formal interviews and meetings with key Board stakeholders. As a result the Committee recommended the following appointments to the Board:

- **Peter Bole** – who brought strong accounting knowledge and commercial experience, together with relevant UK retail banking experience, to the Board and further strengthened the composition of our Audit Committee.
- **Janet Pope** – who brought extensive experience in financial services with a particular focus on sustainability, responsible business and inclusion and diversity.

Russell Reynolds Associates was appointed to lead the search which identified Peter Bole as the preferred candidate. They have previously assisted the Society in the recruitment of Annemarie Durbin, Board Chair in 2024; Debra Davies, Chair of Remuneration Committee in 2024; and Guy Bainbridge, Chair of Audit Committee in 2018. Russell Reynolds is signed up to the Enhanced Voluntary Code of Conduct for Executive Search Firms which meets the preferred approach for YBS as set out in the Board Diversity Statement.

As a general rule, the Committee will use an external search agency and / or open advertising to assist in Non-Executive Director recruitment processes. However, there are some circumstances where other processes are deemed appropriate.

For example, the process which identified Janet Pope as the preferred candidate was internally led, supported by a market mapping exercise. This was due to the specialist nature of the requirements for the role which was intended to be the Chair of the new Environmental and Social Purpose Committee (formed with effect from 1 January 2025). Two candidates were interviewed with Janet emerging as the preferred candidate. As with any Board appointment, external references were provided before Janet's appointment.

### Executive Directors

During 2024 the Committee oversaw the recruitment process for a Chief Financial Officer and Executive Director to succeed Alasdair Lenman following his retirement. Following the decision to commence a recruitment process, Carbon Leadership LLP was appointed to lead the search. Carbon Leadership does not have any previous connections with the Society in this respect.

A robust recruitment process was undertaken including a long and short-listing process, fire side chats, formal interviews and meetings with current Board directors together with an external assessment process. Tom Ranger was identified as the preferred candidate bringing over 25 years' experience in financial services with deep experience across all areas of Treasury, including funding, capital and liquidity management, investor relations and enterprise-wide stress testing.

### Other roles

As part of the ongoing review of the Board Skills Matrix and Board composition it was agreed that, whilst there was a strong level of experience on the Board in relation to cyber security, a new Board Cyber Security Adviser would be appointed to supplement this and ensure the Board had ongoing access to recent and relevant experience.

The Committee led the process to seek an appropriate independent adviser and as a result it was agreed to appoint Colin Slater with effect from September 2024. Colin has brought significant experience in relation to cyber security and will act as an independent voice for the Board to consider risk and resilience challenges.

In 2024 the Committee agreed to partner with EPOC with a view to participating in their Board Fellowship programme. Korn Ferry have supported the Society in the process as a recruitment and development partner bringing with them a strong understanding of our values, behaviours and culture. Following a comprehensive process, the Committee agreed the appointment of a preferred candidate. The Board Fellow will attend and participate in Board meetings during 2025.

**Details of the induction process for Non-Executive and Executive Directors are set out in the Corporate Governance report.**

### Board diversity

We place great importance on having an inclusive and diverse Board and workforce generally. Our Board has agreed a Diversity Statement to support this ambition, which is reviewed by the Board Governance and Nominations Committee and approved by the Board each year.

A summary of progress against the key aspects of the Statement is set out below:

<b>Use of specialist recruitment agencies that have signed up to the Standard Voluntary Code of Conduct of Executive Search firms for the appointment of Directors, with a preference for those signed up to the Enhanced Code</b>	Russell Reynolds Associates was appointed to support the search for a new Non-Executive Director and Carbon Leadership for an Executive Director and both are signed up to the Voluntary Code of Conduct for Executive Search Firms.
<b>At least 40% of Board Directors will be women</b>	The percentage of women on the Board as at 31 December 2024 was 67% and exceeded the target. Following Alison Hutchinson and Jennelle Tilling stepping down from the Board on 31 December 2024, the percentage of women on the Board as at 26 February 2025 is 60%.  For prior years see the <i>Board composition</i> section of the <i>Corporate Governance report</i> .
<b>At least one of the senior Board positions (Chair, Chief Executive Officer or Senior Independent Director) should be women</b>	As at 31 December 2024 all three senior Board positions were held by women. Following Alison Hutchinson stepping down from the Board on 31 December 2024, and as such her role as Senior Independent Director, as at 26 February 2025 two senior Board positions (Chair and Chief Executive Officer) were held by women and the target continued to be met.
<b>At least one member of the Board should be from an ethnic minority background excluding white ethnic groups</b>	There was one member of the Board from an ethnic minority background as at 31 December 2024 (and as at 26 February 2025) and, as such, the target is being met.
<b>Further increase Board diversity in order to enhance effectiveness and embrace the talents of people from all backgrounds</b>	Our Board places great emphasis on ensuring its membership reflects diversity in its broadest sense. Consideration is given to demographics, skills, experience, race, age, gender, disability, educational and professional background, and other relevant personal attributes. In ensuring an appropriate balance of all these factors the Board can provide the range of perspectives, insights and challenge needed to support good decision making.  The Committee regularly reviews the composition of the Board to ensure that it has the balance of skills, experience, independence and knowledge through its diverse composition to remain effective.

## Diverse talent pipelines

As part of its role the Committee oversees senior leadership succession plans and the diversity of the talent pool for future vacancies.

We have signed the HM Treasury's Women in Finance Charter and are committed to improving gender balance, particularly at senior levels in our organisation. By way of further information, we had the following percentages of women colleagues at 31 December 2024 (and for comparison 2023):

	31 December 2024 %	31 December 2023 %
<b>Executive Committee</b>	<b>28.6</b>	42.9
The Leadership Team immediately below our Board (as set out in the UK Corporate Governance Code)		
<b>Senior Managers</b>	<b>49.1</b>	49.2
Our colleagues in roles Grade E or above (in accordance with our commitments under the Women in Finance Charter)		
<b>All Colleagues</b>	<b>60.4</b>	61.1

For more details on our colleagues and inclusion and diversity please see the Strategic report.

## Board and Committee effectiveness reviews

The Board Governance and Nominations Committee agrees the annual effectiveness review process for the Board and its Committees.

As an external review was completed in 2023 in accordance with the Code which requires an external review every three years, it was agreed that an internal effectiveness review process be completed for the Board and its Committees in 2024 based on a questionnaire approach.

Further details on the appointment of the approach to the review can be found in the Corporate Governance report.

### Board Chair

Our Senior Independent Director meets with our Board Chair twice a year on behalf of our Board to review the Chair's performance. The review incorporates feedback from key stakeholders including the Executive and Non-Executive Directors.

The annual review for 2024 was completed by Alison Hutchinson, as Senior Independent Director, in December 2024 prior to her stepping down from the Board. The outcomes were reported to the December 2024 Board meeting without the Board Chair present.

### Non-Executive Directors

The Board Chair has twice yearly meetings with each Non-Executive Director to review their performance, discuss any areas for development and review ongoing time commitment.

### Executive Directors

Executive Director evaluations are carried out by our Chief Executive, (or the Board Chair in the case of the Chief Executive), against agreed objectives.

The Board Chair meets with the Non-Executive Directors at least annually to consider the performance of management and the Executive Directors.

## Board Governance and Nominations Committee effectiveness review

Following the external review completed by Lintstock in 2023, the Committee undertook an internal effectiveness review in 2024 based on a questionnaire approach.

The Committee considered the outcomes of the 2024 effectiveness review at its meeting in January 2025. There were no urgent or significant actions, however, the Committee has identified the following areas for focus during 2025:

- Continued oversight of Executive Succession.
- Oversight of the effectiveness of the new Board and Committee Architecture.
- Development of its new role in respect of Executive Governance oversight.

**Annemarie Durbin**  
Board Governance and Nominations Committee Chair

26 February 2025

# AUDIT COMMITTEE REPORT



## A word from the Chair of the Audit Committee.

I am pleased to present our 2024 Audit Committee report which sets out the Audit Committee's role and its key activities during the year, including its review of financial reporting matters, oversight of the Group's internal controls, and its internal and external auditors.

I am most grateful to my fellow Committee members for the diligence with which they contribute to the Committee's work, and to management for the time and effort they put in to ensure the Committee remains effective.

During the year we have spent considerable time assessing progress in strengthening the Group's control environment to meet external threats and regulatory requirements, and to protect our members' interests. We have also considered the impact of the changes in senior management of the Group over the last two years, and what we need to be fit for purpose for our future. We continued to oversee developments in our internal audit function, including progress against its strategic priorities and the results of its quality assurance programme. We have remained focused on the impacts of the economic environment, notably interest rates, inflation, and unemployment, and regulatory and legislative developments upon our current and future business. The Board delegated responsibility for the oversight of the Group's annual Environmental, Social and Governance (ESG) Report to the Committee in 2023 and we approved the 2023 report in June 2024, following the introduction of a regular Committee meeting to meet the ESG Report timetable.

In 2025, the Audit Committee will continue its work to protect the interests of all of the Group's stakeholders.

**Guy Bainbridge**  
Chair of the Audit Committee

26 February 2025

## Audit Committee membership

The members of the Audit Committee are:



**Guy Bainbridge**  
Committee Chair  
Independent Vice Chair



**Mark Parsons**  
Senior Independent  
Non-Executive Director  
(from 1 January 2025)



**Peter Bole**  
Independent  
Non-Executive Director



**Angela Darlington**  
Independent  
Non-Executive Director