



Principles for Responsible Banking Report 2024



Introduction

Coventry Building Society is one of over 345 financial services organisations across the world that are currently signed up to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking ('the Principles'). The Principles provide a framework for a sustainable banking system, by signatories demonstrating how their strategies and activities support the UN Sustainable Development Goals and the Paris Climate Agreement. This is our third report on our progress towards implementing the Principles using the self-assessment template provided by the UNEP FI.

The Six Principles for Responsible Banking



Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



Principle 2: Impact and target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



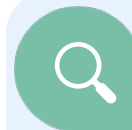
Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



Principle 5: Governance and Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



Principle 6: Transparency and Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

Describe (high-level) your organisation's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your organisation operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your organisation's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Link(s) to full response/relevant information

Coventry Building Society (the 'Society') is a mutual organisation based in the United Kingdom and founded in 1884. It is owned by and run for the benefit of its mortgage and savings customers who are known as "members". The Society is a people and purpose-led building society responding to the needs of all stakeholders to make people better off through life. Our purpose is reflected in our branding as adding up to something **All together, better.**

[Annual Report and Accounts](#) (pgs. 12 - 20)

[Sustainability Report](#) (pgs. 9 - 10)

We are the second largest building society in the UK and provide residential mortgages and savings products to approximately 2 million personal customers across every region of the UK. We believe in **Putting Members First**, treating all our customers fairly and giving them choice and flexibility in how they interact with us, providing extra help to customers in vulnerable situations and those in financial difficulty. This means keeping savers' deposits and data safe and secure, offering good long-term value and ensuring good conduct outcomes for both savers and borrowers. We also support landlords who provide homes to those who rely on the private rental sector for their housing needs. Our buy to let business diversifies our income and helps create value for our wider membership, whether through better savings rates and services than we could otherwise afford.

We make sure that we treat everyone fairly, keeping the Society resilient in the long-term. Our business model works through earning interest and fee income from mortgage loans to owner-occupied customers and private sector landlords. We pay interest to savings members and wholesale investors who have placed deposits with us or bought our debt securities. The difference between these two provides the net interest income to pay our people and suppliers, to cover potential losses on our mortgage loans, to reinvest in improved products and services or to be retained as capital to fund future growth. Unlike a listed bank, we don't have to pursue profits to pay shareholders dividends. Instead, we balance our need to retain sufficient profit to remain financially resilient with (i) Giving better value and service to our members and (ii) Investing so that our service and product propositions continue to meet the needs and expectations of our current and future members. We also have a lower risk approach to lending than the average UK mortgage provider that supports our financial resilience and strength over the long term. This resilience is reflected in our financial performance and historic low arrears and low repossession rates relative to other lenders.

We believe this mutual business model is consistent with the value and ethos of those who founded the Society 140 years ago and promotes the competitiveness of the UK mortgage and savings market as a whole. Our unique mutual business model allows the Society to broaden its priorities, shifting focus from traditional shareholder value to reinvesting our profits to benefit our members and wider community. We work to empower members to make better financial decisions and help them achieve their financial and life goals through simple mortgage and savings propositions that offer good long-term value. Our purpose extends to supporting our local communities, changing our city for the better through increasing financial literacy and career aspirations, improving access to quality housing and reducing isolation and loneliness.

Our legal form is a "building society" which means we are accountable to our members and constituted in line with the Building Societies Act 1986. Our mortgage and savings customers are located across the United Kingdom. We trade as Coventry Building Society and also have two trading subsidiaries, Godiva Mortgages Limited and ITL Mortgages Limited. We are headquartered in Coventry and all our customer service and head office teams are located in the West Midlands.

Principle 1: Alignment

1.2 Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your organisation?

☒ Yes

☐ No

Does your organisation also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☒ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Task Force on Climate-related disclosures (TCFD), GRI Standards, ISO 14064-1 certification.

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Modern Slavery Act 2015, Whistleblower protections, Anti Money Laundering Regulations 2017, Anti-bribery and corruption, Fair Tax Mark.

☐ None of the above

Please describe how your organisation has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Sustainability is at the core of the Society's strategy and aligns with our purpose and values. Our values act as a key driver of employee trust, influence how we deal with members, and sustain a strong culture across all areas of our business. The Society's sustainability strategy is framed by the three key external benchmarks which we have committed to: the UN Global Compact (UNGC), the UN Principles for Responsible Banking and the UN Sustainable Development Goals (UN SDGs). In 2023, we were the first UK Building Society to achieve B Corp certification. B Corp's philosophy of continuous improvement to be a force for good aligns with the Society's belief of **All together, better**. Delivering against these external benchmarks forms the core of the Society's sustainability strategy.

Our sustainability strategy is included in the Society's Strategic Plan, which is approved by our Board annually and guides decision making for a five-year period. More detailed decision making on this topic, including identifying specific actions and accountabilities, is considered by the Board twice annually in specific sustainability strategy updates. Two key objectives within our 2023 Strategic Plan were to continue in our ambitions to have a purpose-led approach to business, the environment and wider society and to continue creating an inclusive and inspiring workplace for our colleagues.

UN Global Compact

The UNGC is a strategic policy initiative for firms committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. We are committed to making the ten principles of the UNGC part of the strategy, culture and day-to-day operations of the Society.

- Part of creating a more sustainable society is continuing to apply high standards of corporate governance. The Society has a robust governance framework which ensures that people, purpose and sustainability remain at the heart of everything we do. Our key activities and policies in this area align with our commitment to the UN Global Compact and include:
- a commitment to diversity in our workplace;
- a commitment to the highest possible standards of ethical behaviour and conduct;
- meeting all of our UK tax responsibilities;
- protecting our members privacy and data security;

[2023 Annual Report and Accounts](#) (pgs. 17-20)

[2023 Sustainability Report](#) (pgs. 7-12, 14-16, 22, 25, 57-58, 61, 65)

[Climate Action Plan 2023-2040](#)

[B Corp Certified \(coventrybuildingsociety.co.uk\)](#)

Principle 1: Alignment

1.2 Strategy alignment (ctd)

- maintaining a zero tolerance of slavery and human trafficking in any of our own operations or in our supply chain;
- ensuring our anti-bribery policy reflects our internal zero tolerance approach and legal requirements;
- further embedment of sustainable procurement into the sourcing process and our supplier selection criteria with up to 20% of the overall weighting being assigned to sustainability issues and 100% of our key suppliers agreed to our Supplier Code of Conduct or equivalent;
- incorporating sustainability principles into our contractual arrangements with our suppliers; and
- investing and supporting the community to establish Better Connections, Better Foundations and Better Futures.

UN Sustainable Development Goals

The Society remains committed to supporting the UN Sustainable Development Goals by integrating sustainability into the products we offer, the way we operate our business and the contribution we make to broader society. In 2020 we completed a detailed review of the UN Sustainable Development Goals identifying those where the Society could make a material difference. In line with recommended practice, we selected four goals to be our areas of focus. For each of these goals we agreed ambitions and specific targets. These measures help to define, measure and report on our broader sustainability activities.

Our four priority goals



Why we can make a difference

- We are a leading local employer, wanting to provide employment opportunities for our local communities.
- We are committed to enhancing the skills of our employees.
- We have the resources to make a positive impact on education in Coventry.
- We provide career opportunities at differing levels of seniority.
- We spend over £173 million annually with our supply chain, enabling us to drive positive changes with our suppliers.
- We can offer underrepresented groups career pathways.
- We provide financing for housing and can help first time buyers onto the housing ladder.
- We can help homeowners with the transition to net zero.
- Our community programme focuses on access to housing.
- Our own operations emit GHG emissions.
- Our borrowing members will need help to deal with the transition to net zero.

Principle 1: Alignment

1.2 Strategy alignment (ctd)	Link(s) to full response/relevant information
Paris Climate Agreement We believe that climate change is a critical issue for the UK and the wider world. We are committed to making a positive contribution to the challenge of climate change by reducing the environmental impact of our business activities. At the heart of this commitment is our decarbonisation strategy which aims to deliver on a Net Zero ambition by 2040. The Society’s Climate Action Plan aligns with the Paris Climate Agreement and we were proud to be the first UK bank or building society to sign The Climate Pledge to take collective action to achieve Net Zero. We’ve been Carbon Neutral for internal business operations, both energy use and emissions, since November 2021 and are certified against ISO 14064-1 for our GHG emissions. After proving we have reduced our emissions as much as possible, we are now looking to balance any remaining emissions through high quality offsetting solutions. In line with our 2023-2040 Climate Action Plan, we continue to work on plans to reduce our indirect Scope 3 emissions throughout 2024 and beyond. Like many organisations, the largest sources of our emissions are downstream of our core operations. Given our business model most of these Scope 3 emissions primarily relate to the emissions from the houses we help finance across the UK. B Corp In 2023, we were proud to have become the first Building Society in the UK to be certified as a B Corp. There’s a rigorous assessment process and becoming B Corp certified is just the beginning of a journey of continuous improvement. To maintain certification, B Corps are re-assessed by B Lab’s standards every three years. Through its B Corp accreditation, the Society has reinforced its commitment to use our business as a force for good and to be the change we want to see in the world for our members, colleagues, environment and wider community. In 2024, we are excited to publish our first B Corp Impact Report detailing the progress made towards our ambitions throughout our first year as an accredited B Corp. External Associations We’re proud to have signed up with key signatories that align to our ambitions, and are pleased to have achieved Fair Tax Mark, ISO 20400 for Sustainable Procurement and ISO 14064-1 for the accuracy of our energy and emissions reporting accreditations. Our sustainability performance is reported in accordance with industry-leading ESG frameworks and is underpinned by our memberships with both globally recognised and local organisations as outlined at pages 14 – 16 of the 2023 Sustainability Report.	

Principle 2: Impact and Target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)	
Show that your organisation has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):	
<u>a) Scope:</u> What is the scope of your organisation’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.	
As the Society operates only within the UK and has a narrow mortgage and savings product offering to individuals, our impact analysis is extremely focussed. The Society’s impact is continuously considered throughout the procurement process, with ongoing Supplier due diligence and ESG given a weighting of 20% throughout the tender process. Our environmental impact is also regularly assessed, both internally and through the use of international standards and benchmarking. We use the B4SI framework to measure and manage our social impact including our donations and investment into the local community.	
In 2021, the Society conducted a broad impact analysis of the impact of its own operations and that of its suppliers. We used the framework of the UN Sustainable Development Goals to identify which areas the Society could make a positive impact and where the Society could make improvements. This activity was overseen by a group of subject matter experts from our Sustainability, Strategy, Procurement, Product and Governance functions. As a result of this activity the Society identified four areas where a real difference could be made.	
To build on this activity, the Society undertook a thorough materiality assessment in line with GRI standards. This exercise required the Society to engage with stakeholders to understand what is important to them and which areas the Society could have the greatest impact. These assessments considered our members, our complete product offering, our colleagues, investors, suppliers, community groups and the environment. In 2022, our ESG Steering Group led by the Chief People Officer, reviewed the shortlist of material issues identified by our stakeholders to understand whether the landscape had changed and if the Society needed to update its existing priorities. Each of the Society’s stakeholder groups were surveyed to obtain their up-to-date views.	
The output of both the 2021 and 2022 materiality assessments were reviewed by the Board and incorporated into the strategic planning process. The outcome of the 2022 materiality assessment were consistent with results of the previous year and highlighted that the Society would need to continue to address its environmental impacts, could play a role in encouraging homeowners in the UK to “retrofit” their properties and reduce emissions as well as provide employment and other social benefits to the people living in the Coventry area, which has areas of high deprivation.	
To further understand its impact, the Society undertook a <u>double materiality assessment</u> in 2023. Our double materiality assessment involved asking our stakeholders not only how external factors affected the Society’s financial wellbeing, but also how the Society’s actions impact people and the planet. To identify the material issues to our stakeholders, we again surveyed our members, colleagues, investors, suppliers, community partners and our Senior Leadership Team and Board. Undertaking a double materiality assessment has allowed the Society to understand, not only what material issues our stakeholders believe affect our organisation, but also the impact they believe the Society has on issues beyond its financial performance. Understanding the Society’s effect on sustainability issues provides us with the necessary information to identify where our sustainability agenda will have the most material impact. The outcome of our double materiality assessment was reported to the Board and will be considered as part of the strategic planning process for 2024 and beyond. The material issues identified through our double materiality assessment incorporated many of the material issues that previously informed our strategy.	
Link(s) to full response/relevant information	
2023 Annual Report and Accounts (pgs. 14-15, and 18)	
2023 Sustainability Report (pgs. 7-8, 15, 17-18, 24, 63)	

Principle 2: Impact and Target setting

2.1 Impact Analysis (Key Step 1) ctd b) Portfolio composition: Has your organisation considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios. If your organisation has taken another approach to determine its scale of exposure, please elaborate, to show how you have considered where the organisation's core business/major activities lie in terms of industries or sectors.	<i>Link(s) to full response/relevant information</i>
We have considered the composition of our portfolio in our analysis. Around 95% of our funding comes from retail savings and our mortgage book is predominantly secured on UK residential owner-occupied and buy to let lending. Of our overall loans over 61% are owner-occupied loans and 38% are buy to let loans. 96% of liquid assets are held in UK sovereign or UK financial institutions, ensuring asset quality. Our products are available to anyone in the UK that meet the criteria. In 2023, we continued to support all members, providing particular support to those who held mortgages and were experiencing financial difficulty and first-time home buyers by increasing the number of loans advanced to 6,300. Whilst we partner with organisations and suppliers in other countries, our core business operates in UK retail banking as described above, and the scope of our impact analysis therefore only covers the UK. Given our focussed operations and product offering, we have identified the areas we can have the most impact being in supporting people in the UK to purchase their first or primary place of residence in a sustainable and informed way. In doing this, we aim to limit both the impact of our own operations on the environment and climate but also, the impact our borrowers' homes have on the environment.	2023 Annual Report and Accounts (pgs. 14, 27, 111, 135)
c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your organisation and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.	<i>Link(s) to full response/relevant information</i>
The material issues identified by our stakeholders and the key challenges we have identified faced by our members reflected the broader challenges and priorities related to sustainable development in the United Kingdom, including as identified in the UK's Financial Wellbeing Strategy and the Voluntary National Review of Progress towards the Sustainable Development Goals. Considering the UK's country needs, utilising the UNEP FI Impact Analysis Tool and the impact of the Society's portfolio, with all business conducted in the UK, the Portfolio Impact Analysis Tool identified the following most relevant challenges and priorities for the UK: 1. Climate Stability; 2. Livelihood including through employment and 3. Availability, accessibility, affordability and quality of housing. These priorities aligned with and informed our broader sustainability strategy to address our environmental impacts, ensure that our business was resilient to difficult economic and societal conditions, and continue to support our members and the broader community with access to housing, financial support and education and provide good member outcomes to improve their overall financial health. Beyond this analysis, the Society identified relevant challenges and priorities as they arose throughout the year. The Society took agile action to respond to emerging challenges faced by its stakeholders and the UK at large.	

Principle 2: Impact and Target setting

2.1 Impact Analysis (Key Step 1) ctd Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your organisation identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose.	Link(s) to full response/relevant information
Utilising the UNEP FI Impact Analysis Tool and through the assessment of the Society’s portfolio, stakeholders and impact of its operations, we have identified Financial Health and Inclusion and Climate Mitigation as the two most salient impact areas for us to support and to inform our broader strategy. The Society’s portfolio and product offering currently focusses entirely on mortgages and savings accounts. As described above, our members are individuals in the UK. Supporting the Financial Health and inclusion of our members As a members first organisation, we want members to have the savings account or mortgage that helps them achieve their goals, whilst making our services easy and convenient to use. Four of the five priority measures to focus the UK Strategy for Financial Wellbeing 2020-2030 were identified as areas in which the Society could have a positive impact, being, getting a meaningful financial education, saving regularly, managing credit and accessing debt advice. We understand that our members, based in the UK, with savings accounts and residential mortgages with us are those where we can have the greatest impact. We have therefore focussed on developing products to support these members, reduce their bills and increase their savings and ensure that they have access to good financial advice and support. During 2023, we continued to recognise the instrumental role our branch network plays in connecting with our members and providing them with a safe, friendly link to their finances and their community. The access and availability of this network including our call centre support team, supports our members through referrals to our debt advice partners and provides tailored support, including increased support for members identified as vulnerable for various reasons, to ensure good customer outcomes. Despite challenging market conditions where lending to first time buyers fell by 24%, we increased our own first-time buyer lending by 17%, supporting over 6,300 households into a first home. We continued to improve our products to support homeowners, landlords and brokers and encouraged saving through loyalty saving products, with 147,000 loyalty accounts opened in 2023. The Society is a responsible lender and operates robust affordability checks before advancing any loans. For owner-occupier mortgages, ensuring a borrower has sufficient net income, both at the time of application and in a future higher interest rate environment, is a key part of this. For buy to let loans, the Society sets minimum interest coverage ratios which reflect among other things the tax status of the borrower. The Society continued to support customers and closely monitor the impacts of the affordability pressures that both the cost of living inflationary challenges and a higher interest rate environment have given rise to over the last two years. We took action to proactively contact mortgage customers who had or will be coming to the end of their initial fixed rate mortgage product period, and who may experience increases in their mortgage rates. In the event that customers did experience financial difficulties, contact is made on a missed direct debit (pre-arrears) as well as following missed payments (arrears). We also appreciate the impact that we can have in our community to help build the foundations towards financial health and inclusion. We work with several partners providing funding and other support to increase their capacity to support more people and work towards sustainable improvements to their lives. In 2023, we helped support 3,586 people through our Better Foundations network. This includes through partners such as Coventry Citizens Advice, which provides debt advice, the Central England Law Centre, which provides legal support in cases of eviction, and some of the city’s network of social supermarkets which provide food and support. Our partnership with Centrepont also forms part of our Better Foundations commitment.	2023 Annual Report and Accounts (pgs. 9, 19, 27, 36-37) 2023 Sustainability Report (pgs. 36, 42-43, 48, 51) Climate Action Plan 2023-2040

Principle 2: Impact and Target setting

2.1 Impact Analysis (Key Step 1) ctd

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your organisation identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose.

Link(s) to full response/relevant information

Mitigating climate risk

As a global and national priority and in accordance with our commitment to SDG 13, we have identified climate as our second area of most significant impact. The UK Government's 25 Year Environment Plan and its Clean Growth Strategy highlights the impact of businesses and green finance as integral to the UK's ability to reach its climate goals. As a **members first** organisation, the Society has created a robust, Climate Action Plan which aligns with our ambition to be fully Net Zero by 2040. Our Climate Action Plan is informed by both the negative and positive impacts we have identified. Beyond the reduction in our own footprint, we are committed to working with suppliers to eliminate the emissions in the products and services we buy. We will continue work to equip all borrowing members with the knowledge, awareness, and confidence to improve the energy efficiency of their homes, and we offer a range of green propositions and initiatives to support this.

We have set Climate targets in line with national and international frameworks in relation to our own emissions and reducing the environmental impact within our operating chain. The UK's Voluntary National Review 2019 also highlighted the importance of improving education and awareness-raising on climate change mitigation. The Society's Customer Carbon Calculator and Sustainable hub available on our website (Sustainable living (coventrybuildingsociety.co.uk)) is an educational carbon calculator designed to help guide all of our members to better understand the types of energy efficiency improvements they could make to their property. Members are asked a series of questions about their property, and are subsequently provided with a tailored report detailing;

- EPC rating (or modelled rating if no EPC exists)
- Potential EPC rating
- Estimated CO2 emissions
- Recommended efficiency improvements with a cost, savings by measure, as well as star rating on work involved, comfort and practicality
- Total savings –emissions and energy cost

UK's housing stock makes up more than a fifth of our national carbon emissions, and it'll take a concerted effort by lots of stakeholders including Government, industry and home-owners to improve the energy efficiency of the places we call home. This includes retrofitting existing housing stock as well as improving new building standards, and at the Society we're giving members all sorts of help to do just that.

Principle 2: Impact and Target setting

2.1 Impact Analysis (Key Step 1) ctd

d) For these (min. two prioritized impact areas): **Performance measurement:** Has your organisation identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your organisation's context.

Link(s) to full response/relevant information

As a Building Society, our impact is primarily determined by our product offering, our portfolio, member demographic and our contribution to our community. As outlined above, we have a focused member base due to the products we offer, being mainly residential loans and savings accounts with a majority of our portfolio being secured in the United Kingdom. When assessing the financial health and inclusion of our members and community, we have found that older age and access to education are important factors.

[2023 Sustainability Report](#) (pgs. 11-12, 17-18, 20, 35, 67-68)

We have carried out a materiality impact assessment each year since 2021. Our focused product offering allows us to understand not only our members but the impact of our operations on the environment, human rights issues and our broader community.

In assessing our positive and negative impact, the Society considered our progress toward the four SDGs of focus, our Climate Action Plan, and the Society's Strategic Plan. Our impact assessment also considered the Society's broader performance through consultation with our stakeholders, engagement with our members at our AGM and our performance against national and international frameworks.

Self-assessment summary:

Which of the following components of impact analysis has your organisation completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☒ Yes	☐ In progress	☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Providing Quality Education, Decent Work and Economic Growth, Contributing to Sustainable Cities and Communities and Taking Positive Climate Action.

How recent is the data used for and disclosed in the impact analysis?

- ☐ Up to 6 months prior to publication
- ☒ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Principle 2: Impact and Target setting

2.2 Target Setting (Key Step 2)

Show that your organisation has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

- a) **Alignment:** which international, regional or national policy frameworks to align your organisation's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.
- b) **Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline. In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.
- c) **SMART targets** (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.
- d) **Action plan:** Which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your organisation has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts

The Society has set SMART targets in reaching our ambitions to align with the 4 SDGs of focus (see section 1.2 above) our Climate Action Plan in line with the Paris Agreement and our broader Society Strategic Plan.

Link(s) to full response/relevant information

[2023 Sustainability Report](#) (pgs. 11-12, 14-15, 20-28, 35)

[Climate Action Plan 2023-2040](#)

Principle 2: Impact and Target setting

2.2 Target Setting (Key Step 2)	Link(s) to full response/relevant information
United Nations Sustainable Development Goals In 2020, we completed a detailed review of the UN SDGs, identifying those where the Society could make a material difference. In keeping with best practice, we continue to deliver against the targets and ambitions we've set for our goals of focus.  4 QUALITY EDUCATION • 250 apprenticeships over five years from 2021. • 50% of senior management roles from internal recruits by 2025. • 10,000 children and young people in Coventry supported via education programmes over the three years from 2021.  8 DECENT WORK AND ECONOMIC GROWTH • Offer career development to enable colleagues to achieve their potential. • Progress the sustainability agenda with our suppliers. • 40% of all senior manager and above roles held by women by 2025. • 25% of manager and above held by colleagues from ethnic minority groups by 2025. • All key suppliers have committed to the Society's Supplier Code of Conduct by 2023.  11 SUSTAINABLE CITIES AND COMMUNITIES • Number of people supported through Access to Housing is 1,000 between 2021 and 2025. • Double first time buyer numbers in 2021 (3,200 to 7,500) and move to supporting 10,000 first time buyers annually by 2023.  13 CLIMATE ACTION • Become carbon neutral for our own operations in 2021. • Ambition to become Net Zero for our Scope 1, 2 and partial 3 emissions in 2030. • Ambition to be entirely Net Zero by 2040. • 50% reduction in paper in 2023 compared with 2017 levels. • Zero waste to landfill.	

Principle 2: Impact and Target setting

2.2 Target Setting (Key Step 2)	Link(s) to full response/relevant information
The Society has also aligned its targets to many national and international frameworks to improve the financial health and inclusion of not only its members but its colleagues and community, including: • Singing the Women in Finance Charter in 2018, aimed at increasing female representation in senior management roles across the Financial Services sector. We continuously strive to meet our Women in Finance Charter targets; • Joining Progress Together in 2022, aimed at improving social mobility in the Financial Services sector. One of the key actions we've committed to is collecting colleague data on socioeconomic background. • Signing the Race at Work Charter, a set of seven actions aimed at progressing race equality, in 2021. • Becoming the first building society in the UK to become B Corp certified joining the global community of businesses that meet high standards of social and environmental impact. • Becoming a member of the UK Sustainable Investment and Finance Association to share knowledge, push forward the sustainability agenda and develop shared solutions to common challenges. • Utilising the B4SI framework to measure and manage our social impact including our donations and investment into the local community. • Joining UN Global Compact and ensuring our supplier due diligence process aligns with our commitment to the UN Global Compact and our standard contractual wording for all supply contracts includes provisions concerning compliance with same. Climate The Society's Climate Action Plan outlines the Society's short and long term climate strategy and associated targets. The Society are currently internally aligned with SBTi methodology for our Net Zero transition plan against all our emissions from scopes 1, 2 and 3. We aim to formalise this alignment to SBTi in 2024. We have different baseline years for different targets which are detailed in our Sustainability Report and Climate Action Plan. To align with our ambition to be fully Net Zero by 2040, ten years ahead of the UK government target, we are working in line with ISO 14064-1 and we aim to set a Science Based Target by 2024. Our Climate Action Plan sets SMART targets including: • Continuing to expand on our existing member retrofit borrowing incentives, • 100% electric vehicle fleet by 2030 or sooner; and • Work to align capital expenditure to 1.5degree pathway. The Society continues its efforts to achieve each of its targets. Performance against each target is published annually via the Society's Annual Report and Accounts, Sustainability Report and Climate Action Plan. In addition, in year performance is monitored via the respective management steering groups and Committees detailed at section 5.1 of this report. Performance against key ESG metrics are also reported to the Board on a quarterly basis and reviewed bi-annually as a part of the Board's sustainability updates.	

Principle 2: Impact and Target setting

2.2 Target Setting (Key Step 2 ctd)	Link(s) to full response/relevant information
The Society’s approach to calculating Scope 3 emissions is aligned to the Partnership for Carbon Accounting Financials (PCAF) methodology, which is the industry standard for calculating Scope 3 financed emissions. It is expected that the Society’s data quality score will improve as the Society looks to enhance its data capabilities and as there is greater focus on improving the energy efficiency of UK homes and EPC ratings. The Society is committed to improving our customers’ home energy efficiency, with an ambition to improve their Energy Performance Certificate (EPC) ratings to an average of C or above. We’ll continue to evolve our plans, aligning with relevant industry and sector reviews. We’ve prepared our greenhouse gas (GHG) reporting in accordance with key concepts and requirements stated by the International Organization for Standardization in ISO 14064 (specification with guidance at the organization level for quantification and reporting of GHG emissions and removals) and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. We’ll adapt as further science, data and/or reviews become available, e.g. the Transition Plan Taskforce (TPT), Financial Conduct Authority (FCA), Glasgow Financial Alliance for Net Zero (GFANZ), International Sustainability Standards Board (ISSB) and Science Based Targets (SBTi). We’ll work closely in line with UK Net Zero plans, specifically regulation and innovation (including some of our own planned products and support mechanisms) for domestic homes to reduce the significant emissions related to the Society and its borrowers. Whilst we have set an EPC target, we have not set interim targets to our financed emissions. This is due to our limited influence in the area due to our portfolio and product offering. The Society continuously assesses micro and macro environmental and internal factors to ensure that our priorities and targets remain appropriate and impactful.	

Principle 2: Impact and Target setting

Self-assessment summary				
Which of the following components of target setting in line with the PRB requirements has your organisation completed or is currently in a process of assessing for your...				
	Provide Quality Education through employment opportunities and skill enhancement	Provide Decent Work as a local employer of choice and contribute to economic growth	Help build sustainable cities and communities	Take positive Climate Action
Alignment	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☒ Yes ☐ In progress ☐ No
Baseline	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☒ Yes ☐ In progress ☐ No
SMART targets	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☒ Yes ☐ In progress ☐ No
Action plan	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☒ Yes ☐ In progress ☐ No

Principle 2: Impact and Target setting

2.3 Target implementation and monitoring (Key Step 2)

Show that your organisation has implemented the actions it had previously defined to meet the set target.

Report on your organisation's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Link(s) to full response/relevant information

We continue to progress initiatives to support us in achieving our targets aligned to the UN SDG's. Progress against our identified UN SDG goals are outlined below:

[2023 Sustainability Report](#) (pgs. 11-12)

In 2023, we delivered



- 180 apprentices since 2021.
- 56% of senior management roles from internal recruits in 2023.
- 29,057 children and young people supported since 2021.



- 43% of roles filled by internal candidates in 2023.
- Sustainability features in supplier due diligence questionnaires and request for proposal documents.
- 39% of all senior manager and above roles held by women in 2023.
- 14% of manager and above roles held by colleagues from ethnic minority groups.
- 100% of our suppliers committed to the Society's Supplier Code of Conduct.



- 3,586 people supported through Better Foundations (formerly Access to Housing).
- We supported 6,300 first time buyers and are working on new build propositions to help them. The improved energy efficiency of these new builds will also align to our sustainability strategy.



- Remained carbon neutral for Scope 1 and 2 emissions (since 2021).
- Reduced our Scope 1 and 2 emissions by 34% (2023 compared to 2020).
- Achieved 54% reduction in paper consumption in 2023 (2017 baseline).
- Zero waste has been sent to landfill since 2017.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement Does your organisation have a policy or engagement process with clients and customers in place to encourage sustainable practices? ☒ Yes ☐ In progress ☐ No Does your organisation have a policy for sectors in which you have identified the highest (potential) negative impacts? ☒ Yes ☐ In progress ☐ No Describe how your organisation has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved. And 3.2 Business opportunities Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your organisation has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).	Link(s) to full response/relevant information
In July 2023, the Society successfully implemented the new Consumer Duty rules for new and open products and services and is on track to complete the review of closed products and services in 2024. We have continued to train our branch network to best support vulnerable members. We work to ensure that our policies and procedures provide for ethical marketing, protect our members data, cyber security, financial health and help us to remain accessible to our members. The Society works to engage with members to make sustainable lending more accessible. The Green Together Reward was launched in September 2021 as a £500 cash back reward incentive to encourage home efficiency improvements. EPC evidence shows that some members have materially improved their energy efficiency as part of the work rewarded by the Green Together Reward, for example one member’s property had a “D” EPC rated property prior to their application, however we can see post-completion of the work, the new EPC is a “B” rating. The Society have now evolved and replaced this with our Green Additional Borrowing scheme product range offering discounted borrowing for qualifying green home improvements to improve our members energy efficiency, reduce their emissions and bills and address our financed emissions. We will continue to develop further innovative propositions for our members.	2023 Annual Report and Accounts (pgs. 21, 48, 70) 2023 Sustainability Report (pgs. 22, 26, 36, 48, 77)

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

4.1 Stakeholder identification and consultation Does your organisation have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process? ☒ Yes ☐ In progress ☐ No Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your organisation’s impacts. This should include a high-level overview of how your organisation has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.	<i>Link(s) to full response/relevant information</i>
The Society’s stakeholders The Society’s sustainability related activities are based on understanding and responding to the views of its stakeholders. In 2019, the Society’s Board formally reviewed and identified its stakeholders as the following groups - members/customers; colleagues, investors, suppliers, community groups and the environment. This identification process followed a review of the Society’s activities and the groups impacted in a material way by such activities as outlined at 2.1 above. The Society has in place a range of formal and informal mechanisms to understand the views of our stakeholders. This engagement is undertaken to ensure that the views of stakeholders are understood by relevant functions within the Society to aid with decision making as well as by the Board. Stakeholder engagement activity The Society engages with its stakeholders regularly through many mechanisms, including through its annual general meeting, direct engagement with members on key issues via the Members panel, supplier relationship management meetings, in-house research and external benchmarking including canvassing the views of employees through our employee opinion survey, the Great Place to Work Trust Index. Our Treasury Function also regularly engage formally with our principal wholesale investors and ratings agencies. Our Deputy Chair, Jo Kenrick, has specific responsibility for understanding the views of colleagues and ensuring they are represented to the Board. One of the Society’s Non-Executive Directors, Brendan O’Connor, is appointed as the Non-Executive Director with specific responsibility for providing the perspective of members at the Board. Our Community Team engaged with community groups and partners, through facilitated discussions, to gain a perspective of what was important to them. Stakeholder engagement is particularly relevant as the Society addresses its environmental impact. We continue to work with suppliers to eliminate the emissions in the products and services we buy. As our second-largest area of emissions, we aim to work with our suppliers to help them decarbonize between 5% and 25% between 2021 and 2030. Whilst the Society are focused on the positive actions we can take to support a just transition to Net Zero, the climate challenge for the UK’s housing stock cannot be solved by the Society on its own. Collaboration will be required from stakeholders in government, the utilities sector and house builders if this objective is to be successfully achieved. We engaged with industry on this topic in 2023 and will continue to contribute to collaborative engagement in 2024 and beyond. The geopolitical environment, its subsequent impact on energy prices and the cost of living crisis highlights the need to ensure UK housing continues to improve its efficiency. Regular engagement with our stakeholders allows us to identify the sustainability issues that are most relevant to them, ensure our sustainability strategy aligns with those areas of impact and informs our broader decision making. This is facilitated by our annual materiality assessments as detailed at 2.1 above.	2023 Annual Report and Accounts (pgs. 15-16, 80-81) 2023 Sustainability Report (pgs. 17-18, 67-68)

Principle 5: Governance and Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles Does your organisation have a governance system in place that incorporates the PRB? ☒ Yes ☐ In progress ☐ No Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about • which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to), • details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as • remuneration practices linked to sustainability targets.	<i>Link(s) to full response/relevant information</i>
The Society prides itself on high standards of corporate governance and this includes its approach to the management and oversight of sustainability related topics. In 2021 we reviewed whether our governance framework properly reflected our ambitions in relation to sustainability and we revised arrangements to ensure there was an appropriate focus on this important area. In 2022, as part of the B Corp accreditation process, our members voted at the AGM in favour of a proposal to change our Rules, the Society’s main constitutional document, to reflect our commitment to sustainability. The changes formalised that as part of our overall purpose, we aim to have a material positive impact on society and the environment. Members also voted in favour of the Society’s proposal to adopt a Climate Action Plan outlining our ambition to become a Net Zero business in its Scope 1, 2 and 3 greenhouse gas emissions by 2040. Board: the Board is ultimately accountable for the long-term stewardship of the Society and sets our strategic direction, including having responsibility for our approach to sustainability. Throughout 2023 and 2024 the Board received regular detailed updates on sustainability matters including on the challenge of climate change and the new opportunities it presents. The Board receives two detailed updates on sustainability related matters each year. Through these actions the Board approved the Society’s vision for sustainability and the material elements of the Society’s Sustainability Plan. The Board agreed a set of sustainability related MI which is reviewed quarterly and ensures that the Society’s sustainability impacts are regularly reviewed. The Board has also nominated a Non-Executive Director with responsibility for oversight of sustainability matters. Committees of the Board also play an important role in terms of oversight of climate related matters. • The Board Risk Committee oversee risks relating to climate and receives updates on this topic every six months. In addition, the Chief Risk Officer’s Report, which is considered at every meeting of the Board Risk Committee and Board, includes key updates on climate risk related matters. • The Board Audit Committee has responsibility for oversight of non-financial disclosures, which include disclosures concerning climate and sustainability matters. • The Nominations & Governance Committee oversee and review the effectiveness of the Society’s ESG governance frameworks • The Remuneration Committee have reviewed the Society’s balanced scorecard to ensure this contains a balance of financial and non-financial measures which align with the Society’s wider ESG strategy. The scorecard is used to assess performance which in turn feeds into remuneration outcomes. Management’s role • The Chief Executive Officer, has overseen the Society’s engagement on a range of climate change matters as part of the broader sustainability agenda.	2023 Sustainability Report (pgs. 7-8, 53-55)

Principle 5: Governance and Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 ctd	Link(s) to full response/relevant information
- The CRO is responsible for overseeing implementation of an appropriate strategy to understand, identify, measure, monitor, control and report risks from climate change in line with the Society's risk appetite set by the Board Risk Committee. The CRO also supports in the development of appropriate processes to monitor and report exposures to the risks from climate change. - The Executive Risk Committee is chaired by the CRO, with membership formed from the executive team and has responsibility for executive oversight of climate related risks. - A Climate Change Working Group has been established, comprising members from the Society's Risk, Finance, Strategy, Treasury and Governance Functions. This broad membership ensures appropriate consideration, monitoring and management of climate-related risks by senior management. - The Executive team devote time monthly to the oversight of People & Purpose. The execution of the Society's Climate Strategy within the context of our broader sustainability agenda is overseen through this forum, chaired by the Chief People Officer. - An ESG Working Group, which is also chaired by the Chief People Officer develops and oversees the delivery of the Society's Sustainability Strategy and is comprised of senior leaders across the operations, product, risk, communications, strategy, legal and shared services functions.	
5.2 Promoting a culture of responsible banking: Describe the initiatives and measures of your organisation to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others). The Society's strategic priority includes creating an inspiring place to work which better reflects the diversity of our city and communities. We aim to provide a safe, inclusive, and engaging workplace for our employees, supporting their health and wellbeing. This starts at the top with a set of shared goals that are signed off by the Board and guide the actions of colleagues throughout the Society. Communication is key and we invest the time and effort needed to build understanding of our ambitions and goals, and the difference every person can make. This includes many opportunities for colleagues to share their opinions, whether through engagement sessions with the Board and Executive, to all-Society surveys or through representative bodies such as Unite the Union and My Society, our employee forum. Values: Our culture reflects our shared set of 'CARES' values which are focused on being Caring, Ambitious, Responsible, Empowering and Straightforward in our dealings with each other, our members/customers and other stakeholders. These values underpin as both a key driver of employee engagement and to sustain a strong culture. Our people approach is driven by our purpose and values which help define all aspects of our talent acquisition, personal and career development, wellbeing, and colleague experience.	2023 Annual Report and Accounts (pg. 20) 2023 Sustainability Report (pgs. 3, 9-10, 40, 47, 49, 57-61)

Principle 5: Governance and Culture

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5.2 ctd	Link(s) to full response/relevant information
We are a place to grow, develop and learn. In 2023, we met these ambitions through actions including: • Filling 43% of roles with existing colleagues; • Extending our colleague-led Networks to include Asian and Carers networks; • Introduced “Time for you” allowance for colleagues to dedicate time to wellbeing and development; • Employing 36 interns, 77 apprentices and 9 Graduates; • 4,800 hours of learning taking place every month; Reward: Our reward proposition reflects our mutual values and focus on wellbeing. Pay is benchmarked externally with comparable roles in financial services. In our customer roles, we operate pay accreditation schemes that provide a mechanism to increase pay as colleagues gain role-specific skills and capabilities. We are committed to pay equity and conduct regular reviews to ensure that all employees are paid fairly for comparable work. Society benefits are available to all employees regardless of whether they work full time or part time. We do not offer individual bonuses to any employee, given the risks to our culture and the potential for such measures to drive a focus on individual priorities. Rather, we have a Success Share scheme overseen by the Remuneration Committee which is anchored to the Society’s strategic scorecard. This has a range of measures including financial, risk, customer and people. Under Success Share every employee, regardless of role, receives the same percentage award. Employee Code of Conduct: The Society’s Employee Code of Conduct sets out our commitments to doing the right thing. This document is designed to ensure all colleagues: (i) are professional, co-operative, courteous and inclusive to others in the performance of their duties (ii) behave with honesty and integrity (iii) conduct both their personal and professional lives in a manner which does not pose a risk to the Society and/or its reputation (iv) understand the standards of behaviour and conduct that our regulators, expect and the potential consequences if these standards are not met (v) appropriately manage and report conflicts of interest. This reflects the broader point that all colleagues play a part in shaping the culture of the Society. Policies: The Society has a number of policies aimed at supporting a culture of responsible behaviour among its employees, including Anti-Money Laundering, Terrorist Financing and Facilitation of Tax Evasion Risk Management Policy, the Anti-Bribery and Inducements Policy, the Whistleblowing Policy and the Data Protection Policy . Responsible business conduct towards the Society’s customers is detailed in the Society’s Conduct Risk Framework. Conduct between colleagues is detailed in the Employee Handbook, which also details how colleagues are expected to engage with customers. Responsible business conduct towards suppliers is detailed in the Society’s Supplier Code of Conduct. Training: All employees (temporary and permanent) are required to complete financial crime training which covers anti-money laundering (AML), fraud and anti-corruption. Other mandatory training programmes for colleagues include whistleblowing which sets out how matters can be raised and confirms this can be done anonymously, data protection and cyber security safety in the workplace.	

Principle 5: Governance and Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.3 Policies and due diligence processes Does your organisation have policies in place that address environmental and social risks within your portfolio? Please describe. Please describe what due diligence processes your organisation has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.	<i>Link(s) to full response/relevant information</i>
In common with other financial institutions, the nature of Society's business model results in a number of unavoidable or inherent risks, namely principal risks. These risks are closely monitored by the Board through the Risk Management Framework. The Society manages risk through its Enterprise Risk Management Framework (ERMF) and its response to risk events is tested regularly. The ERMF is approved annually by the Board to ensure it operates effectively. The Society will continue to enhance the ERMF as required to ensure it identifies and manages risk within its low-risk appetite. The Society's risk management objectives are to: • Identify risks to the Strategic Plan and to the Society's objectives. • Assess risk exposures by impact and likelihood. • Respond to risks by evaluating them against the Society's risk appetite, formulating associated management responses and monitoring progress against agreed management action plans. Risks are identified, assessed, managed, monitored, escalated, and reported in accordance with the requirements of the ERMF. Management information captures risk metric information against risk indicators, triggers, and limits as appropriate. Where a trigger or limit is breached, an escalation process exists to ensure it is escalated, reported, and managed effectively, through the appropriate channels. The Society has a number of committees which oversee and monitor risk including the Board Risk Committee. The Society positively encourages members to identify poor outcomes or service that does not meet their expectations and seeks to resolve complaints as soon as possible. The Society recognises that members in vulnerable circumstances are at greater risk of poor outcomes when dealing with their finances. In addition, while complaint levels are modest, analysis of the more common issues raised is used to improve services and member outcomes. The Society continues to develop its understanding of climate risk and its impact on the business model. The continued focus on understanding and planning for the impact of climate change is recognised in the Society's Strategic Plan and Sustainability Report. In 2022, the Society successfully embedded Climate Risk within our ERMF and incorporated climate risk modelling and analysis within our ICAAP process. The Climate Risk Forum was established to review and assess the physical and transitional risks of climate change and report same to the Executive and Board Risk Committees.	2023 Annual Report and Accounts (pgs. 31-33, 50, 61)
Self-assessment summary Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the organisation's governance system? ☒ Yes ☐ No Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)? ☒ Yes ☐ No Does your organisation have measures in place to promote a culture of sustainability among employees (as described in 5.2)? Ge ☒ Yes ☐ In progress ☐ No	

Principle 6: Transparency and Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance Has this publicly disclosed information on your PRB commitments been assured by an independent assurer? ☐ Yes ☐ Partially ☒ No If applicable, please include the link or description of the assurance statement. 6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks? ☒ GRI ☐ SASB ☐ CDP ☐ IFRS Sustainability Disclosure Standards (to be published) ☒ TCFD ☐ Other:	<i>Link(s) to full response/relevant information</i>
Our Sustainability Report is consistent with the Global Reporting Initiative (GRI) Standards and the information disclosed within our Annual Report and Accounts is structured to demonstrate our understanding of the risks associated with climate change in a way that is transparent and in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). Our Sustainability Report is assured by our Internal Audit Function and our Annual Report and Accounts is assured by PriceWaterhouseCooper.	2023 Annual Report and Accounts 2023 Sustainability Report Climate Action Plan
6.3. Outlook What are the next steps your organisation will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly. We will continue to drive progress towards our ambitions under the UN Sustainable Development Goals over the next 12 months. We will also be incorporating the findings of our double materiality assessment into our strategy and target setting.	
6.4. Challenges Here is a short section to find out about challenges your organisation is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory organisations. Whilst the Society are focused on the positive actions we can take to support a just transition to Net Zero, the climate challenge for the UK's housing stock cannot be solved by the Society on its own. Collaboration will be required from stakeholders in government, the utilities sector and house builders if this objective is to be successfully achieved. We will continue to contribute to collaborative engagement in 2023 and beyond. Other key challenges identified are (i) Data quality and (ii) Assurance.	

