Group Sustainability Report

2023

Introduction

Over the last 12 months we've asked ourselves a lot of questions about the future of the Skipton Group. How have we got here? What do we want to achieve? And above all else, what's our purpose?

The Skipton Group is made up of many different organisations with different goals. But by working closer together, we can make an even bigger difference to the lives of more people. From the products and services we offer, to the way we go about things.

We move into 2024 feeling more confident than ever of our purpose. In a nutshell, it's to help more people have a home, help people save for life ahead and support long-term financial wellbeing.

Behind our purpose is our approach to sustainability. We've identified key priorities where we think we can have a real impact. This includes supporting people to make their homes more energy efficient, helping first-time buyers and widening access to financial support.

Our Group Sustainability Report for 2023 tells you the story of our progress so far. How we're changing to meet the social and environmental challenges in the wider world. And the ways we're making ourselves accountable.

Read on to discover what we're doing and why it matters.

Please see the Appendix for the Society Principles for Responsible Banking Self-Assessment Report 2023, progress on the Group 2022 objectives and the materiality methodology.

Our climate-related disclosures and further details around our broader business performance are included in our Annual Report and Accounts and Climate-related Disclosures.

By clicking on the tabs at the top of each page, you can quickly and easily navigate to the beginning of each key section within this report.

Our Purpose | Climate and Energy Efficiency | Social Impact | Being Accountable | Appendix

Our Purpose
Building a purpose-led strategy 4
About the Skipton Group 6
What we achieved over 2023 8
Engaging with key stakeholders 9

Climate and Energy Efficiency
Managing our impact 13
Emissions we can influence 15
Enabling home energy efficiency 17
Supporting our customers 18

Social Impact
Helping first-time buyers 21
Better access to financial support 23
Communities 26
Diversity and inclusion 28

Being Accountable
Governance 31
Ethics and whistleblowing 32
Data protection 34
Glossary 35

Appendix
2023 PRB Self-Assessment Report for the Society
Progress on Group 2022 objectives
Materiality methodology

Our Purpose

Our core purpose, to support members and the wider community, underpins everything we do across the Skipton Group. Given the societal and environmental challenges we're seeing today, our purpose is more important than ever.

Building a purpose-led strategy

The challenges are undeniable. Over a recent 12-month period, the planet's daily average temperature was recorded as 1.5°C above pre-industrial levels[1]. That's a worrying sign, but climate change is not the only consideration from my perspective of leading a Group with sustainability and social purpose at its core.

A big part of the job of any chief executive is to make sure you one day hand over a business that's in better shape than when you got it. That's why building a sustainable and purpose-led strategy for the Skipton Group continues to be my biggest priority.

The Skipton Group is unusual in that we're owned by our members. They want us to spend their money on ways to help people into homes or to plan for life ahead, and to do societal good – including supporting charitable causes.

We need to do things that benefit the communities we operate in, and bring value to society as a whole. I think our mutual backdrop gives us the opportunity to do that.

As one of the largest players in the UK housing market – the Skipton Group helps nearly 1 in 10 people who buy and sell houses – we are uniquely placed to support people in making their homes more energy efficient. For example, we're offering free EPC Plus reports to our 1.2 million members.

As well as financially supporting people in improving how their houses are heated and maintained, we're exploring new ways to offer practical guidance and demystify the route to energy efficiency. You can read about these elsewhere in this report.

For me, giving the right type of support to homeowners is crucial to our sustainable strategy. My key aim is to support people into homes. This especially includes helping first-time buyers. Beyond home buying, I believe we have an important role in financially educating people in areas where we have expertise. There are many talented people in the UK, who are intimidated by money and finance. We do understand it, and we can help people make the most of their money and build plans for the future.

We can't just build a business for customers of the here and now – it's also about being ready, and staying relevant, for the challenges of the future.

That's our purpose. But of course, the way we go about doing this is incredibly important too. It is my belief that we need to be governed to high standards. That means having the very top talent around the Skipton Group. We have improved the way we govern across our businesses. We receive more check and challenge on the sustainability of our strategy – and guidance on ways to keep improving on it.

We are very aware of the footprint we create through employing 18,000 people, operating our buildings and from our supply chains. So we need to make sure we have a good understanding of our impact, and we minimise that as much as possible. We are getting increasing granularity about not just our scope 1 and 2 emissions, but also our supply chain emissions. And, indeed, looking at our housing stock that we support through financing.

We understand that, as a business, we have a huge scope to operate in a socially responsible way for our members, influence others where we have the expertise, and contribute to building a more sustainable society. That's exactly what we intend to keep doing.

Stuart Haire
Group Chief Executive

Our purpose

Our core purpose has never changed.

Ever since Skipton Building Society formed in 1853, we've stayed fully committed to looking after people and the communities around us. Our key focus has always been to help more people have a home, help people save for life ahead, and support long-term financial wellbeing.

Today, given the financial challenges so many people are facing, the role we play in society has never felt more important. We've refined our purpose to give even more people the chance to have a home, to provide better access to financial support – and in line with our environmental responsibilities, we're dedicated to helping homeowners improve the energy efficiency of their homes.

Today, our purpose has never felt more important.

Our purpose is driven by our members

As a mutual, we always have, and always will, put the needs of our members first.

Having no shareholders means that unlike banks, we don't pay out dividends. Instead, our profits are reinvested to benefit our members over both the short- and long-term, while also building a stronger Society for the future.

We use our profits to:

- support growth, to help us maintain a sustainable business model
- modernise and remain relevant with new capabilities and propositions
- preserve a strong capital position.

To help us deliver our purpose, we have three strategic priorities:

Help More People Have a Home

- to help those trying to get onto the housing ladder, specifically focusing on first-time buyers.

Make Money Work Harder

- to help customers make sure their money is in the best place to support their long-term financial wellbeing.

Make Membership Matter

- by delivering value to our members and customers through great products and propositions that serve real needs, alongside top-quality customer service.

About the Skipton Group

The Skipton Group is headed by the UK's fourth largest building society. And amongst other businesses, it includes Connells, the UK's largest estate agency.

The Skipton Group primarily comprises of:

- our Home Financing and Money businesses within the Society;
- mortgage lending and deposit taking by Skipton International; and
- arranging the buying and selling of homes through our estate agency business, Connells.

Alongside our primary businesses and supporting a thriving business model, the Group also includes Skipton Business Finance and Jade Software Corporation.

To supplement our core activities, we source some of our funding from the wholesale markets, which diversifies our funding base and supports our financial stability.

In total, the Skipton Group has consolidated total assets of over £37bn, over 1.2 million members and almost a 10% share of the UK estate agency market (based on available properties).

Skipton Building Society (the Society)

The Society offers mortgages, savings and financial advice, with a national presence through our network of 82 branches. The Society is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA.

Skipton International (SIL)

SIL offers a range of residential mortgage options for Channel Island residents and UK buy-to-let products for non-UK residents, in addition to Sterling and US Dollar savings accounts. It is regulated by the Guernsey Financial Services Commission.

Connells Group

Connells is the UK's largest high street estate agency and property services provider. Across its 81 brands and network of over 1,200 branches nationwide, Connells Group combines residential sales and lettings with a range of consumer and corporate services. This includes land, mortgage services, conveyancing, auctions, surveying and valuations, commercial property services through Lambert Smith Hampton, Energy Performance Certificate (EPC) provision, and asset management.

Other

The 'other' category includes a small number of Skipton Group business lines, plus the impact of Group consolidation adjustments. These include:

- Skipton Business Finance (SBF) – our invoice financing provider of working capital facilities to small and medium-sized enterprises (SMEs);
- Jade Software Corporation – a software solutions provider based in New Zealand; that specialises in digital and large IT enterprise solutions;
- Northwest Investments – a software development company based in New Zealand;
- the intermediate holding company Skipton Group Holdings; and
- the Group's special purpose vehicles, formed to acquire funds from the wholesale markets.

Our Group Business Areas

A look at the Group's primary business areas – that helped us support our members and customers in 2023

Financing homes

We provide residential and buy-to-let mortgage lending.

- Group mortgage balances of £28bn.
- Society mortgage customers: 278,153. SIL mortgage customers: 11,075.
- The Society helped 46,991 customers to remortgage or buy a new home, including supporting over 19,000 first-time buyers.
- In 2023, we completed 8,540 EPC Plus assessments.
- The commercial lending portfolio stands at £135m. It has been closed to new business since 2008.

Savings and advice

We provide retail savings products, free savings reviews and financial advice.

- Savings balances in our Society money business of £25.4bn and £2.4bn in SIL's savings book.
- Society savings customers: 968,483 SIL savings customers: 16,192.
- We provided financial advice to 6,000 customers.
- £4.3bn Funds Under Management.
- We provide partnership products, including home and life insurance.
- We sold 1,100 home policies and 630 life policies.

Arranging the buying/selling of homes

We facilitate buying, selling and renting homes and a range of property services.

- We helped almost one in 10 people who bought/sold a home.
- We exchanged contracts on 70,971 properties, including over 8,000 new homes.
- 125,666 letting properties under management.
- We provide retrofit expertise as part of our surveying services.
- We provide energy reports and energy efficiency advice to clients.

Smaller business interests include providing working capital facilities to SMEs and a software solutions provider. In 2023, there were 872 SME clients, with £171m total drawn funds.

What we achieved over 2023

Through our purpose-led strategy we:

Helped more people have a home

We supported more than

19,000

first-time buyers

More of our lending goes to first-time buyers than ever, around

33%

We've launched our Track Record mortgage – the only available deposit-free mortgage without the need for a guarantor – enabling those trapped in expensive rents to realise their home ownership aspirations.

£62.4m **applications**

already received since its launch, and

£29.7m **of completions**

We updated our Income Booster product (Joint Borrower, Sole Proprietor) where friends and family can pool their finances to get a mortgage and a home. In 2023, we had

£242m **Income Booster completions**

Helped with energy efficiency of homes

We launched a retrofit project, where we'll use a property of our own – to better understand, and share with members, the costs and processes involved.

Extension of our FREE home EPC assessment and report (EPC Plus) offer to all Society savings and mortgage members. **Since launch**, over...

9,500 surveys **have been conducted providing over**

£700k **of benefit to our members**

Certified B Corporation

Developed our Group

Our Jade software business in New Zealand became a certified B Corporation. This is awarded to companies that meet high standards of social and environmental performance, accountability and transparency.

Supported people and communities

Helping more people save and plan ahead

We've focused on how to make it easier for members to access help with their savings and investment goals.

We've also offered **FREE My Money Reviews** for members, and **FREE Pension Health Checks.**

Further supported our communities

In 2023 we pledged £2.9m

(1% of our annual 2022 Group profit before tax) to charitable causes that align closely with our values and purpose.

Supported our members and customers

Our financial crime measures stopped customers from losing a combined

£618,000 **in savings**

We've added British Sign Language (BSL) interpretation to the disclosure videos in the Society's branches.

The Society joined the Hidden Disabilities Scheme.

Engaging with key stakeholders

By regularly engaging with key stakeholders, we're able to develop and adapt our purpose and sustainability approach. Examples of our stakeholder engagement can be found in the Annual Report and Accounts (pg 67) and below.

Key stakeholders	Who are they?	Why do they matter to us?	Examples of the Group's engagement in 2023
Members and customers*	The Society's membership is mainly made up of its savers and borrowers. Our customers are those who buy products or services from one or more Skipton Group businesses.	With no shareholders, we're focused on the needs of our members. We reinvest our profits into the business for their benefit.	Skipton International tracks customer satisfaction through an independent feedback provider (Feefo), earning a score of 4.7/5 stars for our service in 2023.
Our people*	Anyone who is employed by a Skipton Group business.	We owe the success of our businesses to our colleagues, who work hard to support our members and customers.	We use team meetings, surveys, employer review websites, listening sessions and independent assessments to continually listen to our colleagues' views across the Group.
Suppliers*	Organisations which supply Skipton Group businesses with products or services.	Strong working relationships with suppliers means we can run our business effectively and continue to provide products and services to our members and customers.	The Society closely monitors all its business relationships with suppliers on an ongoing basis. This includes using EcoVadis, a sustainability assessment tool.
Banking counterparties*	Institutional investors which hold investments, such as bonds, in Skipton Building Society.	Alongside our saving customers, investors provide the funding we need to run our business. This is so we can continue lending to help people to buy homes.	Senior executives and our Treasury team hold meetings with banks and debt investors to update them on the Group's performance and respond to any questions.
Regulators*	Our regulators including the Financial Conduct Authority (FCA) Prudential Regulation Authority (PRA) and the Guernsey Financial Services Commission.	Regulators set the laws and rules which we follow and strictly adhere to.	Fostering a positive relationship with our regulators is a key priority for the Board and senior management team, supported by continuous dialogue as appropriate.
Mortgage brokers	Businesses or individuals who help arrange mortgages between members, customers and the Society and SIL.	Our brokers provide the Society and SIL with business and help our members and customers to select the right mortgage options for their circumstances.	We have asked our Society brokers about their perception of the Society's sustainability performance and what more we can do to improve their knowledge and understanding of the topic.
Communities and Non-Governmental Organisations (NGOs)	Those who live in proximity to our offices and branches and the Non-Governmental Organisations who support them.	Our communities are where our customers, colleagues and suppliers live and work. It's in our mutual interest for them to thrive. This can be achieved in partnership with NGOs.	Jade worked with Mind the Gap. This is a New Zealand NGO which supports businesses to voluntarily publish their gender pay gap (not a New Zealand requirement).

* Our key stakeholders identified by our Board of Directors

Understanding the sustainability issues that matter most to our stakeholders

The views of our members, along with other stakeholders, will always play an integral role in everything we do.

That's why in 2023, we carried out a thorough materiality assessment – to gain a better insight into the sustainability issues that matter most to them, and understand any issues that impact the long-term success of our Group. This assessment will be used to inform our overall priorities, as we work to align our Group sustainability plans with our purpose.

- We engaged with over 1,500 members and customers, 300 colleagues, 30 brokers, 10 of our key investors, our executive committee and risk experts across the Skipton Group. And overall, 19 key issues were identified across the Group.
- We found that stakeholders placed significant focus on factors such as maintaining our business resilience as well as employment conditions, pay, and diversity of our colleagues.
- We've also noticed a strong sentiment towards issues relating to the products and services we provide, and how customers are supported and treated. This includes areas like responsible lending and lettings, financial wellbeing support, and provision of decent and affordable homes.

We have followed double materiality principles, so considering both how the Skipton Group could be impacted by sustainability issues and how our activities can impact society and the environment.

How we're playing a part in sustainability

In September 2015, the Member States of the United Nations adopted the Sustainable Development Goals (SDGs) framework. This is a global set of 17 goals, for 2030, which focus on addressing "the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice".

Recognising the Skipton Group's responsibilities, sustainability has become a big part of our purpose-led strategy. We believe there's a fantastic opportunity to actively support five of the SDGs through our core activities and growing sustainability agenda. Our approach is also underpinned by an alignment with the UN Principles for Responsible Banking, to which our banking businesses, the Society and SIL, are signatories. Please see page the Appendix.

Goal 8 Decent Work and Economic Growth:

"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"

As a leading lender and operating one of the largest networks of high street estate agencies, we're well placed to help widen access to financial services and the housing market, supporting both renters and homeowners.

Goal 10 Reduced Inequalities:

"Reduce inequality within and among countries"

With over 18,000 people working across the Group, we recognise there's a significant opportunity to champion diversity and inclusion across our businesses.

Goal 11 Sustainable Cities and Communities:

"Make cities and human settlements inclusive, safe, resilient and sustainable"

We can use our skills and know-how to help members and customers make their homes more sustainable.

Goal 13 Climate Action:

"Take urgent action to combat climate change and its impacts"

We're committed to reduce our carbon footprint, and the emissions related to our lending and supply chain.

Goal 16 Peace, Justice and Strong Institutions:

"Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels"

Financial sustainability underpins our decision making, in turn creating mutual value for members, customers, colleagues and communities.

Climate and Energy Efficiency

We all have a part to play when it comes to protecting the environment. Here's how we're taking action to reduce our own greenhouse gas emissions, as well as supporting members.

Together, we have a chance to make a difference

The devastating effects of climate change are happening right now, including the extreme weather conditions we're seeing.

Without urgent action, the impacts will become even more damaging in the future. So, in the fight against climate change, the UK has made a commitment: to reach net zero by 2050.

As a Group, we're not only committed to reducing the impact our own operations have on the environment. We want to raise awareness and support members in decarbonising their homes – with emissions from households being a key contributor to the UK's carbon footprint.

UK buildings sector responsible for 20% of GHG emissions[*2].*

The average EPC rating for a home in England/Wales is band D[3].

Since 2010, the amount of homes with an EPC rating of C and above has risen from 12% to almost 48%[4].

Our footprint

We're aware of the footprint we create as a Group – with 18,000 employees operating throughout our offices and over 1,200 branches, as well as our 2,500 fleet vehicles. Most of our operations are based in the UK, with smaller facilities and offices at locations including Jersey, Guernsey, New Zealand and Australia.

To gain an even better understanding of our footprint, in 2023, we completed a full carbon footprint assessment across the Group and its whole value chain (scope 1, 2 and 3). By knowing even more about the climate impact, we can establish measures to help reduce future emissions.

Managing our impact (scope 1 and 2)

The majority of our own impacts are from office-based and branch operations.

Our scope 1 emissions – are from fuel use for heating and hot water production in our offices, combustion engine vehicles owned and operated by the Group companies and fugitive emissions from refrigerant added to air conditioning and refrigeration equipment.

Our scope 2 emissions – include the purchase of electricity to power and cool our office and branch facilities, and for use in electric vehicles.

We report our scope 1 and 2 Group emissions according to the GHG Protocol location-based methodology.

In 2023, a small reduction in electricity consumption was offset by a more carbon-intensive UK grid, leading to a net increase in scope 2 emissions.

By introducing certain measures, we were able to reduce the Group's combined scope 1 and 2 emissions slightly in 2023. To lower the energy used across our offices and branches, we switched to more energy-efficient LED lighting, and we've also been investigating better building insulation and solar power options.

Group GHG emissions and energy data^		2023	2022
Scope 1	Emissions from operating offices, branches and fleet vehicles (tCO_2e)	4,395	4,848
Scope 2 (location-based)	Emissions from the purchase of electricity (tCO_2e)	5,737	5,462
Total energy usage inc. vehicles (kWh)		46,114,596	50,350,561
Total scope 1 & 2 emissions (location-based)	tCO_2e	10,132	10,310
	% from UK operations	99.5%	99.3%
Scope 1 & 2 emissions location-based emission ratio (tCO_2e / £M turnover)		6.52	6.84

^ Where actuals data was not available, consumption was either estimated from the average consumption or proxy data.

*UK buildings/ product uses sector, excludes emissions related to electricity use in buildings.

Fleet

Connells Group conducted a review of their fleet. When a fleet car needs replacing, it's replaced by a vehicle which meets the Ultra Low Emissions Zone (ULEZ) standards. For non-essential fleet users, only Ultra Low Emission Vehicles (ULEVs) are offered, with 30 vehicles delivered in 2023, the majority being electric vehicles. And in 2023, John D Wood & Co, a UK estate agency in the Connells Group, switched their entire fleet, of more than 50 cars, to electric.

Sourcing renewable energy

To reduce our emissions, we aim to purchase 100% renewable electricity tariffs where practical, with a renewable energy of guarantee of origin (REGO), for our Group operations. The Society also purchases a green gas tariff, with renewable gas certification (RGGO).

This year, we've reported our Group emissions on a location-based basis – which solely calculates the average emission intensity of the national grid where power is sourced. However, unlike market-based reporting, it doesn't factor in where we've purposefully selected or purchased renewable electricity. So, in the coming years, we'll look to dual report our emissions (using both location-based and market-based) to better reflect the energy supply contracts we have in place.

Waste, water and recycling

- At the Society head office, we monitor our waste and water usage.
- We harvest our rainwater and have installed auto sensors for taps to improve water efficiency.
- We continue to divert over 99% of our waste from landfill and encourage our colleagues to consider how business items are purchased and used.

The Society's single use plastics have reduced by over 80% since we started tracking this in 2019, well beyond our original target of a 75% reduction by 2025.

- We provide all of the Society branch network with recycling bins and have changed our branch passbook wallets to recycled and recyclable cardboard instead of plastic.
- At the Society head office we've switched food and drink packaging to be more easily recyclable in our cafe and restaurant, and we provide reusable crockery and utensils.
- We incentivise the use of reusable cups and allow colleagues to provide their own.

Society waste, water and plastics	2023	2022
Waste diverted from landfill (%)	99.4%	99.6%
Waste recycled (%)	81%	72%
Total waste (kg)	235,693	246,000
Water usage at head office (cubic metres)	6,361	6,042

In 2023, Connells Group reviewed the recycling provision across its main offices. A plan to improve the recycling facilities is in progress, for implementation in 2024. Jade also has comprehensive e-waste recycling for all its IT equipment.

Emissions we can influence (scope 3)

Scope 3 emissions tend to form a large part of any organisations total emissions. For us as a Group, our scope 3 emissions include those generated from our mortgage lending activity (financed emissions) and from those generated through our operational value chain activity.

Scope 3 operational emissions

The Group's estimation of scope 3 operational emissions includes the following categories: Purchased goods and services (1), Fuel- and energy-related activities (3), Waste generated in operations (5), Business travel (6), and Employee commuting (7).

Categories which aren't relevant or significant to the overall Group scope 3 footprint aren't included (2, 4 and 8-14). Collecting data on scope 3 emissions can be particularly challenging, as it involves gathering information from third parties – who may not have such well-established data collection or reporting processes and rely on information which is outside of our direct control. Please note that scope 3 operational emissions have in part been calculated using financial spend data.

Group scope 3 GHG estimated operational emissions (tonnes CO_2e)	2023
Scope 3 category	
Purchased goods and services	38,883
Fuel- and energy-related activities (outside of scope 1 and 2)	1,444
Waste generated in operations	223
Business travel	4,628
Employee commuting	2,468
Operational scope 3 total	**47,646**

Purchasing goods and services

In 2023, we estimated the emissions from our purchased goods and services across the Group, using spend data.

The Society are working with EcoVadis, a sustainability ratings provider, to assess sustainability practices in our supply chain. At Connells Group, a Supplier Assessment Matrix (SAM) is used to assess key suppliers. This includes requesting suppliers' scope 1, 2 and 3 emissions data. We plan to continue reviewing this data for the purposes of assessing and, where practicable, decarbonising our supply chain.

Employee commuting and business travel

In 2023, the Society installed 20 new electric vehicle (EV) chargers in the head office main colleague car park. We also continue to offer four fast EV chargers for visitors in the head office visitor car park. Connells Group continue to offer free EV charging at some office sites for colleagues and visitors, for their electric or hybrid vehicles, whether company cars or privately owned.

In 2023, the Society and Skipton Business Finance (SBF) launched a new colleague benefit for employees to lease an electric or hybrid car via a salary sacrifice scheme. This could further help colleagues to reduce the emissions from their commuting and personal vehicle use. In addition, we continue to offer the cycle to work scheme benefit. Connells Group also has a vehicle car leasing scheme allowing colleagues to lease new electric or hybrid cars to support the reduction of emissions from business vehicle use.

Scope 3 financed emissions

A key area of focus for us is understanding the financed emissions through our lending practices. The Society and SIL mortgage investments are the most likely to contribute most significantly to total GHG emissions and as a result are prioritised. We've focused our initial activities on understanding these emissions first and developing an approach to influence the decarbonisation of residential housing.

To assess financed emissions, we use the Partnership for Carbon Accounting Financials (PCAF) methodology which estimates CO2e emissions using EPC data. The PCAF method is widely considered to be the financial services industry standard for calculating scope 3 financed emissions. To understand what proportion of the property's emissions are financed, an attribution of emissions for each mortgaged property is calculated based on the property's remaining loan to value (LTV). This is considered alongside actual EPC data, or modelled where EPC data isn't available.

PCAF Partnership for Carbon Accounting Financials

We report scope 3 data covering financed emissions arising from our lending activity for our residential, buy-to-let, and commercial mortgage portfolio.

Scope 3		2023	2022
Financed emissions – mortgage lending	Category 15 emissions from residential, buy-to-let and commercial mortgage portfolio (tCO_2e)	288,033	267,903

Scope 3 is 97% of total emissions, with the majority, 85%, from our mortgage lending financed emissions. Financed emissions have risen slightly since 2022, due to an overall growth in the mortgage book value. Whilst we have implemented a strategy towards influencing decarbonisation, the nature of our mortgage portfolio means that we cannot directly require our customers to take steps to implement energy efficiency at the properties which they own.

For further details on our financed emissions reporting please see our Climate-related Financial Disclosures.

SME lending

Our SME lending division, SBF, supports UK small businesses by providing working capital to a variety of industry sectors. These include transport and distribution, manufacturing, recruitment, and commercial services provision. SBF look at how to support clients to achieve their objectives in a sustainable way. SBF is chairing a working group at UK Finance looking at the methodology of calculation to provide unification of how scope 3 emissions are captured and reported. This will provide a consistent starting point as the sector works toward supporting clients as they transition towards a more sustainable way of delivering goods and services. SBF is capturing data on their client's plans to better understand their emissions.

Working towards net zero

As a Group we're committed to reducing the impact our operations have on the environment – so that we can play our part in achieving the UK's net zero target by 2050.

- The Society has a target to halve scope 1, 2 and operational scope 3 carbon emissions, against a 2021 baseline, by 2030. And to achieve net zero scope 1, 2 and 3 (operational and financed) carbon emissions by 2045.
- Connells Group aim to become net zero by 2045. Their initial focus is to reduce total scope 1 and 2 emissions by reducing fleet car emissions, further replacement of lighting with low energy units, the roll out of smart electricity and gas meters, and purchasing electricity generated from renewable sources.
- We'll also support our members and customers with retrofitting – making homes more energy efficient.

We believe we can play our part by:

- ***helping members to understand the opportunities to retrofit their homes***
- ***continuing to provide products and support to help members retrofit their properties***
- ***influencing policy decision making and change in the house buying and selling process***

We're continuing to evolve our approach towards a Skipton Group net zero strategy, particularly as we gain more data to underpin our plans.

We recognise, to reach our net zero targets, there are many factors and uncertainties beyond our control. They require the involvement of others, including policy makers, governments, suppliers, and customers. This may impact our ability to meet our climate-related targets or at least make them more challenging – so there's a risk that all, or some of them, will not be achieved.

Enabling home energy efficiency

Ongoing higher energy costs – combined with the UK's poorly insulated housing stock – are putting a huge financial strain on many households, hitting those on the lowest incomes the most.

Because of this, it's vital that we improve the energy efficiency of housing across the UK. Needing less energy to heat a home will ultimately make them cheaper to run and more comfortable to live in. And given the UK's pledge to reach net zero emissions by 2050, creating more sustainable homes could play a critical role in helping the government achieve this mission.

Developing a better understanding of retrofit

To help us support our members, customers, and wider stakeholders, in 2023 we launched a retrofit project – which will involve retrofitting a property owned by the Society.

Retrofitting a home can improve its energy efficiency. For example, by installing insulation, double or triple glazed windows – or introducing an alternative source of heating, such as a heat pump. Yet we know that when it comes to retrofitting the home, many of our members don't know where to start – or think it's too expensive.

By seeing this project through, from start to finish, we can share our experience with our members – helping them to better understand the costs and process involved before embarking on the journey themselves. We want to offer our customers an informed service that's currently unavailable to the private homeowner market. And equip them to make appropriate choices when it comes to making homes more energy efficient and lowering their heating emissions.

We recognise, however, that our progress in these areas is heavily reliant on the UK government and clear, early policy intervention to help change home building, landlord and homeowner behaviours. We also acknowledge that we may not possess all the necessary knowledge, expertise and ability to address the range of difficulties in the retrofitting market. So, our primary focus will be on those areas where we can make the most significant contributions.

Helping members create energy efficient homes

By retrofitting a house of our own, the Society can better understand the realities, costs and benefits involved, to how it could impact a property's value.

Throughout the project, the Society will be teaming up with a range of stakeholders – from external contractors and retrofit assessors to architects and beyond. And seeking support from experts within the wider Skipton Group – like Connells Survey & Valuation, Harvey Donaldson & Gibson and Vibrant Energy Matters.

Tests on the property have already been carried out by Leeds Beckett University, to see how the building performed before any changes are made. Its current EPC rating is D, the UK average. They'll also be assessing the property once it's been retrofitted – so the Society can share with members what works and doesn't work.

"We're exploring the retrofit decision-making process, by talking to many of the stakeholders involved in the project. Our aim is to better understand what drives decision-making at different points in the retrofit process, and how this effects the cost and impact of the retrofit."

Dr Kate Morland / Leeds Sustainability Institute – Leeds Beckett University

Supporting our customers

We continue to support our members, customers and clients to help decarbonise their properties.

Our EPC Plus offer is a free home energy performance certificate (EPC) assessment, with an additional report, including recommendations for improvement opportunities and funding options where available.

The private rental sector plays a significant role in the UK housing mix, so we've extended this free offer to our Society buy-to-let landlord customers, available for up to 10 properties in a portfolio. We'll continue to work closely with landlords to help them finance the cost of improvements so that rental properties remain accessible and affordable. Please see our website for further details.

In addition, our additional borrowing products are available for existing members looking to make energy efficient home improvements.

Supporting residential retrofit standards

Harvey, Donaldson & Gibson (HDG) – part of the Connells Group – is one of Scotland's leading chartered surveyors. It typically specialises in secured lending and home surveys. More recently, HDG has expanded its services to offer retrofit expertise and support housing associations and registered social landlords across Scotland.

HDG is working with River Clyde Homes in Inverclyde to retrofit four flats in the area with two main aims. The first goal is to bring the properties closer to meeting the net zero targets outlined by the Scottish Government. The second, longer-term aim, is to use the learnings to help with retrofitting other properties. The flats have been chosen specifically to be typical of properties in the area.

HDG believe this work will provide a benchmark against which future projects can and should be set. Especially with the focus on sustainability, climate resilience, comfort levels and air quality. The latter is so important. Homes that are cheaper to heat and light, are decarbonised, and provide a comfortable living space for tenants, will have far-ranging benefits to health and community.

"We very much hope this project will act as a model for what good looks like. And that it becomes something which influences future retrofit work across Scotland."

Jonathan Annan / Director – HDG

Improving energy efficiency in the property industry

The property industry is one of the UKs biggest sources of carbon emissions, with 25% of overall greenhouse gas emissions coming from residential and commercial buildings[5]. Lambert Smith Hampton (LSH) – part of Connells Group – manages 7,700 properties. It advises on £16 billion worth of property every year across buildings, offices, shopping centres and railway stations.

LSH has developed a programme to advise clients on bringing environmental considerations into their operations. These bespoke services cover every step of the property journey – from construction, day-to-day running, through to overall governance. LSH helps clients with net zero, social value and biodiversity targets.

One of the key services is setting up energy action plans for buildings, to boost their energy efficiency. This includes installing 4D monitoring technology. 4D helps occupiers track their energy consumption, identify areas for improvement, and reduce their overall carbon footprint. The savings can be considerable.

LSH clients range from landlords, occupiers, institutional investors and public sector bodies. 4D monitoring has made a major difference to the buildings where it's been installed.

"We monitor and proactively help clients by alerting them of any abnormal use – you'd be amazed how things are used 24 hours a day, where savings can be made. The overall carbon reduction is significant."

Federico Montella / Senior Director – Head of ESG and Sustainability LSH

Overview of data limitations

The following notes on data assumptions apply:

- The following third parties independently calculate our scope 1 and 2 emissions across the Group: Envantage, Catalyst Digital Energy and Planet Mark, for the period from 1 January to 31 December 2023.
- Envantage and The Energy Saving Trust (EST) independently calculate our scope 3 operational emissions.
- Envantage independently calculate the Society and SIL's financed emissions from their mortgage portfolios, using the PCAF standard.
- Each consultancy has applied the GHG Protocol for Accounting and Reporting Standard and UK BEIS and DESNZ conversion factors.
- Emissions have been calculated using a location-based methodology approach.
- Where metered or invoiced data was unavailable, consumption of electricity or natural gas for missing periods was estimated or proxy data used.
- In cases where no staff from a single branch responded to the employee survey, we used an average emission for employees working at all our branches. It includes key considerations like typical commuting and working from home emissions.
- For colleague commuting and homeworking, 2022 emissions data was used as proxy from the travel and homeworking emissions survey for colleagues.
- The availability of accurate, verifiable, reliable, consistent and comparable climate data is crucial to our climate journey, including modelling our carbon emissions, setting our strategy, metrics and targets and monitoring progress. It is important to recognise the current limitations in the climate data available to inform these decisions and processes, and therefore our reliance on several assumptions, judgements and projections as a result.
- We plan to continue to review available data sources and enhance our methodology and processes to improve the robustness of our sustainability reporting over time, aligned with emerging developments. Please refer to the Basis of Reporting for further details on how the report was prepared.

Social Impact

Home ownership has become less attainable for first-time buyers – but we want to change that. In this section, you can find out what we're doing to help more people have a home. Plus other ways we're supporting our members and customers, as well as the wider community.

How we're changing to meet social challenges

As one of the biggest players in the UK housing market, we want to tackle the current issues impacting our members and the wider public. It's our mission to give as many first-time buyers the chance to own a home.

We're continuing to provide innovative products to help people buy a home and save for their future. We also want customers to feel more secure over their finances – and recognise that there are even more ways we can provide great access to financial products.

Helping more people have a home

We understand the challenges first-time buyers are facing right now – and want to be a leading support across the industry. We want to help deliver societal change and broaden housing equality, by enabling more first-time buyers to get on to the property ladder, in particular those without access to intergenerational and familial wealth.

Our research has exposed how eight in 10 tenants feel trapped in the rental cycle, paying rents that are higher than a mortgage, preventing them saving a deposit to buy their own home.

In 2023, over a third of our new lending was to first-time buyers.

Our aim is to complete 50% of our new lending to first-time buyers by 2028.

We're constantly exploring new ways to support borrowers with their lending needs. This includes helping first-time buyers achieve their home ownership ambitions. We're also here to help our existing members with a range of products and services tailored to their specific needs.

Earnings not kept up with house prices

- While **earnings have doubled** since 1997, house prices have increased **four-and-a-half** in England/Wales[6].
- Research shows that **home ownership and housing wealth are the biggest drivers of the wealth divide** within each generation. The relationship between housing wealth of parents and the housing wealth of the next generation is significant[7].

Empowering tenants

- There are 4.6m households renting privately across England – more than double the number recorded in 2000[8].
- Many tenants reportedly feel trapped in the rental cycle – paying rents that are higher than a mortgage, which is preventing them saving a deposit to buy their own home[9].

Access to financial help

20 million UK adults are not confident

- 43% of UK adults feel the financial services market does not provide enough resources to support financial decisions in tougher situations[10].
- Over 20 million UK adults say they don't feel confident about managing their money[11].

What we're doing to help

Our Track Record mortgage

In May 2023, we launched our Track Record mortgage. This is a new option for aspiring first-time buyers, especially aimed at people trapped in the rental cycles who want to achieve their homeownership dreams.

So far, the product has been a big success – with applications totalling £62.4m since its launch, and £29.7m completions.

Giving more people the chance to own a home

UK renters are feeling the pinch more than ever, with the average cost to rent a home now £1,220 a month[12]. This figure is almost £500 higher than five years ago[13] – and for millions of renters, it means rent now takes at least half of their monthly salary. Throw in the current cost of living pressures – and for many people, saving for a deposit on a home seems near impossible.

The Society wants to give as many renters as they can the chance to break free from the renting cycle. That's why last year, we launched the unique Track Record mortgage. This mortgage is 100% loan to value (LTV) – so no deposit is needed. It's available for renters who don't have enough disposable income to save for a home – but can demonstrate a financial track record of keeping on top of their bills and outgoings.

"We're delighted to offer our Track Record mortgage to those who want a home but are currently stuck between a rock and a hard place. It's fantastic that we can give them the chance to build a more sustainable future – by owning a home instead of being trapped paying rent."

Charlotte Harrison / CEO, Home Financing – Skipton Building Society

The Track Record mortgage forms a part of our efforts to help more first-time buyers. In total, we helped 19,000 people buy their first home in 2023. And over 2024, we want to exceed that number. The great news is that after broadening our criteria, it's no longer exclusive to first-time buyers. Those who haven't owned a home in the last three years could also benefit.

Signing the Mortgage Charter

In June 2023, we were one of the first lenders to sign up to the government's Mortgage Charter. This enables us to provide flexible, short-term support for members and customers affected by the increase in mortgage rates, and the rising cost of living.

This is a key step that cements many of the things we already do to support our members facing elevated financial pressures. We continue to closely monitor and manage mortgages that have fallen into arrears, and work with borrowers to find solutions that suit their individual circumstances.

Extending our lending policy

In 2023, we made some enhancements to our lending policy, so that we can give more people a chance to access the property ladder. For example, we now have a range of mortgages, suitable for both new build houses and flats which require a minimum of 5% deposit. We also offer up to 95% LTV mortgages for Shared Ownership and First Homes England scheme properties, and now accept applications on private shared ownership schemes.

Cutting through the home-buying jargon

Nearly eight in 10 of all first-time buyers agree the homebuying process would run a lot smoother if everyone spoke in layman's terms.

Because of complex mortgage jargon, 60% of first-time buyers are worried it's slowing the purchase down, while 52% fear they could miss out on a better deal.

The landscape of mortgage terms and product names is becoming increasingly complex, causing many first-time buyers to miss out on mortgage options that could help them. First-time buyers remain confused by mortgage jargon such as negative equity, stamp duty and conveyancing.[14] In 2023, we took steps to cut down on confusing jargon and help improve first-time buyers' awareness of all the options available to them.

For example, in October 2023, we renamed the Joint Borrower Sole Proprietor mortgage the Income Booster scheme. We feel this term highlights exactly what this product is about, plus it encourages prospective first-time buyers to find out more about it. Through this product, applicants may be able to increase the amount they borrow, by including the income of up to three friends or family members.

Giving people better access to financial support

Offering advice to our members

As well as savings products, we provide no obligation financial advice to our members and customers. In 2023, we focused on how we make that easier and more accessible, by providing free guidance to our members, helping with their savings and investment goals.

Helping people feel financially prepared for the future

The cost of living crisis has taken its toll on many people's financial confidence, with 37% of UK adults saying it made them more cautious when making financial decisions.

When they look for help, 43% feel the financial services market does not provide enough resources to support financial decisions in tougher situations. 42% add they would value extra guidance and advice on their finances[10].

With over 20 million UK adults saying they don't feel confident about managing their money, the Society is aiming to help more people feel prepared for the future. From saving for personal goals, investing for retirement, finding their next mortgage deal, all the way through to thinking about their legacy.

In 2023, the Society trialled offering a new service called My Money Review in 17 of its branches. It's a friendly, face-to-face conversation with a knowledgeable colleague (also available over the phone) where customers can openly discuss their finances, ask questions and get personal recommendations to help them with their money. At the end of the chat, the customer receives a summary of their situation and personalised recommendations to take away and consider. If they'd like, a meeting with one of the Society's financial advisers can also be set up, to help them plan their long-term future.

The trial has proven successful, with 92% of customers who have had a review saying they're satisfied with the service. In 2024, My Money Review will become available in every Society branch.

"I had such a great experience. We had an hour-long chat about my finances which helped me to see problems and opportunities."

David / Skipton Building Society member

Offering a free Pension Health Check

The Society recently commissioned research that revealed the difference between men and women's pensions pots, with men reporting the prospect of a much more comfortable retirement than women, known as the gender pension gap.

Raising awareness about the gender pension gap

After a life spent working hard, contributing to the system and raising children, everyone deserves the right to a comfortable retirement. Unfortunately, this isn't always the case – especially for women. Research carried out by the Society revealed there's a clear gender imbalance when it comes to the difference between men and women's pension pots – with men reporting the prospect of a much more comfortable retirement than women.

The survey, of 1,200 adults over 50 years old, revealed men have an average pension pot of £63,222 for retirement. That's 46% more than women, who on average have £43,117. The research also found that 16% of women polled fear they might never retire at all.

The Society used the research to urge people who might be affected by this to come and speak to them. The campaign was fronted by Helen McGinty, Head of Financial Advice Distribution, who provided her views on how women can take control and reduce shortfalls before they retire.

The Society offers a free Pension Health Check to its members and colleagues, along with a free initial consultation for pension planning to anyone looking to make their money work harder before retirement.

"I've got first-hand experience of this. In my role, I head up a team of financial advisers. I've seen how our advice can change people's lives. From having the financial confidence to do more in retirement, to retiring much sooner than they'd dared hope."

Helen McGinty / Head of Financial Advice Distribution – Skipton Building Society

Competitive regular saver products

As part of our commitment to offering competitive savings rates, in June 2023 we launched a new member benefit product in the form of a regular saver. Paying an interest rate of 7.5% at launch, this offers members the chance to get even more from their money. Since its launch, it's provided over 68,000 new accounts for our members. When these accounts mature after 12 months, we expect to pay more than £8.2m in interest, giving real value to our members.

Investment options

We also recognise many financial advice customers want the option to invest in ways that are aligned to their values. To better support them, we provide a set of third-party investment options which integrate environmental, social and governance criteria. These screen out certain products or industries, such as those which produce tobacco, controversial weapons, and thermal coal.

Supporting customers

Protecting customers from financial crime

We take the security of our members and customers very seriously. Whether it's online, over the phone, in branch or in person, we're committed to helping customers protect themselves against fraud.

The Stay SAFE Hub on skipton.co.uk provides ways to recognise financial scams and what customers should do if they think they've been affected. Our colleagues also receive regular updates on the latest industry scams, and have annual training to help them protect customers, themselves and their families.

With new cyber threats emerging across the globe all the time, we're constantly improving our well-established financial crime, fraud monitoring and management processes. By remaining vigilant and keeping on top of the changing landscape, we can protect both our customers and colleagues from financial crime.

Jade Software, our software solutions provider, has developed software (Jade ThirdEye) to detect and respond to, money laundering and the financing of terrorism. Jade sells this product into the UK, Australia, and New Zealand. This software is trusted across financial services, including by many of the building societies in the UK and monitors hundreds of thousands of transactions daily.

Protecting people from financial scams

Financial scams have sadly become commonplace in the UK, where 73% of adults have been targeted by fraudsters[15]. In 2022 (the last full year figures available) scammers stole a considerable £1.2 billion[16]. That works out at £2,300 every minute.

The Society believes it's incredibly important to educate and protect customers from the risks of scams. The Society provides free information on its website and through a special customer brochure. They cover different ways scammers might target you, the warning signs to look out for, and what to do if you are targeted.

Every Society colleague also completes annual fraud training. It helps them to look out for signs of suspicious activity and if any customer might be at risk of being scammed. A dedicated Financial Crime Team is on hand to investigate any concerns raised. Over 2023, these efforts stopped customers from losing a combined £618,000 in savings.

This includes the story of one of our branch colleagues. They were concerned that a customer was making regular withdrawals from their savings to pay for building work, which a builder claimed was necessary. They used the Society's financial crime guidelines to explore the situation and discovered the builder had previously defrauded several victims.

Thanks to our colleague's intervention, the customer was alerted to the reality of the situation. The builder was arrested and resulted in a positive resolution for the customer.

"Every one of us could fall victim to a scam. That's why we take the risk of fraud so seriously. We have a responsibility to look after our members' money beyond the products and services we offer – to help protect their long-term financial futures."

Branch Colleague / Skipton Building Society

Customer relations

In 2023, the Society continued to achieve extremely high levels of net customer satisfaction, scoring 89%. And SIL received a Feefo Platinum Service Provider award for the fifth year running, the customer satisfaction score was 4.7/5.0 for 2023.

We always strive to get things right for our customers first time. But we recognise that realistically, things can sometimes go wrong – and cause customers to complain.

We aim to deal with these complaints efficiently and with empathy, putting right what has gone wrong. A measure of our success in doing this is the percentage of Society complaints referred to the Financial Ombudsman Service (FOS) that have their outcomes changed. The Society's change in outcome rate for the first six months of 2023 was 21% (full year 2022: 26%). This compared favourably with the financial services industry average of 37% for the first six months of 2023, being the latest available comparable market data (Source: FOS complaints data (resolved cases)).

As part of our materiality assessment, we asked our customers a range of questions to better understand the importance and concern placed on sustainability. Our research in 2023 highlighted the value our customers place on sustainability.

68% told us reducing their environmental footprint is important, and 72% worry about the state of communities in the UK.

Our research has also found a significant number of our customers expect businesses to take the lead in creating a more sustainable future.

Providing positive outcomes for all customers

We work hard to deliver good experiences and outcomes for all customers. It's always important that we consider each individual situation – and this includes customers who are vulnerable.

As such, colleagues are fully aware of this and are trained to recognise signs of actual or potential vulnerability — over 98% of Society employees completed training on Good Outcomes for Vulnerable Customers in 2023, and SBF and SIL enrol all their colleagues on vulnerable customer training.

The Society also has policies and guidance (Vulnerable Customer Policy and Guidance Document) in place to help us provide good customer outcomes for all, regardless of their circumstances or characteristics of vulnerability. And we have a dedicated team who provide governance, support and guidance for colleagues.

Accessibility

Being accessible to those with disabilities is incredibly important to us – with 23% of working age and 45% of pension age adults registered as disabled.

- All Society branches have been audited with AccessAble, and detailed accessibility information for each branch is available to customers online.
- Video appointments are available for anyone who cannot or does not want to visit a branch. These are available for all services – mortgage advice, financial advice and reviews.
- SignVideo is available for British Sign Language users (providing a BSL interpreter) and BT Relay UK is available – allowing customers to type messages to a text relay assistant who speaks to the Society over the phone and types back to the customer. In addition to this, we have added British Sign Language (BSL) interpretation to the disclosure videos used at the start of appointments, or, for example, in new account openings.
- In June, we joined the Hidden Disabilities scheme for colleagues and customers. The Hidden Disabilities Sunflower is a way our colleagues and customers can voluntarily share that they have a disability or condition which may not be immediately apparent.

Supporting the community

Charitable giving

Since 2022, we've committed to giving 1% of our pre-tax Group profit to charity each year. For 2023, this means pledging over £2.9 million. These funds will help to tackle significant societal challenges on behalf of members and colleagues, aligned to our purpose and Group strategic priorities. Beyond general donations, we're choosing to build targeted strategic partnerships with charities whose goals and purposes align closely with areas where we want to drive further change. We've identified three key areas where we believe we can have the most impact:

- **Promoting Greener Living:** to visibly drive an increase in awareness and action towards warm, healthy and energy efficient UK homes and buildings;
- **Helping People Have a Home:** giving those that have been under-represented a safe and secure place to call home; and
- **Financial Advice and Education for All:** making financial advice and education more accessible.

From 2024 onwards, and as part of the Annual General Meeting (AGM), members will be able to vote for the charity partner we support over the next three years. This is part of our purpose-led strategy to make membership matter.

Our partnership with Mental Health UK

Approximately 7.5 million people in the UK live with a diagnosed mental illness and an estimated one in four of us experience a mental health problem every year. This situation has been worsened by the challenges that the cost of living crisis has brought to our communities.

As the only mental health charity operating UK-wide, Mental Health UK has seen a significant increase in demand for the support in recent years. Between January to June 2023, they saw a 78% increase in people seeking advice on how to apply for Universal Credit, compared to the same period in 2022. For many people, money is the greatest contributor to poor mental health, which is why, in 2017, Mental Health UK launched its award-winning Mental Health & Money Advice service.

Mental Health & Money Advice is the first UK-wide service to support people with both their mental health and money. With such a stark picture of the impact which the cost of living crisis is having on people's personal finances, Mental Health UK is advancing its model to allow greater access to their Mental Health and Money Advice service. In addition to the advice and case work provided on referral, Mental Health UK will expand the service by introducing specialist Mental Health and Money advisers. By providing access to services designed to help people living with poor mental health remain safe, supported and financially better off, we can ensure people can improve their mental wellbeing, take control of their financial situations and remain in their homes.

The Society made a donation of £600,000 to enable Mental Health UK to deliver the transformation needed to improve the lives of service users.

"Over the last four years, the Society have enabled us to support people across the UK through what has been an incredibly challenging period for many. The covid pandemic and the cost of living crisis have had a profound impact on people's mental health. To date, the Society have raised over £1.1 million and their support has meant we've been able to deliver our transformational services."

Brian Dow / Chief Executive of Mental Health UK

SIL are financially supporting Citizen's Advice across the Channel Islands, to allow more islanders to receive advice and guidance when they need it. Citizen's Advice is a charity which has trained advisors who offer free and confidential advice on almost any subject of concern, including money worries. It deals with over 12,000 queries from islanders each year. Many islanders are struggling with financial concerns with the rising cost of living, increasing mortgage payments, access to affordable housing, and rising energy bills.

SIL also have an established Skipton Community Fund, focusing on Channel Island good causes, as well as their principle sponsorships, the Skipton Swimarathon and Skipton Boxing Day Dip.

SBF have partnered with two amazing charities in 2023, Children Today and The Pink Ribbon Foundation whilst also donating to 28 community projects via their community giving scheme.

In 2023, the Society donated £45,000 to the Yorkshire Dales Millennium Trust to support the planting of 5,000 trees. Since 2021 we have supported the planting of 25,625 native broadleaf trees in the Yorkshire Dales in support of people, landscape and wildlife.

Colleague and Member giving schemes

As well as helping members and customers, we're proud to support the communities in which we're based. We're incredibly proud of the work that took place last year, which helped us fund a number of worthy charities.

Community Giving gives members the opportunity to vote for grassroot causes in their local area. In 2023, the Society donated £82,000 to 246 good causes voted for in each of their 82 branches.

The Star Awards is our Society, peer-to-peer scheme designed to recognise colleagues for great work, in a way that cuts above any department recognition schemes. In 2023, five Star Award winners donated £10,000 each to a charity of their choice as part of the reward.

Matched funding is available to all colleagues who take part in a fundraising activity for a registered charity, and they can receive up to £1,000. In 2023, Skipton contributed £23,658.43 to 43 charities through matched funding. On top of this, colleagues were able to nominate schools in need of IT equipment. In total 124 laptops were donated to local schools.

All Society colleagues can take three days per year to participate in volunteering activities to deliver benefits to the communities in which we operate and SBF colleagues can take two days. SIL and Jade have established charity volunteering programmes and colleagues have the chance to take one day a year to volunteer for a charity of their choice.

Charitable Foundation

In 2023, the Society's Charitable Foundation reached a donation landmark of £3 million. Since the Foundation's formation in 2000, the Trustees have continued to meet quarterly and provide dedicated charities with much needed funding. Over those 23 years, the Foundation has supported worthwhile causes across the UK, focusing on social mobility and equality, isolation, and children's education.

2023 was the Foundation's largest year of donations since its inception, with more than £457,481.27 being shared amongst a total of 230 charities (a 54% increase from 2022's donation of £295,233.26).

Disaster appeals

When large-scale disasters hit, the Group has played a part in supporting the Disasters Emergency Committee (DEC), enabling them to get aid to people who need it, fast.

In 2023, the Skipton Group donated £55,000 towards the Turkey and Syria Earthquake Appeal. While rebuilding will take years, donations to the DEC supported over a million people in the first six months, and many more since, helping them on the long road to recovery. DEC charities, and their trusted local partners, are providing food, clean water, warm clothes, psychological support, and a range of other items, supporting people living in camps and temporary accommodation. In addition to the corporate donation, Skipton Group colleagues and customers raised over £52,000.

Our People

Diversity and inclusion

Our people are one of our core assets. In total, the Skipton Group employs over 18,000 colleagues, who play a key part in making this a growth organisation. We want them to consider it a great place to work, where they feel they can be the best version of themselves. And where we put high premium on the diversity and the blend of different skills, and backgrounds that people have.

The Board and senior management are committed to maintaining an inclusive culture, where we continue to invest in our colleagues' skills, personal and career development and well-being. Our colleagues are critical to our success. By maintaining a strong culture and empowering decision-making close to our members and customers, we can deliver on our purpose.

Females make up 56.5% of our Group. Whilst we've seen some encouraging signs across the organisation, there are still fewer women in the highest paying jobs, impacting the pay and bonus gap. Given the variation and different businesses across the Skipton Group, we appreciate there's more work we need to be doing to improve in this area. For further details, please see our Society gender pay report. Connells Group publishes gender pay reports for its relevant businesses. Our subsidiary Jade in New Zealand voluntarily report on gender pay. We're continuing to work to balance our leadership pipeline to ensure we have female representation at all stages internally.

The Society signed the Women in Finance Charter in 2019, in line with our commitment to gender equality and our belief that diversity of thought results in a better Society for our customers. Our partnership with WISE (Women in Science and Engineering) also helps us to further embed our commitment to gender parity across the Society.

In 2023, Connells Group established three new diversity and inclusion networks for gender, ethnicity and LGBTQI+. Our LGBTQI+ and Society Pride Alliance networks are open to all colleagues. They provide a safe space where members of the LGBTQI+ community and allies can support each other and discuss the issues that matter. In 2023, a 'Proud to be me' series was launched to share the stories of colleagues and why fostering a diverse and inclusive community is important. The networks also worked in 2023 to support the creation of a Gender Transition Guide and develop the ability for colleagues to add pronouns to email signatures.

Our ethnicity networks have taken a similar approach, to help all colleagues across the Group to understand the different life experiences and perspectives within our communities. In 2023, the Connells Group ethnicity network helped to check that our recruitment adverts reflect the broad communities within which we want to recruit.

Over 120 Connells Group colleagues are on one of three Pathways Programmes which focus on providing management and leadership development with a primary focus on under-represented groups.

In 2023, the Society focussed on collecting social mobility data from our colleagues. These insights will shape our journey towards attracting, supporting and nurturing talent of all socio-economic backgrounds. We've signed up as members of Progress Together to enhance the work we are doing, as well as allowing us to benchmark against other financial institutions.

SIL committed to the Guernsey Employers Disability in 2020 and provided disability awareness training for all employees.

Breakdown of employees in the Group as at 31 December 2023:

Group	Male	Female	Total	Percentage male	Percentage female
Executive directors (note 1)	3	-	3	100.0%	0.0%
Senior managers (note 2)	42	35	77	54.5%	45.5%
	45	**35**	**80**	**56.3%**	**43.7%**
Non-executive directors (note 1)	5	3	8	62.5%	37.5%
Other employees (note 3)	7,843	10,219	18,062	43.4%	56.6%
	7,893	**10,257**	**18,150**	**43.5%**	**56.5%**

Notes:

1. Society Board Directors only.
2. Consists of the Society's senior leaders (other than executive directors) and the executive directors of the subsidiaries.
3. Including senior managers of the subsidiaries.

Employee engagement

Training & development

The Society have launched LinkedIn Learning for all colleagues. This includes over 16,000 courses, written and delivered by industry experts. We're able to develop learning based on organisational priorities, as well as colleagues being able to access AI support to guide their learning based upon their career goals. Colleagues can access the learning from home and on their own devices, for both professional and personal development. There is a clear leadership and development framework to support it.

The Society leadership development programme has now started. In addition, over 500 colleagues have been selected to attend training and development in conversation skills. External training and certified professional qualifications continue to be supported in Technology and Finance.

Connells Group have seven employee development programmes: Rising Stars, Potential Managers, New Managers, Management Development Programme, Senior Management Development Programme, Senior Director Development Programme and the Pathways Programme.

SIL continues to recognise and develop their employees in the talent management programme, supported with professional training courses and exams.

Apprenticeships

The Society have continued to support colleagues to achieve MSc in Strategic Leadership with two colleagues starting on the programme in 2023. Our Aspiring Leadership Programme ran again starting in October 2022, where we have nine aspiring leaders who have been developing their leadership skills by a Level 3 Team Leader apprenticeship. In addition to these two programmes, we have 30 other colleagues developing their skills via an apprenticeship. Professional apprenticeships are planned for early careers, targeting lower socio-economic backgrounds, in Audit, Finance and Risk.

SIL has a talent development scheme to support the development of young adults in the finance sector. Training places are provided for school leavers where they rotate through three different departments over a year – to learn skills and help determine where they might like to continue their career. SIL also offer a bursary scheme.

Wellbeing

Another really important focus for us is looking after the wellbeing of our colleagues. From minimising the potential for any negative impact on their overall welfare, to doing what we can to offer them the support they need, when they need it. Our colleagues have access to internal and external resources to support their mental, physical, social and financial wellbeing.

Culture

The Board has agreed purpose, behaviours, and culture statements for the Society to ensure there is clear direction for the business and clear expectations of how we wish our people to behave.

The Board monitors culture in a number of ways, such as through customer feedback, employee surveys (internally and externally facilitated) and independent assurance reviews. The Chief People Officer formally reports to the Board on the conclusions of all work carried out in this area and how our culture might evolve to remain as effective as possible. The Society have completed an assessment of the current culture, which has provided clear direction for the desired target culture. SIL are looking to do the same and investment has been made to support SBF in this work.

Jade actively tracks employee engagement through an Employee Net Promoter score. Jade's score has tracked at greater than 15 since December 2022. A score between 10-30 is considered to be good.

Being Accountable

As a responsible business, we're fully committed to doing the right thing for our stakeholders – making sure the actions we take help us to run ethically, lawfully, and responsibly. Here's how we're making ourselves accountable.

Being accountable

Strong corporate governance is sometimes the unsung hero of being a responsible business. But across the Skipton Group, we know how important it is to long-term success, and we strive to hold ourselves to high governance standards.

Trust is essential to our reputation and our long-term success, and we remain committed to ensuring that our organisation operates ethically, lawfully, and responsibly.

We're focused on building a strategy for the longer term. Part of effective governance also means having the right expertise, including at board, and being able to take constructive challenge against your plans so you can improve. Our responsible business practices continue to mature and we are reviewing the way we govern across our Group to ensure the right level of check and challenge. That way, we can keep doing things even better.

The Society's governance arrangements are designed to meet the requirements and expectations of our members, colleagues, and regulators.

The Society, as ultimate parent of the Skipton Group, is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). We have direct and indirect holdings in several legal entities, some of which are also regulated by the FCA. Skipton International Limited (SIL) based in the Channel Islands, is regulated by the Guernsey Financial Services Commission.

Each Group subsidiary is governed by a board. The boards of Connells Limited (Connells) and SIL normally contain at least one Society director as a shareholder non-executive director (appointed by the Society or the direct parent company) as well as the executive management of each business.

Most of our operations are based in the UK, with smaller locations in Jersey and Guernsey (SIL), and New Zealand (Jade).

Meeting the highest standards of social and environmental performance

"B Corp is very much the right fit for Jade. It's internationally recognised, of a high standard and assesses us on our activities in governance, how we treat our people, the environment, the role we play in society and our customers."

Geoff Walker / Head of Finance and Sustainability at Jade

Jade – a tech company within the Skipton Group – have researched how to improve on sustainability.

Advancements in the technology industry are continuing to revolutionise the ways we live, work and communicate. However, this comes with an additional environmental cost – digitalisation has led to a significant increase in greenhouse gas emissions. It's estimated that the information and communications technology industry is responsible for 2% to 3% of all global GHG emissions[17]. The reasons for the tech industry's high emissions include the energy needed to power large data centres, servers and infrastructure.

With this in mind, Jade had been researching certifications and frameworks which could guide them in strengthening their sustainability practices. At the same time, they had noticed a significant increase in the number of customers seeking more information on Jade's approach to sustainability.

After talking with industry peers and reviewing several options, Jade identified B Corp Certification as the right fit for their global business. To provide B Corp Certification, Jade turned to B Lab. They are a non-profit network transforming the global economy to benefit all people, communities, and the planet by balancing profit and purpose.

B Corp Certification is awarded to companies which meet the highest standards of verified social and environmental performance. It also means a company has made a legal commitment to stakeholder governance, as well as demonstrating accountability, by disclosing this record of performance in a public B Corp profile.

Governing sustainability

Board oversight

The Society board has the overall oversight of sustainability matters for the Society and across the Group. The boards of subsidiaries are individually responsible for the proactive management of sustainability matters.

Wider discussions on building a sustainable business take place at our board strategy days. In 2023, the Society board was updated on three occasions on sustainability matters. These updates included:

- Review and approval of the Society's Health and Safety Policy
- Consideration of the annual Gender Pay Gap report within the Society
- Approval of the Society's Modern Slavery and Human Trafficking Statement
- Review and approval of the Society's Speak Out (Whistleblowing) Policy and receipt of the Whistleblowing Champion's Annual Report

Management responsibility for sustainability

The Group Secretary and General Counsel is designated as the executive responsible for sustainability matters, with the Group Sustainability Team reporting into this role. Connells Group also operates an ESG steering committee which reports directly to the Connells executive committee, and ultimately, the Connells Limited Board. For the other main subsidiaries, management responsibility sits with the relevant CEO. During 2024 we will continue to evolve our Group governance around the management of sustainability matters.

"We have an incredible opportunity to harness the power of our Group to enable changes in making UK homes more energy efficient, deliver meaningful social value and to embed the highest standards of corporate governance."

David Travis / Group Secretary and General Counsel.

Climate-related risks

Climate change is defined as a principal risk for the Group. The Society's board has delegated the oversight of climate-related risk for the Society and its subsidiary companies to the Board Risk Committee. However, ultimate oversight continues to reside with the Society board of directors. The Group Chief Risk Officer maintains regular oversight of subsidiary firms in relation to risk management.

Please see our Climate-related Financial Disclosures for further information on our approach to managing climate-related risk and our reporting against the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

The Society has embedded capabilities to meet the requirements of the Prudential Regulation Authority's (PRA's) Supervisory Statement 3/19 (SS3/19) 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change'. Senior Management Function responsibility for the identification and management of the financial risks from climate change was allocated to the Group Chief Risk Officer in 2023, who reports to the Group Executive Committee.

The Climate Change Risk Forum (CCRF) is an ad-hoc forum that includes senior representation from around the Group. The forum exists to coordinate activity associated with the identification, assessment, and monitoring of climate risk. The forum reports to the Senior Management Function.

Consideration of climate risk is incorporated into relevant first line processes, risk appetites and control frameworks. With respect to mortgage credit risk, identified as our key climate-related risk, our current controls for managing new lending centre on three key areas. Firstly, a physical inspection of the property for higher loan to values. Secondly, checking any known flood risk. Finally, the risk of coastal erosion. All of these considerations make up the overall valuation. Any postcode identified as potentially at risk of future coastal erosion requires a desktop or physical survey to capture local knowledge of the risks to each property. The Society's loan conditions require buildings insurance at the point of completion. This provides assurance that the property is insurable at that point in time.

Anti-bribery and corruption

The Group does not tolerate any instances of bribery or corruption across any area of our business.

We have anti-corruption and anti-bribery policies in place in each business line, which are readily available. The policy provides guidance about what constitutes a bribe and prohibits offering, giving or accepting any bribe. It also outlines clear guidance for acceptable corporate entertainment, gifts, hospitality and promotional expenditure.

We ensure all our colleagues complete annual training to refresh their knowledge.

Empowering colleagues to speak up

Colleagues are often the first to know when someone inside or connected with an organisation is acting illegally or improperly. We have whistleblowing arrangements in place across the Group. Allegations of malpractice or wrongdoing of any kind are taken seriously, whether by senior managers, colleagues, suppliers or contractors.

We remain committed to maintaining the highest possible standards of accountability and recognise that individual colleagues have an important role to play in achieving this goal.

Working with like-minded organisations

The Group monitors its business relationships with suppliers. The Society and each subsidiary have a supplier Code of Conduct, or equivalent policy, to describe the standards we expect our suppliers to follow.

All suppliers are expected to act in a way that supports our core values, to conduct business in an ethical manner and to act with integrity. As part of our supplier frameworks, we also assess our own performance.

As part of our focus on sustainability, we're now looking at ways where we can help support our existing supply chain achieve better ESG outcomes.

The Group's policy around the payment of suppliers is to negotiate and agree terms and conditions with all suppliers upon complete provision of goods and services. We undertake to pay suppliers within the agreed payment period.

Human rights and Modern Slavery

In 2015, the UK government introduced legislation requiring all UK companies to make a public statement regarding the measures they take to address the risk of forced, bonded or compulsory labour and human trafficking in their businesses and supply chains.

The Society's board fully supports the objectives of the Modern Slavery Act 2015. We have a position of zero tolerance of modern slavery and human trafficking in any form in our UK business and supply chains. Suppliers to our UK-based business lines must comply with the Modern Slavery Act 2015, where applicable, and ensure their supply chain is transparent about the process through which employees are managed.

The Society and Connells Group tender requirements include a provision for supplier compliance with all relevant legislation and regulatory requirements, including the modern slavery regulations. In New Zealand and Australia, where there is no local legislation, Jade have approved their own Modern Slavery Policy.

Read more on our disclosures here:
Modern Slavery Statement for Society and Modern Slavery Statement for Connells Group

Protecting customer and colleague data

Data protection continues to be important across the Group. This includes keeping both our customers' and our colleagues' personal data safe and complying with data protection regulations.

In 2023, our Society data protection team provided ongoing specialist support and oversight to the business. This included involvement in key change initiatives such as the Savings Transformation Programme, and in new product and service design. The team's influence has allowed the business to make sure that data protection requirements are considered from the outset.

The Society's Privacy Pledge and Data Privacy Notice outlines how we take care of your personal details and how that data is being used.

We're committed to helping protect members and colleagues against fraud. Accounts are protected by several layers of authentication. Strict security procedures are followed whenever information is obtained and stored.

Paying our fair share of tax

The Society understands the responsibility it holds towards members, colleagues and wider society. Our approach to tax affairs is driven by this understanding and is consistent with a commitment to building a more sustainable society.

The activities of the Group are largely UK-based. The Group's tax teams are responsible for managing tax on its UK operations. Where the Group operates in overseas jurisdictions (such as Guernsey, Jersey, Australia and New Zealand) it's purely for commercial reasons and isn't tax driven.

The Society has signed up to the Code of Practice on Tax Strategy for Banks and our strategy is aligned with its requirements. We publish a Tax Strategy on an annual basis outlining our approach. Tax disclosures are provided in the Annual Report and Accounts and in the Country-by-Country Reporting section.

Transparency over remuneration

Environmental, Social and Governance (ESG) performance is linked to remuneration through the Single Variable Pay Arrangement (SVPA). This is the incentive scheme in which the executive team participates. Further information can be found in the 2023 Annual Report and Accounts.

In 2023 the board agreed to voluntarily publish the CEO pay ratio for the Society. Given the diversity of the wider Skipton Group, the Society measure is deemed to be more appropriate. This is because it provides a more meaningful comparison with our peers in financial services. For further details of the pay ratio calculation, please see the 2023 Annual Report and Accounts.

Responsible banking

Both the Society and SIL are signatories to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking. Information against the six responsible banking principles are presented in our annual updates report. Please see page 2 in the Appendix for the Society's Report, plus the SIL report is found here.

Glossary

We've tried to make our Sustainability Report easy to follow, but from time to time you might have had questions over what something means. Our glossary explains some of the key terms we've used that might help.

Key Terms	Definition
Climate-related risk	Climate-related risk refers to the potential negative impact that climate and environmental changes present to our business model.
Double materiality	Considering both how the Skipton Group is impacted by sustainability issues and how our activities can impact people and the environment.
EPC	Stands for Energy Performance Certificate. It is related to an energy rating scheme which identifies a household's energy efficiency level and potential energy efficiency level if improvements were to be made. EPC scores range from least efficient (G) to most efficient (A) on a scale.
EPC Plus Report	The Society's product for members and colleagues in partnership with Vibrant Energy. The service provides an EPC report with recommendations of energy-efficient improvements you could make to your home, the cost of carrying them out, and the potential savings that each one could generate.
Financed emissions	These are the greenhouse gas emissions associated with the investments and lending activities of an organisation — a contributor to climate change.
Greenhouse Gases (GHG)	Gases which absorb and re-emit infrared radiation, thereby trapping it in the Earth's atmosphere. It includes carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3). These emissions add to the greenhouse effect— a contributor to climate change.
Materiality assessment	A materiality assessment is a structured process to gain insight into the sustainability topics that matter most to stakeholders of an organisation.

Key Terms	Definition
Net zero	Net zero is where the amount of greenhouse gases (GHGs) released into the earth's atmosphere is balanced by the amount of GHGs removed.
Operational emissions	These are the GHG emissions generated through the running of an organisation's direct operations and premises.
Retrofit	To add new energy efficiency technology or features to a property where these might not have been available at the time it was built. This can include solar panels, cavity wall insulation and improved glazing.
Scope 1 emissions	Under the Greenhouse Gas Protocol methodology, scope 1 includes all emissions generated by the sources under the direct control of an organisation. For example, emissions from combustion of fuel or oil for heating offices.
Scope 2 emissions	Under the Greenhouse Gas Protocol methodology, scope 2 includes an organisation's indirect emissions. This includes areas like the purchase of electricity, or energy for heating and cooling buildings produced on its behalf.
Scope 3 emissions	Under the Greenhouse Gas Protocol methodology, scope 3 includes all value chain emissions which the organisation is not directly responsible for itself. This includes areas like leased assets, suppliers and colleague commuting.
Stakeholder	A person, group or organisation with an interest in the decision-making and activities of an organisation.
tCO_2e	This stands for metric tonnes of carbon dioxide equivalent. This is a useful measure as it also allows for inclusion of various greenhouse gases during emissions calculations, such as refrigerants from air conditioning.

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We plan to continue to review available data sources and enhance our methodology and processes to improve the robustness of our ESG reporting over time, aligned with emerging developments. Please refer to the Basis of Reporting for further details on how the report was prepared.

Please see the report Appendix for the Society Principles for Responsible Banking Self-Assessment Report 2023, progress on the Group 2022 objectives and the materiality methodology.

Skipton Group

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Skipton Building Society is a member of the Building Societies Association.
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, under registration number 153706, for accepting deposits, advising on and arranging mortgages and providing Restricted financial advice. Principal Office, The Bailey, Skipton, North Yorkshire BD23 1DN.

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