

# Sustainability Policy Statement.

Our Vision to be the most valued lending company in the UK. To help realise our Vision, we know we need to embed the Sustainability Strategy throughout our business. This is our commitment to continuous improvement, formalised in a strategy with public targets and supported by action plans.

Our Sustainability Strategy has been created following an extensive materiality exercise, this exercise included participation from a range of key stakeholders. Importantly, this has ensured that the strategy has been shaped around the views of key stakeholder groups.

We are committed to driving positive change, adding social value and lessening our impact on the environment. In bringing these commitments to life we can have an impact which is beyond our direct operations.

Whilst this is a Sustainability Policy, we recognise that the topics covered are sometimes referred to as environment, social and governance (ESG), corporate social responsibility (CSR) or corporate responsibility (CR), and that this policy can be taken as the company policy in relation to any of these areas.

## Our Vision and Beliefs.

We are driven by a Vision to be the most valued lending company in the UK. This Vision is what drives us in our responsibilities to the Planet, Communities, Colleagues and Customers. We have ambitious commitments to make sure we play our part in protecting the future for generations to come. Our sustainability strategy is made up of four key pillars;

### Our Colleagues

We are guided by the following principles;

- Value and promote diversity of thinking, ideas, and backgrounds.
- Investing in our employees so they can realise their potential.
- Promote wellbeing, and a safe and healthy workplace for employees
- Respect for diversity, equity and inclusion

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## **Our Customers**

We are guided by the following principles;

- Offer products and services that are simple, personalised and adapted to the needs and risk profile of our customers and provide them with accurate, sufficient and appropriate information.
- We will monitor exceptional situations or settings that may have an effect on certain customers in order to offer them alternative solutions, in particular, among those groups in a situation of vulnerability or risk of social exclusion.
- We are committed to helping customers make energy efficiency improvements to homes.
- We are committed to making finance work by helping customers buy their own home, helping landlords and businesses solve problems, and realise opportunities

## **Our Communities**

We are guided by the following principles;

- Contribute to local communities and inspire colleagues to play their part in giving back to society.
- Promote community giving through the following pillars; sharing, caring, giving and green.
- Work with innovative property professionals who work to rejuvenate local communities.
- Encourage employee participation in volunteering to help the communities prosper

## **Our Communities**

We are guided by the following principles;

- Commitment to reducing our impact on the environment and be transparent when we report on progress
- Capture climate risks to the portfolio and use a framework to manage them
- Meet and manage regulatory requirements that are related to the businesses activities, products and services
- Promote continuous improvement of our management systems in order to improve environmental performance.
- Establish work guidelines and control mechanisms to ensure environmental protection and pollution prevention
- Be committed to meeting regulatory requirements disclosure of financial risks arising from climate change

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## United Nations Sustainable Development Goals (UN SDGs) Framework.

This document defines our approach to sustainability. Whilst the strategy that has been developed is unique to us and supports the Purpose & Vision, it has been created to align, where possible, to the UN SDGs Framework. The UN SDGs, adopted by all UN Member States in 2015, provide a blueprint for peace and prosperity for people and the planet. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change.

Our sustainability strategy and associated targets contribute positively to 5 of the UN SDGs, as detailed below. As we progress with embedding our purpose, realising people’s ambitions by making finance work, our greatest contribution can be to UN SDG 11. Our Purpose guides us and ensures we are here to support customers to purchase homes, support the development of social housing and enhance communities.

## Taskforce on Climate Related Financial Disclosures (TCFD).

SDG Goal	SDG Targets and Indicators	Sustainability Pillar	
 5. GENDER EQUALITY	5. Achieve gender equality and empower all women and girls  5.5 - Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life • 5.5.2 - Proportion of women in managerial positions	 Our Colleagues	Our Diversity & Inclusion ambitions and the supporting colleague led Togetherness groups, continued focus on colleague wellbeing, enhanced colleague value proposition package, highlighting the opportunities to learn and develop.  <b>Targets</b> <ul style="list-style-type: none"> <li>• 50% of senior management roles to be filled by women by the end of 2026.</li> <li>• To achieve our Diversity and Inclusion targets on gender, ethnicity and age by the end of 2026.</li> <li>• To retain silver accreditation for Investors in People and work towards gold accreditation.</li> </ul> Aligns with SDG 5 and 8
 8. DECENT WORK AND ECONOMIC GROWTH	8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all  8.5 - By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value • 8.5.1 - Average hourly earnings of female and male employees, by occupation, age and persons with disabilities	 Our Customers	Continued focus on supporting a wide range of underserved customers achieve their property ambitions, plans to support our current and new customers with energy efficiency home improvements, enhancing the customer experience with technology, listening to our customers and constant focus on identifying/assisting vulnerable customers.  <b>Targets</b> <ul style="list-style-type: none"> <li>• To provide at least one green mortgage product for our customers' by the end of 2023.</li> <li>• To establish a partnership with an industry specialist by the end of 2023, to link our customers to experts with insight and knowledge to help improve the energy efficiency of their homes.</li> </ul> Aligns to SDG 11
 10. REDUCED INEQUALITIES	10. Reduce inequality within and among countries  10.2 - By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status • 10.2.1 - Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities	 Our Communities	Activities via our colleague-led Let's Make it Count programme focusing on assisting local communities, supporting charities, championing the training & mentoring of young people and positive environmental actions and the continued focus on supporting our customers in the social housing sector.  <b>Targets</b> <ul style="list-style-type: none"> <li>• To help finance 1000 affordable properties by the end of 2025.</li> <li>• To deploy in excess of £1m in the community through our Let's Make it Count programme in FY2023. Supporting charities that promote the social inclusion of minority groups.</li> </ul> Aligns to SDG 10 and 11
 11. SUSTAINABLE CITIES AND COMMUNITIES	11. Make cities and human settlements inclusive, safe, resilient and sustainable  11.1 - By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums • 11.1.1 - Proportion of urban population living in slums, informal settlements or inadequate housing	 Our Planet	Our energy consumption and emissions (direct and indirect), reviewing our water usage, recycling and be mindful of our waste disposal  <b>Targets</b> <ul style="list-style-type: none"> <li>• To reduce our carbon emissions, from our own operations by 70% by 2027.</li> <li>• To be Net Zero for our own operations by 2030. Also, reducing our direct energy consumption by 50% by 2030.</li> <li>• To be Net Zero for our direct and indirect emissions by 2050.</li> </ul> Aligns to SDG 13
 13. CLIMATE ACTION	13. Take urgent action to combat climate change and its impacts  13.2 - Integrate climate change measures into national policies, strategies and planning • 13.2.2 - Total greenhouse gas emissions per year		

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We are committed to meeting our regulatory responsibilities, specifically in relation to the requirement for disclosures from the Taskforce on Climate Related Financial Disclosures (TCFD).

We will put measures in place to track TCFD requirements and responsibilities, with appointable leads, measurable KPIs and action owners. We will continue to monitor our climate-related risks and opportunities, and disclose the metrics and targets used to assess and manage these.

We will continue to monitor the reporting and regulatory landscape to ensure we remain compliant to all existing and new frameworks.

## **Risk.**

We are committed to monitoring environmental, social and climate change risks stemming from our business operations and our Sustainability Strategy.

Climate Change risk has been identified as a meta-risk (cuts across key risk types such as credit, financial and operational). We have a 'Climate Risk Management Framework' (CRRF) to embed management of these climate change risks into the Enterprise Risk Management Framework (ERMF). The CRRF is a formal acknowledgement of our commitment to manage climate related risks and forms part of our controls and governance arrangements.

The CRRF sets out a structured and consistent approach for identifying, measuring, monitoring, managing and reporting climate related risk.

## **Sustainability Governance.**

Sustainability is embedded within the governance framework, the Group Board and Executive Leadership Team play a central role in leading and overseeing the Sustainability strategy. Members of the Executive Leadership Team individually sponsor the Sustainability Pillars.

We have a Sustainability Committee that reports directly into the Group Executive Committee. The Sustainability Committee is responsible for overseeing the conduct within a sustainability context and supporting the development, implementation, measurement and reporting of our Sustainability strategy.

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Our Chief Commercial Officer is the chair of the Sustainability Committee. We have a Head of Sustainability who acts as a custodian of the sustainability strategy and helps drive delivery of all related activities and targets. Colleague Leads have been appointed to lead on the targets within the Sustainability Strategy; alongside the Head of Sustainability they work to progress initiatives and regular reporting is provided.

In addition, we have a Diversity, Equity & Inclusion Steering Committee (DEI SteerCo) that also reports directly into the Group Executive Committee. The DEI SteerCo is responsible for ensuring progress is made in relation to our Diversity, Equity and Inclusion actions and initiatives.