



Gatehouse Bank Reporting and Self-Assessment

UN Principles for Responsible Banking
June 2024



Principle 1: Alignment



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

Business model

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

Established in 2007, Gatehouse Bank plc is a Shariah-compliant 100% UK-based challenger Bank based in London, Milton Keynes and Wilmslow. Gatehouse Bank is a wholly owned subsidiary of the Gatehouse Financial Group and is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA). The Bank offers products and services in three broad categories: Savings, Home Finance and Build to Rent. Gatehouse Bank offers savings products to UK customers and home finance solutions to UK residents, UK expats and international residents, for both personal and investment purposes. Our savings customers are UK residents, our property finance products are available to UK residents, UK expats and international residents. Our products are available to customers of all religions and none. In 2022, Gatehouse Bank qualified as a Large Company under the Corporate Act 2008, Section s414CZA. The Bank's Business Model is an integrated part of its new disclosures and is outlined in Gatehouse Bank's Annual Report 2023.

Further details can be found on the Bank's website:
<https://gatehousebank.com/about-us/corporate-governance>

Strategy alignment

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

- Yes
- No

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

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

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones:
 - Global Reporting Initiative's (GRI)
 - UN Environment Programme Finance Initiative (UNEP FI)
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones:
- None of the above

We referred to the 'Impact Radar' developed by the UN Environment Programme Finance Initiative (UNEP FI), to create our sustainability strategy to determine our impact across three pillars – environment, social and economic. To report our impact, we followed the Global Reporting Initiative's (GRI) best practice standards. Sustainability is a strategic priority for Gatehouse Bank with Climate Change and Financial Health & Inclusion identified as two key material topics. Gatehouse Bank follows Shariah principles that have a natural alignment with a number of the SDGs, Paris Climate Agreement and other sustainable development frameworks. Islamic finance prohibits the financing of sectors perceived to cause harm to society, including alcohol, tobacco, adult entertainment, gambling or the arms industry. In addition, we do not finance environmentally harmful extractive activities such as coal or oil and we don't offer speculative financial products.

As a founding signatory to the UN PRB, we have a primary focus to contribute to the SDGs. We have been working to reduce our operational carbon footprint and have been certified as operationally carbon neutral for the last three consecutive years.

We try to do right by people and the planet in the creation of our products including our Woodland Saver product range that contributes to the generation of UK woodlands. In 2023, we reached the milestone of 40,000 trees. We also have a green home finance product that incentivises customers to acquire a property with Energy Performance Certificate (EPC) rating of A or B. The Bank also offsets the carbon emissions of the average UK property for the products initial fixed term as long as the customer remains with the Bank with a qualifying property.

For more information, please refer to Gatehouse Bank's [Sustainability Report 2023](#).

Principle 2: Impact and Target Setting



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

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: *What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.*

In 2021, we conducted a portfolio analysis using the UNEP FI Portfolio Analysis Tool for Banks, which focused on the Bank's core activities in the UK, the Bank's sole location of operation. The Bank's main activities are residential property financing and personal savings accounts.

The Bank conducted a materiality analysis to identify its core impact areas. We followed the Global Reporting Initiative's (GRI) best practice standards to communicate and report our impact on the environment, economy and people.

We set targets based on the most significant impact areas, the Bank focused on its two largest portfolios: Savings and Home Finance.

As part of our commitment to the UN PRB; Climate Change (environment) and Financial Health & Inclusion (community) have been identified as significant impact areas that the Bank has set targets for as part of our commitment to the UN PRB. The process was updated for 2023, where we identified and added eight additional material topics within our significant impact areas.

Financed greenhouse gas emissions have been selected as a material topic for the Bank. Home Finance represented 80% of the Bank's financing activity in 2021 and was therefore considered in the scope of analysis and target setting. The Bank has followed the UNEP FI guidance on climate target setting for banks to set its climate targets.

We have also gathered EPC ratings where possible for all the properties in our collective portfolio.

For more information, please refer to Gatehouse Bank's [Sustainability Report 2023](#), pages 6-7, found on the website.

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p>b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope.</p> <p>i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p>	
<p>Yes. Targets have been set based on a portfolio analysis. In 2021, the Bank's home financing portfolio accounted for 80% of the Bank's financing activity and was therefore considered in the scope of analysis and target setting. This percentage has increased over the last two years and targets have been adjusted accordingly. The Bank has followed the UNEP FI Guidance on Climate Target Setting for Banks to set its climate targets.</p>	<p>More information can be found on pg. 10-18 on the Sustainability Report 2023, and in the Annual Report 2023 on pages 22-25.</p>
<p>c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis. This step aims to put your bank's portfolio impacts into the context of society's needs.</p>	
<p>The Bank operates in the UK only. Using the UNEP FI Portfolio Tool Cartography, and the UN SDG Index Dashboard to identify the UK's most pressing SDG challenges, the Bank assessed the impact it has on Environment, Social and Governance. We take an ethical and sustainable approach to banking, which is evident in our range of products and services. As a challenger bank, we are constantly exploring opportunities to innovate our products in a way that creates value for our customers, society, and the environment. As well as our green home finance products, we also launched the UK's first Shariah-compliant Regular Saver account, which supports our commitment to increasing financial inclusion.</p>	<p>For more information, see pages 10-18 of our Sustainability Report 2023.</p>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.</p>	
<p>In 2021, the Bank identified two priority Impact Areas: Climate and Financial Health & Inclusion.</p>	<p>For more information on climate and financial health & inclusion please refer to 'Sustainability Strategy' on pages 6-7 of Gatehouse Bank's Sustainability Report 2023; 'Financed Emissions' on pages 13-17 and 'Society' on pages 28-36.</p>
<p>For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex. If your bank has taken</p>	

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this. The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

To set targets for our two priority Impact Areas (Climate and Financial Health & Inclusion), the Bank drew insights from global reports and indicators supplied in the UNEP FI Portfolio Tool Country Cartography and UN SDG Index Dashboard to identify the UK's most pressing sustainable development challenges. Once identified, we engaged with insights from the UK government and civil society to build an understanding of national strategy and sustainable development priorities. The Bank has refined its impact targets by making them SMART. For Financial Health & Inclusion, the Bank undertook an assessment of its transactional data to gain better insights of its customers with regards to their savings habit and use of technology (digital app and online banking) for banking transactions. The Bank also undertook a survey of its customers through a customer newsletter to gain insights into their financial confidence and resilience. These insights have helped the Bank revise its KPIs and set SMART targets for 2023. These targets support the UK Strategy for Financial Wellbeing.

For more information, see 'Financed Emissions' on pages 13-17 of Gatehouse Bank's [Sustainability Report 2023](#).

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

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

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify.

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

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

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with¹ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. You can build upon the context items under 2.1.

Climate: In 2019, the UK became the first major economy to commit to achieving net zero greenhouse gas emissions by 2050. To align with the UK's net zero strategy, Gatehouse Bank consulted with independent sustainability experts, Greengage, to assess the emissions from the Bank's Home Finance portfolio from the baseline year 2020, provide an emissions reduction strategy, and set net zero climate targets for its home finance portfolio out to 2050. Greengage have advised the Bank of the best methodology being to align the home finance portfolio with the temperature goals of the Paris Climate Agreement.

For more details, please refer to Gatehouse Bank's [Sustainability Report 2023](#) pages 6-8 and section called 'Environment' on pages 10-20.

For more details, please refer to pages 58-61 of Gatehouse Bank's [Sustainability Report 2022](#).

Financial Health & Inclusion: Increase the percentage of new young savings customers (aged 18 – 30) from 3% in 2021 to 10% by the end of 2025.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline. You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target. A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	The Bank has set a Net Zero target by 2050 for its home finance portfolio. The target is to reduce the absolute emissions of the growing home finance portfolio from the baseline figure of 4,374tCO ₂ e (December 2020) and reduce the intensity of its home finance portfolio emissions (kg CO ₂ e per m ²) based on a study done by third-party consultants, Greengage. Details about the baseline and reduction trajectory for both absolute emissions and intensity reductions can be found in 'Financed Emissions' on pages 13-17 of Sustainability Report 2023 .

Financial health & inclusion	...	In 2021, The Bank determined a baseline of 3% of young people (aged 18-30) with a savings account.
<i>In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.</i>		
NA	NA	
c) SMART targets (incl. key performance indicators (KPIs) ⁷): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.		
The Bank had set SMART targets for its two most significant impact areas: Climate and Financial Health & Inclusion. Complete details of the SMART Targets, timelines and KPIs can be found in Gatehouse Bank's Sustainability Report 2023.	<i>For the Climate SMART Targets, see 'Financed Emissions' on pages 13-17 of Gatehouse Bank's Sustainability Report 2023. For Financial Health & Inclusion, see pages 28-29 of Gatehouse Bank's Sustainability Report 2023.</i>	
d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.		
We have several products and initiatives designed to help meet our Climate targets, including the extension of our green home finance products to expats and international residents. More information can be found in our latest Sustainability Report.	<i>For the Climate SMART Targets, see 'Financed Emissions' on pages 13-17 of Gatehouse Bank's Sustainability Report 2023. For Financial Health & Inclusion, see pages 6-7 & 28-29 of Gatehouse Bank's Sustainability Report 2023.</i>	

⁷ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Self-assessment summary			
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...			
	... first area of most significant impact: Climate	... second area of most significant impact: Financial Health & Inclusion	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)


For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2. Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

On Climate, we have recorded EPC ratings for all properties where feasible, ahead of time. On Financial Health & Inclusion, we have launched new products to strengthen our savings proposition. At the end of 2023 we recorded 7% of new customers were young savers (aged 18-30) tracking towards our target of 10% by 2025.

For progress on Climate SMART Targets, see 'Financed Emissions' on pages 13-17 of Gatehouse Bank's [Sustainability Report 2023](#). For Financial Health & Inclusion, see pages 28-29 of Gatehouse Bank's [Sustainability Report 2023](#).

Principle 3: Clients and Customers

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

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers⁸ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities⁹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved. This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

On Climate, we contacted 15,850 customers through our customer newsletter in November 2023 to educate them on the principles of EPC and tips on saving household energy. We extended our green home finance products to apply to UK expats and international residents, encouraging customers to opt for more energy-efficient properties.

For more information, see 'Financed Emissions; on page 13-17 of our [Sustainability Report 2023](#).

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

To drive our Net Zero Home Finance strategy, the Bank saw a business opportunity to increase positive impact through its home financing and launched its Green Home Finance product range in April 2022, which was extended to expats and international residents in 2023.

In 2021, the Bank launched its Woodland Saver Accounts to generate UK woodland growth and forests. As a result, by the end of 2023, more than 40,000 trees were planted on behalf of its customers. Over the last year, we strengthened our savings proposition by launching the UK's first Shariah-compliant Regular Saver account. The account aims to drive financial inclusion amongst young people and those with smaller deposits, helping them to form healthy saving habits by setting money aside for a fixed period of 12 months.

See pages 10-20 of our [Sustainability Report 2023](#).

See 'GHB Woodland Saver' on page 19 of our [Sustainability Report 2023](#).

See 'Society' on page 28-36 of our [Sustainability Report 2023](#).

Principle 4: Stakeholders



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

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹⁰) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Yes, more details of how Gatehouse Bank engages with stakeholders can be found in the 'Our Stakeholders' and the 'Memberships and Affiliations' sections of our Sustainability Report, 2023.

For more information, see 'Our Stakeholders' on page 8, and 'Partnerships and Affiliations' on page 50-54 of our [Sustainability Report 2023](#).

⁸ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

⁹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

¹⁰ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



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

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to), details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as remuneration practices linked to sustainability targets.

Yes, our Board of Directors is the primary governing body and has ultimate responsibility for setting the Bank's strategy, corporate objectives and risk appetite.
While the Board maintains oversight of all areas relating to ESG, we also have a dedicated ESG steering group, chaired by the CEO, who provides direction and measure progress around ESG initiatives.

For more information, please see 'Governance and Reporting' on page 46-47 of our [Sustainability Report 2023](#).

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

As part of our new staff induction process, all new recruits undergo one hour of mandatory training on 'Responsible Banking'. The session includes topics on environment, social, economic and governance. It makes them aware of the challenges and what role they could play by being a 'force for good'.
Throughout the year, we offer a series of training programmes on topics such as functional leadership development, conduct and culture and allyship – as well as our multi award winning Management Development Programme. Alongside mandatory training, we offer a number of "softer skills" training, such as healthy working, coaching and communication.

Please see 'Responsible use of funds and investments' on page 23-24, and 'Creating opportunities for training and development' on page 40 of our [Sustainability Report 2023](#).

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹¹ Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

The Board holds responsibility for the Bank’s sustainability strategy and the ESG Forum monitors the progress against the targets made and provides strategic direction to deliver on the UN PRB’s commitment and drive the Bank’s sustainability strategy forward.

With regards to Climate Risk specifically, we as a Bank have a business model of collecting savings deposits and financing residential property purchases. There is no exposure to fossil fuel intensive industries.

For climate risk, our key concerns in 3-5 years include compliance with existing regulatory requirements (as and when they come into effect), improving EPC ratings on residential properties and any new regulations that may come about suddenly without giving us much time to transition.

Our social risk is around the cost-of living crisis, and its impact on our business and customers. We support our customers facing financial hardship through our vulnerable customer policy.

The Bank’s ESG Forum meets quarterly to review on progress made against the UN PRB and Sustainability targets and give strategic insights.

For more information, please see ‘Governance and Reporting’ on page 46-47, ‘Climate Risk’ on page 19 and ‘Supporting Vulnerable Customers’ on page 31 of our [Sustainability Report 2023](#).

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹¹ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Principle 6: Transparency & Accountability



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

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Yes The assurers' statement can be found at the end of our [Sustainability Report 2023](#).

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

Yes Gatehouse Bank Sustainability Report 2023 is in accordance with GRI. Please see Assurer's statement on the last page.

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹², target setting¹³ and governance structure for implementing the PRB)? Please describe briefly.

¹² For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹³ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

The Bank aims to review its materiality topics for to ascertain whether there are new topics that need to be further considered for inclusion in the Bank’s significant impact areas. The Bank will continue to deliver, monitor and report against all sustainability and the UN PRB’s commitments. The ESG steering group will continue to meet quarterly to monitor and provide strategic leadership and direction in driving the Bank’s sustainability agenda and the UN PRB’s commitment.

For further information on anything mentioned here, please read our [Sustainability Report 2023](#).

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input checked="" type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: