



CORPORATE RESPONSIBILITY

Policy Statement

Tier 1

January 2024

Issue 7.1

Amendment Control Sheet

This policy is owned by the Chief Executive Officer and is to be reviewed on a biennial (Tier 1) cycle, assessed by the Environment and Social Impact and Risk and Conduct Committees, and recommended for approval to the Ecology Board.

Version

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4.0	Annual Review Modern Slavery Act	C Rickerby	Nov 2017
5.0	Annual Review Minor change to reference to staff and also reporting	C Rickerby	Jul 2019
6.0	Annual Review	C Rickerby	Jun 2020
7.0	Annual Review Reference to carbon accounting added	P Ellis	June 2021
7.1	Biennial Review Reference to double-materiality and Consumer Duty added, updates to related policy statements.	S Landymore	Sept 2023

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Stephanie Landymore	7.1	Sept 2023

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1. Introduction

Ecology Building Society (Ecology) believes Corporate Responsibility should cover the impact of society and the environment on our business, as well as the impact of our business on society and the environment. This is known as a 'double materiality' approach.

This Statement is not intended as a policy document, but rather a summary of the key actions that we undertake to ensure our corporate behaviour conforms to the highest standards. Issues covered by this statement are enacted through internal policies and procedures. The following relevant policies are also available on our website:

- Our lending criteria (see 'What we lend on' in our individual products)
- Environmental Policy
- Tax Compliance Policy
- Board Diversity Policy.

2. Our Business

Ecology's mission statement is:

A member organisation dedicated to improving the environment and society by enabling sustainable building and communities.

Our central business is the provision of finance to enable people to build or purchase homes. The right to shelter is a central human right and we are part of the mechanism by which people in the UK access that right.

Preservation of the environment for future generations is also central to our business. We believe that being socially responsible is inextricably linked to being environmentally responsible and promote this approach as a core principle in all that we do and the way that we do it. Therefore, Ecology:

- Will recognise and deal with the social and environmental responsibilities and impacts of doing business directly, and not seek to externalise social and environment costs
- Commits to not seeking to change legislation in such a way that the environment and society are negatively impacted
- Is committed to working for its Members, society in general, the environment and future generations

We are a mutual organisation existing because of and working on behalf of our Members. All decisions are taken on the basis of benefits delivered fairly to all our Members, rather than to a smaller group of shareholders. The principle of fairness and equality are embedded within our decision-making; and we work to ensure access to membership is available to all who support our ethos.

Additionally, as responsible members of the wider community, we aim to support it through the commitment to pay taxes fully and fairly in line with the intent of the law and will abide by the laws which govern us.

3. Our Customers and Members

The majority of our customers are members of Ecology. Customers are excluded from membership only when legislation makes it impossible (e.g. for corporate deposit accounts). We value the involvement of Members in our business and encourage participation whenever that is possible. In our dealings with both Members and our other customers, we always seek to apply the following principles:

- Treating Customers and Members as we ourselves would want to be treated, with courtesy, honesty, integrity and fairness

- Understanding, anticipating and responding to the individual needs of Customers and Members, offering products and services appropriate to those needs
- Seeking to be open and transparent in our dealings with Customers and Members, and respecting their confidentiality
- Being sensitive to the needs of vulnerable Members and those who become vulnerable whilst Customers or Members of the Society
- Keeping our products and services easy to understand and simple to use
- Ensuring our products and services always deliver fair value to Members
- Balancing the needs of savers and borrowers
- Balancing the needs of new and existing Customers and Members
- Responding quickly and fairly to complaints, acknowledging where we get things wrong and learning the lessons.

4. **Our Colleagues**

We have a dedicated and competent body of colleagues, some of whom have been with us for a long time. We value their experience and know that because of it, they are able to offer customers and Members a personal and professional service which understands and takes account of their needs.

- We strive to provide a workplace free from discrimination, and which meets or exceeds legislative employment standards.
- We will invest in the necessary training and support of colleagues to ensure:
 - Job progression and satisfaction
 - Greater and increasing understanding of our ethical and environmental nature, wherever possible
 - Colleagues are able to make informed decisions, with due consideration given to achieving good customer outcomes.
- Our recruitment processes are non-discriminatory and fair.
- We endeavour to nurture a collaborative and constructive working environment.
- We will pay our colleagues a fair wage for the work they undertake and seek to ensure that the wage is sufficient for colleagues to provide for themselves and their families.
- Ecology's remuneration policy implements a pay ratio that limits the maximum pay scale point available. Ecology is committed to operating within best practice for similar values-based banks and financial institutions and will consult with Members before any variation to this practice.
- Wherever possible Ecology will seek to support colleagues in taking part in community or environmental initiatives externally.
- We try to deal with disputes between colleagues, or complaints from colleagues, quickly, sensitively and fairly, and expect to keep colleagues involved in the process informed of the action we are taking.

5. **Modern Slavery**

Modern slavery encompasses slavery, forced and compulsory labour, and human trafficking whereby individuals are deprived of their freedom and are exploited for commercial or personal gain as defined in the Modern Slavery Act 2015.

Ecology is committed to a zero-tolerance approach to modern slavery and to acting with integrity in all its dealings, relationships, and supply chains. It expects the same high standards from all its colleagues, suppliers, contractors, and those with whom it does business.

6. Our Premises and Operations

We are guided by our Environmental Policy Statement in considering the source, need and supplier of every external input used and output generated by the use of our premises and operations. In particular:

- We have set science-based targets for reducing our greenhouse gas footprint to net zero
- Our HQ building was designed to minimise the consumption of energy and resources in its construction and use. The design considered resources such as building materials, energy, water and gas
- We generate a proportion of the energy used in the premises through PV panels and solar water heating
- We buy our electricity from a supplier utilising sustainable sources, and monitor developments in sustainable sources of energy provision
- We aim to reduce the amount of waste resulting from the use of our premises and recycle or compost as much of whatever waste is unavoidable
- We understand that electronic and digital provision of services itself has a footprint and in accordance with principles of right and appropriate usage we consider the necessity for each action initiated
- We have a hybrid working model, recognising the positive impact of reduced commuting on resource usage and our carbon footprint. We report the impact of colleagues working from home, and the impact of their travel.

7. Our Suppliers and Counterparties

In order to effectively and efficiently support our Members, we seek to solicit products and services of third parties who are specialist in their areas of expertise. When doing so the following considerations will be made:

7.1 Materials, Equipment and Suppliers

- Where materials are purchased, we choose recycled, re-usable or recyclable products wherever possible.
- We aim to implement working practices that reduce the need for consumable resources.
- In our purchasing, we consider local suppliers whenever possible.
- For major service providers, such as our auditors and data centres, we take their environmental principles into account as part of our procurement process. We actively engage in discussion with suppliers of services to ensure that they are aware of the importance of this area to us.
- Consideration of the energy performance of equipment in purchasing and leasing decisions is integral to the procurement process.

7.2 Counterparties

- As a provider of financial services, we also use the services of other financial institutions, primarily to hold funds. This is to ensure we diversify and manage our financial resources responsibly.
- We therefore treat these other financial institutions as a special case of supplier and follow the same due diligence processes.
- We seek to work with counterparties whose guiding principles and practices are not in contravention to our mission and ethical principles.

- If we choose not to work with a financial services organisation, we explain our reasons. We believe that demonstrating a demand for ethical business practice is a key means encouraging change by others.
- The nature of the finance industry means that it is challenging to guarantee that all counterparties are engaged only in ethical business practice.
- We aim to engage with:
 - Institutions which have a similar value set to our own
 - Institutions that have a robust and implemented environmental policy and targets wherever possible.

8. **Our Partners**

- We recognise our role in a wider movement promoting ecological principles in everyday life.
- We seek to work in partnership with other organisations and groups who share our beliefs and with whom there is a synergy of interests or activities.
- We believe such partnerships will assist us in promoting ecological principles in society, and assist us in promoting the mission and role of Ecology more widely.
- We provide clear and honest information about our activities and aims to all such partners.
- We are rigorous when considering which partnerships to enter into in order to avoid compromising the values and mission of Ecology.
- We work in partnership to demonstrate best practice and develop appropriate impact measurement methodologies.

9. **Our Local Community**

We are a national organisation operating in a niche market, but one we know needs to become mainstream. To a large extent our community is a geographically diverse group of people who share our ethical position. However, all businesses impact on the local community in which they are based in a variety of ways. We are proud of the number of our employees who are local to Ecology. We expect to be seen as part of the community and a good neighbour, and to this end engage with the community in areas of concern which affect us all, such as campaigning for better public transport links for the area. We also:

- Consider the needs of the local community in some aspects of the design of our building and grounds.
- From time to time extend internal training programmes, such as Mental Health First-Aiding, to local community groups and businesses, ensuring training costs and our spaces can benefit others.
- Offer three paid volunteering days to our colleagues, which they often choose to use on local activities, such as tree planting and litter picking, as well as any personal local voluntary involvement.

10. **Taxation**

Ecology is a member of the wider society and as such has a responsibility to contribute to the provision of common services, and to support the membership by fulfilling our obligations to pay the right amount of tax.

We obtain independent verification of our tax compliance through the Fair Tax Mark.

11. **Transport**

Transport is a key area in the climate change debate, and we are very aware of the impact any travelling we do has on the environment.

- The use of telephone conferencing, video conferencing tools such as Teams, and other technology-based solutions are employed to minimise the requirement for business-related travel.

- Colleagues and directors are encouraged to use public transport when travelling for Ecology.
- Where company vehicles are provided to colleagues, battery electric vehicles will be the preferred solution. We launched our Electric Vehicle Salary Exchange scheme in July 2021.
- Onsite electric vehicle charging facilities are available to colleagues and site visitors.
- Colleagues are encouraged to cycle to work through the provision of secure cycle parking and shower facilities. We offer the Government's Cycle to Work Scheme to all colleagues.
- Flying as a means of travel for Society business is discouraged and used where there is no other practical alternative.

12. Our Performance

We strive to be open and transparent in meeting our Corporate Responsibilities. As well as meeting our legal and financial regulatory obligations, we commit to delivering good customer outcomes and assess our performance against our ecological responsibilities.

12.1 Independent Environmental Assessments

We regularly solicit independent assessment of Ecology's environmental commitments. This is achieved through accreditation in the Investors in the Environment (IIE) scheme. By membership in the scheme, Ecology is independently audited to seek and maintain accreditation. Additionally, Ecology periodically appoints a specialist auditor to assess conformity with Ecology's Environmental Policy.

12.2 Greenhouse Gas Footprint

We also measure our greenhouse gas emissions footprint and take steps to reduce our footprint as much as possible. Data is submitted to a specialist third party, Small World Consulting, who assist us in measuring our emissions. This process ensures that Ecology is able to offset our as yet unavoidable carbon emissions annually, taking what responsibility we can to mitigate what we haven't yet eliminated.

12.3 Reporting

We publish updates on our performance annually in our Annual Review and Annual Report and Accounts, and associated documents on our website (www.ecology.co.uk). Ecology continues to develop our reporting frameworks to provide further transparency. In 2021, we became the first building society to publish greenhouse gas accounts of the emissions from the residential properties in our mortgage book.

The Society is committed to reporting on the alignment of our business activities, including our primary purpose of secured lending, against the UN's Sustainable Development Goals.