



Fourth Progress Report

Principles for Responsible Banking



PRINCIPLES FOR
RESPONSIBLE
BANKING

Building a greener society

March 2024

Contents

Principle 1: Alignment	03
Principle 2: Impact and Target Setting	05
Principle 3: Clients and Customers	11
Principle 4: Stakeholders	12
Principle 5: Governance and Culture	13
Principle 6: Transparency and Accountability	15

Principles for Responsible Banking Report

Ecology Building Society is a founding signatory of the Principles for Responsible Banking, launched by the United Nations Environment Programme (UNEP) Finance Initiative in September 2019. The Principles provide a framework for a sustainable banking system, by signatories demonstrating how their strategies and activities support the UN Sustainable Development Goals and the Paris Climate Agreement.

The Principles are a natural fit for Ecology. We have been dedicated to sustainable development throughout our 42 year history, and we are more committed than ever to our mission to build a greener society. Our motivation for signing the Principles extends far beyond organisational and lending activity considerations particular to Ecology Building Society. By signing the Principles, we are adding our weight to global efforts to transform the financial system, creating a growing movement that more banks are signing up to.

This is our fourth annual report indicating our progress in implementing the Principles.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/relevant information
<p>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.</p>		
<p>Business model</p> <p>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.</p>	<p><i>Response</i></p> <p>As a building society, Ecology provides loans which are secured on residential property. Ecology is owned by, accountable to, and run cognisant of the wider interests of our Members – the people who borrow and save with us. Ecology operates across the UK. Our main customer segments are individuals (savers and borrowers), community groups, small scale developers, social enterprises and charities. We lend predominantly on the construction of new build properties to a high standard of energy efficiency, on the renovation or conversion of dilapidated or deteriorated properties to bring them back into use, and on community-led housing projects to create affordable residential properties and sustainable community infrastructure.</p> <p>A breakdown of our lending by geography and client segment, our Progress in 2023 and our Key Performance Indicators are shown on pages 3 and 9-15 of our Annual Report and Accounts 2023.</p>	<p>Ecology Building Society First Progress Report Principles for Responsible Banking Page 3</p> <p>Annual Report and Accounts 2023 Pages 3 and 9-15</p>

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:

_Prudential Regulatory Authority Supervisory Statement SS3/19: Enhancing banks' and insurers' approaches to managing the financial risks from climate change _____

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: _____

None of the above

Response

Ecology has been dedicated to sustainable development throughout its 43-year history. Ecology's purpose is enshrined in its Memorandum: "The primary purpose is making loans which are secured on residential property and are funded substantially by its Members, promoting ecological policies designed to protect or enhance the environment in accordance with the principles for sustainable development".

During 2021, we co-developed our 2030 Strategy with board, colleagues, Members, and key partners, setting out our plans for a decade of action on sustainable development, motivated by the climate and ecological emergency and the need to provide high quality affordable homes in places people need to live. Our 2030 Strategy is aligned to the Sustainable Development Goals.

In 2022, we published Financing the Net Zero Transition including our intermediate targets for 2030.

Climate related disclosures are included within our Annual Report & Accounts 2023, pages 11 -34.

[Our 2030 Strategy](#)
[Page 4, 11-17](#)

[Ecology Building Society First Progress Report Principles for Responsible Banking](#)
[Pages 5-11](#)

[Financing the Net Zero Transition Report 2022](#)

[Annual Report and Accounts 2023](#)
[Pages 17-39](#)

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 regularly and fulfil the following requirements/elements (a-d):

- 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.
- 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
- by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
 - by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

We are a specialist mortgage provider for properties and projects that have a positive environmental or social impact, operating across the four nations of the UK.

Our 2030 Strategy sets out the issues, challenges and opportunities to create positive impact in this decisive decade. It identifies our priority areas that build on where we are today, provide opportunities for us to innovate, and enable us to maximise the shared value that we create for people and the environment.

Ecology has a relatively simple lending portfolio, with mortgage lending for the construction or renovation of residential properties, including community housing, mortgages for sustainable businesses, charities and community organisations, and a small investment portfolio mainly in renewable energy infrastructure.

All lending and investments have been assessed against the UN Sustainable Development Goals, with most impacts associated with SDGs 7, 11, 12, 13.

Our lending policy sets the criteria for what we will lend on.

Page 3 of our Annual Report and Accounts 2023 titled 'Our Progress' shows

- Our Member engagement
- Our new lending split in 2023
- Geographical spread of our lending across the UK
- Summary of carbon emissions from our mortgage lending and business operations

[Ecology Building Society First Progress Report Principles for Responsible Banking](#)
[Pages 11 – 14](#)

[Our 2030 Strategy](#)
[Page 6](#)

[Annual Report and Accounts 2023](#)
[Pages 3, 40-43](#)

<https://www.ecology.co.uk/mortgages/>

<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? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	<p><i>Response</i></p> <p>We understand the context and priorities for impact from our lending through international and national expert data, such as from the Intergovernmental Panel on Climate Change (IPCC), legal frameworks and commitments, such as the UN Framework Convention on Climate Change and UK law, and with partners in the areas of sustainable homes and communities. These include the Global Alliance for Banking on Values, UK Co-housing Network, the National Community Land Trust Network, Passivhaus Trust and National Retrofit Hub amongst others.</p> <p>The challenges and priorities we seek to address are set out in Our 2030 Strategy. Our Members, civil society partners, colleagues and Board were consulted in the development of the Strategy.</p>	<p>Our 2030 Strategy Pages 8, 10 and 13</p> <p>Ecology Building Society First Progress Report Principles for Responsible Banking Pages 11 – 15</p> <p>Annual Report and Accounts 2023 Pages 32 and 41</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)? Please disclose.</p>	<p><i>Response</i></p> <p>The two most significant impacts have been identified as</p> <p>Environmental impact: carbon emission intensity <i>Contributing to Sustainable Development Goals 7, 12, 13.</i></p> <p>Ecology mortgages are designed to incentivise ecological benefits, in terms of saving energy or other scarce resources. This is currently assessed using the environmental performance data from Energy Performance Certificates. Ecology has committed to achieve net zero in our lending by 2050 or sooner, as members of the Net Zero Banking Alliance. Our 2022 publication 'Financing the Net Zero Transition' shows our intermediate targets for 2030 in relation to our financed emissions through our mortgages. We measure and report the carbon emissions associated with our mortgage lending, and use the average emission intensity as an indicator of progress.</p> <p>Social impact: community-led housing <i>Contributing to Sustainable Development Goal 11.</i></p> <p>Our lending also funds community-led housing projects including co-housing, community land trusts, housing associations and housing co-ops, that promote social well-being, economic resilience and environmental sustainability. We currently use the value of lending on community-led housing as an indicator of social impact. We are committed to continuing to grow our lending in community-led housing, in order to enable more people to live in places they need to live through access to affordable, energy-efficient housing. We aim to double the value of new lending in community-led projects between 2021 and 2025. We are also working on other metrics for measuring social impact.</p>	<p>Our 2030 Strategy Pages 8, 10 and 13</p> <p>Ecology Building Society First Progress Report Principles for Responsible Banking Pages 11 – 15</p> <p>Financing the Net Zero Transition Report 2022</p> <p>Annual Report and Accounts 2023 Pages 3, 40-43</p>

d) 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.

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 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.

Response

Environmental impact: carbon emissions intensity

We currently record energy ratings and carbon emissions associated with our mortgage lending from a property's Energy Performance Certificate (EPC). We set minimum EPC rating requirements for lending on all new-build properties, so naturally see lower energy performance certificates for existing properties. Our lending products are designed to support and reward energy efficiency improvements, and consequently low-performing properties improve as Members complete works which the mortgage funds.

Social and environmental impact: community-led housing

We use the financial value of mortgages in community-led housing as an indicator of social impact which we closely monitor and report as part of our management information. We measure the annual growth in the financial value of lending in community-led housing. We are working to develop additional social impact metrics.

[Our 2030 Strategy](#)

[Financing the Net Zero Transition Report 2022](#)

[Annual Report and Accounts 2023](#)
[Pages 35-37 and 41](#)

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?¹

- | | | | |
|--------------------------|---|--------------------------------------|-----------------------------|
| Scope: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition: | <input checked="" type="checkbox"/> Yes | <input 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 checked="" type="checkbox"/> Yes | <input 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: affordable housing*

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

- | | |
|---|---|
| <input checked="" type="checkbox"/> Up to 6 months prior to publication | <input type="checkbox"/> Up to 12 months prior to publication |
| <input type="checkbox"/> Up to 18 months prior to publication | <input type="checkbox"/> Longer than 18 months prior to publication |

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

¹ 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 with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1

- 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 codes	Response
Climate change mitigation	A1.1 – 1.5	See adjacent
	A2.2 and 2.3	See adjacent

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of

Response

Our 2030 Strategy maps our impact to the UN Sustainable Development Goals.

Our 2022 publication 'Financing the Net Zero Transition' shows our intermediate climate targets for 2030. Our targets are 'science-based' meaning they are aligned with achieving net zero by 2050 and the Paris Climate Agreement of limiting global temperature rise to 1.5°C.

[Our 2030 Strategy](#)
[Page 5](#)

[Ecology Building Society First Progress Report Principles for Responsible Banking](#)
[Page 13](#)

[Financing the Net Zero Transition Report 2022](#)

Response

Relevant climate change indicators for our targets and ambition from the PRB Self-assessment template Annex include:

A1.1 Does your bank have a climate strategy in place?

Response: Yes. See 'Our 2030 Strategy' and 'Financing the Net Zero Transition' and the Climate Disclosures section of our Annual Report and Accounts.

A1.2 Paris Alignment: Has your bank set a long term portfolio-wide Paris-alignment target? To become net zero by when?

Response: Yes. We aim to achieve net zero carbon emissions in our business operations by 2030. We have an ambition to be net zero by 2050 across our financed emissions and to halve emissions intensity from our lending by 2030. Our specific ambitions are set out in 'Financing the Net Zero Transition' and 'Our 2030 Strategy'.

A1.3: Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?

Ecology's mortgages are focused on generating an ecological benefit, in terms of saving energy or other scarce resources, or supporting sustainable communities. This is enshrined in our mission and implemented through our lending policy and our product design.

A1.4: Portfolio analysis: Has your bank analysed (parts of) its lending and/ or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?

[Our 2030 Strategy](#)

[Financing the Net Zero Transition Report 2022](#)

[Annual Report and Accounts 2023](#)
[Pages 17-39](#)

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<p>alignment towards impact driven targets, please disclose these.</p>	<p>Yes, we report our financed emissions annually in our Annual Report and Accounts.</p> <p>A1.5 Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?</p> <p>Our mortgage products, as featured on our website, have always been tailored to reduction of emissions.</p> <p>A2.2 Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?</p> <p>We disclose our absolute financed emissions, in tonnes CO₂e, annually in the Climate Disclosures section of our Annual Report and Accounts. Our 2030 intermediate targets cover 100% of our lending portfolio. However, as we finance properties under construction, in any given year there will be a proportion of incomplete properties yet to produce operational emissions. These are excluded from reporting until completed.</p> <p>A2.3 Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?</p> <p>We disclose the emissions intensity of our mortgage lending, in kg CO₂e / £000, annually in the Climate Disclosures section of our Annual Report and Accounts.</p>	
<p>c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	<p><i>Response</i></p> <p>Environmental impact: carbon emissions intensity</p> <p>'Financing the Net Zero Transition' shows our intermediate targets for 2030.</p> <p>Social and environmental impact: community-led housing</p> <p>We are working to develop additional social impact metrics.</p>	<p>Our 2030 Strategy</p> <p>Financing the Net Zero Transition Report 2022</p> <p>Page 6</p> <p>Annual Report and Accounts 2023</p> <p>Pages 17-39</p>
<p>d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>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.</p>	<p><i>Response</i></p> <p>'Financing the Net Zero Transition' shows our intermediate targets for 2030.</p> <p>A focus of our work internally has been developing a transition plan for achieving our climate targets, which we'll publish in the coming year, before reviewing our social impact and developing further targets.</p>	<p>Our 2030 Strategy</p> <p>Financing the Net Zero Transition Report 2022</p> <p>Annual Report and Accounts 2023</p> <p>Pages 17-39</p>

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: Environmental impact: carbon emissions intensity	... second area of most significant impact: Social and environmental impact: community-led housing	(If you are setting targets in more impact areas)...your third (and subsequent) area(s) of impact: ... <i>Not applicable.</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 type="checkbox"/> No
Baseline	<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	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<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	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<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	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
<p>2. Target implementation and monitoring (Key Step 2)</p> <p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>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.</p> <p>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.</p>		<p><i>Response</i></p> <p>Environmental impact: carbon emissions intensity</p> <p>Pages 36-37 of our Annual Report and Accounts 2023 show the reduction in Financed Regulated Emission intensity across all mortgaged properties with an EPC was 18.7 kgCO₂e/m² compared with 22.9 kgCO₂e/m² in 2022.</p> <p>Social and environmental impact: community-led housing</p> <p>As a specialist mortgage provider for properties and projects that have a positive environmental or social impact, we continue to have dedicated products for community-led housing and in 2023 sponsored the UK Co-housing Network annual conference. We are working to develop additional social impact metrics for this aspect of our lending.</p> <p>As a small financial organisations, we are focussing on updating our climate action plan before moving onto further development of our social impact metrics.</p>	
		<p>Annual Report and Accounts 2023 Pages 37-37</p>	

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 customers 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 activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

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).

Response

Ecology's mortgages are focused on generating an ecological benefit, in terms of saving energy or other scarce resources, or supporting sustainable communities. This is enshrined in our mission and implemented through our lending policy and our product design.

[Ecology Building Society First Progress Report Principles for Responsible Banking](#)

[Pages 3 and 15](#)

[Our 2030 Strategy](#)

[Pages 9-15](#)

[Annual Report and Accounts 2023](#)

[Pages 20-24, 40-43](#)

<https://www.ecology.co.uk/mortgages/>

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.).

Response

Strategic risks and opportunities are detailed in the Climate Disclosures section of our Annual Report and Accounts.

Ecology seeks to incentivise people to build, buy or renovate sustainably. We specify entry-level energy efficiency standards to be achieved through our lending. We reward borrowers whose properties are more energy efficient with our range of award winning 'C-Change' discounts on our mortgage products.

We offer a cashback incentive to contribute to the cost of installing either a ground or air source heat pump, to reward borrowers for moving away from heating their homes with fossil fuels to low carbon, renewable heating technologies.

We have introduced a new off-site construction mortgage range and teamed up with leading modular manufacturers to support the growth of off-site constructed, modular housing.

[Annual Report and Accounts 2023](#)

[Pages 20-24](#)

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 groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your 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.

Response

As a building society, Ecology is owned by our Members, who are our customers. Ecology's mandate is derived from the membership, with the primary purpose of Ecology expressed in the Memorandum and Articles.

In line with the Building Societies Act, Ecology operates on a one-member one-vote basis. Members have a significant input into the approach taken by Ecology, for example guiding us through Member surveys, our Member's Meetings, engaging with Directors and voting at our Annual General Meeting.

In 2021, we carried out a Member Consultation to inform development of Our 2030 Strategy. 750 Members took part, providing invaluable information to guide our strategy. Ecology regularly communicates with Members, for example, sharing case studies in our newsletters, so that our Members are aware of the positive impact they are creating.

Activism is one of Ecology's five key values. It is through working with stakeholders and partners that Ecology can create positive impacts that are beyond the remit of its lending activities.

Ecology engages with a range of partners, to advance its mission, across three main themes: Ethical finance; Sustainable homes and communities; and Addressing the climate and ecological emergency.

For example, Ecology is helping to expand community-led housing in the UK, through knowledge exchange in partnership with the National Community-led Housing Network and UK Cohousing.

Ecology seeks to work in partnership with other organisations and groups who share our beliefs and with whom there is a synergy of interests or activities. Working with our partners ensures we are grounded in the communities we serve. Many of our partnerships are longstanding, but we also constantly review and refresh our partnerships as the delivery of our ecological mission continues to evolve.

<https://www.ecology.co.uk/corporate-information/>

[Ecology Building Society First Progress Report Principles for Responsible Banking Pages 16-19](#)

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.

Response

Ecology Building Society is a member-owned mutual. Ecology's purpose is enshrined in its Memorandum, and its mandate comes from the membership. The Board of Directors is responsible for the governance of Ecology, on behalf of the Members through defined governance and oversight which is embedded in the articles of association.. To ensure the Board and its Committees have the appropriate balance of skills, experience and knowledge, Ecology uses a Board skills matrix. The matrix includes industry or sector experience in sustainable development, charities and co-operatives. The Board skills matrix has been clarified so that environmental awareness includes fundamental understanding of climate change and the associated physical and transition risks. Two of the Non-Executive Directors have specific skills on climate risk and the built environment. Board members regularly attend externally provided seminars, including on regulatory requirements.

During the first quarter of 2023 the Ecology Board set up and delegated responsibilities to the Environmental and Societal Impact Committee. The committee is charged with maximising the positive impact of the Society in accordance with its mission.

Page 25 -26 of our Annual Report and Accounts summarises the Society's Governance and Management on Climate Risk.

Page 3 & 8 of Net zero transition include references to Governance.

[Ecology Building Society First Progress Report Principles for Responsible Banking](#)
Pages 3, 4, 20, 21

[Annual Report and Accounts 2023](#)
Pages 25-26

[Financing the Net Zero Transition Report 2022](#)
Pages 3 & 8

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).

Response

Ecology invests in training and support of colleagues to ensure job progression and satisfaction, but also to increase understanding of Ecology's ethical and environmental nature. All new colleagues undergo a sustainability induction.

Ecology has a colleague Green Team and Social and Charity Committee with representation from across the business, creating an inspiring, inclusive and knowledge sharing community to enact sustainable development principles. All colleagues have three paid days to volunteer on charitable activities. We are accredited by the Living Wage Foundation, and all staff (including contractors working on our premises) are paid a fair wage. We have a maximum limit of the pay ratio between the highest and lowest basic salary. This limit was agreed by the Members and demonstrates our commitment to fair pay.

[Ecology Building Society First Progress Report Principles for Responsible Banking](#)
Pages 20, 21

[Annual Report and Accounts 2023](#)
Pages 3 and 40-43

<p>5.3 Policies and due diligence processes</p> <p>Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.</p> <p>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.</p>	<p><i>Response</i></p> <p>In addition to the information in our Annual Report and Accounts, Our 2030 Strategy and Financing the Net Zero Transition', relevant policies include</p> <ul style="list-style-type: none"> • Our Memorandum • Corporate Responsibility Statement • Lending Policy 	<p>https://www.ecology.co.uk/corporate-information/</p>
<p>Self-assessment summary</p> <p>Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>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)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>		

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.

<p>6.1 Assurance</p> <p>Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> Partially <input type="checkbox"/> No</p> <p>If applicable, please include the link or description of the assurance statement.</p>	<p><i>Response</i></p> <p>Assurance can be derived from the sign off of our Annual Report and Accounts 2023 which includes publication of our Positive Impact and Climate Related Disclosures.</p>	<p>Annual Report and Accounts 2023</p>
<p>6.2 Reporting on other frameworks</p> <p>Does your bank disclose sustainability information in any of the listed below standards and frameworks?</p> <p><input type="checkbox"/> GRI</p> <p><input type="checkbox"/> SASB</p> <p><input type="checkbox"/> CDP</p> <p><input type="checkbox"/> IFRS Sustainability Disclosure Standards (to be published)</p> <p><input type="checkbox"/> TCFD</p> <p><input type="checkbox"/> Other:</p>	<p><i>Response</i></p> <p>As a small financial institution, we focus our capacity on delivering impact through our lending and streamlining our reporting where possible.</p> <p>Our Annual Review and Annual Report and Accounts will continue to be our main avenue for impact disclosure. Our approach to climate-related financial disclosures will continue to evolve, in line with best practice, regulation covering the financial sector and advancing global standards, and we will make use of the Principles for Responsible Banking tools to inform our social impact targets and metrics.</p>	<p>Annual Report and Accounts 2023 Page 11-12</p>

<p>6.3 Outlook</p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.</p>	<p><i>Response</i></p> <p>Page 18 of our Annual Report and Accounts 2023 outlines our planned activities on climate impacts.</p> <p>As a small financial organisations, we are focussing on updating our climate action plan before moving onto further development of our social impact metrics.</p>	<p>Annual Report and Accounts 2023 Page 18</p>
<p>6.4 Challenges</p> <p>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.</p> <p>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).</p> <p>If desired, you can elaborate on challenges and how you are tackling these:</p>		
<ul style="list-style-type: none"> <input type="checkbox"/> Embedding PRB oversight into governance <input type="checkbox"/> Gaining or maintaining momentum in the bank <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning <input type="checkbox"/> Conducting an impact analysis <input type="checkbox"/> Assessing negative environmental and social impacts <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies <input type="checkbox"/> Setting targets <input type="checkbox"/> Other: ... 	<ul style="list-style-type: none"> <input type="checkbox"/> Customer engagement <input type="checkbox"/> Stakeholder engagement <input checked="" type="checkbox"/> Data availability <input type="checkbox"/> Data quality <input checked="" type="checkbox"/> Access to resources <input type="checkbox"/> Reporting <input type="checkbox"/> Assurance <input type="checkbox"/> Prioritizing actions internally 	

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