

Principles for Responsible Banking

2025

Skipton Building Society and Skipton International
Joint Progress Statement Report



Skipton Building Society and Skipton International Principles for Responsible Banking 2025

Skipton Building Society (the Society) and its Channel Island based subsidiary, Skipton International Limited (Skipton International), each became signatories to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (the 'Principles') in 2021.

The Principles form a sustainable banking framework for integration into banks' strategies and across their portfolio of activities, aligned to the UN Sustainable Development Goals and international agreements such as the Paris Climate Agreement. This report explains how we are applying these Principles in practice and the progress we have made over the past year.

Over the coming pages we present information, using the latest summary templates provided by the UNEP FI issued in 2024, against the six Principles: alignment, impact and target setting, clients and customers, stakeholders, governance and culture, and transparency and accountability.

Links to further relevant information have been provided throughout the report, including the websites of the Society and Skipton International, the 2025 Group Annual Report and Accounts, the 2025 Group Sustainability Report and the 2025 Group Climate-related Financial Disclosures.



Key | The following naming references are used within this document:

ARA Group Annual Report and Accounts

GSR Group Sustainability Report

CRFD Climate-related Financial Disclosures

Principle 1: Alignment

The Society and Skipton International are part of the Skipton Group (the 'Group').

The Group comprises five different businesses, with sustainability built into its shared strategic purpose – to help more people have a home, help people save for life ahead and support long-term financial wellbeing.

UN Sustainable Development Goals

We have identified the UN Sustainable Development Goals (SDGs), that most closely align with our purpose and where our activities can contribute most meaningfully:

- **Goal 8** – Decent Work and Economic Growth
- **Goal 10** – Reduced Inequalities
- **Goal 11** – Sustainable Cities and Communities
- **Goal 13** – Climate Action
- **Goal 16** – Peace, Justice and Strong Institutions

These goals reflect where we believe we can have the greatest impact through our core activities and align with our strategic priorities, including improving access to home ownership, supporting financial wellbeing and contributing to the transition to a low-carbon economy.

Working towards net zero

In 2024, the Group developed a Group net zero ambition, to reduce our scope 1 and 2, and selected categories of scope 3 value chain emissions, aligned with the UK's net zero target of achieving net zero greenhouse gas (GHG) emissions by 2050, or earlier.

Building on this, during 2025 the Group set its first near term 2030 emissions reduction target for the Group, to reduce our gross scope 1 emissions by 42%, against a 2023 base year. This target supports delivery of the Group's longer-term net zero ambition and provides a clearer pathway for reducing operational emissions over the coming years.

In addition, in line with our approach to net zero and to support understanding of the Group's transition risk and alignment with a low carbon pathway, for our scope 3 financed emissions, we are tracking the financed emissions intensity (kgCO₂e/m²) of our residential mortgage portfolio, from a 2024 base year.

We measure our emissions across scope 1, 2 and relevant scope 3 categories, and report our performance annually. Further details of the emissions reporting for the Society and Skipton International are provided in [Appendix 1](#).

Links and references

| | |
|-------------|--|
| ARA | Our Group Business Model <i>pages 13–14</i> |
| ARA | Strategic Priorities <i>page 15</i> |
| ARA | Summary climate-related disclosures <i>pages 29–34</i> |
| CRFD | Residential Mortgage Financed Emissions Pathway <i>page 25</i> |
| GSR | Working towards net zero <i>page 11</i> |

Principle 2: Impact and Target Setting

Using the UNEP FI Consumer Banking identification module (v3), we identified 'availability, accessibility and affordability' related to finance and housing as key impact areas. In addition, through the Group's materiality assessment, performed in 2023, topics highlighted as most relevant to the Society and Skipton International include: decent and affordable homes, financial inclusion and decarbonising UK homes.

Within these macro impact areas, and in the context of the UK's needs and the Group's purpose, priorities and the wider Group's materiality assessment, we concluded on the below three areas of most significant impact. The Society and Skipton International have ambitions aligned to the Group's corporate plan to address these impact areas and continue to align our targets with the requirements of the PRB guidelines.

Help identify ways to support the transition to decarbonise UK homes (SDGs 11 and 13)

Emissions from households represent a significant contributor to the UK's carbon footprint. As a mortgage lender, we therefore aim to raise awareness and support our members and customers in improving the energy efficiency of their homes, as the UK transitions to achieving net zero by 2050.

Our businesses have collaborated to establish a Group-wide net zero ambition. In 2025, we have developed a financed emissions pathway for our residential mortgage portfolio, and track progress through metrics including emissions intensity and the energy performance of homes (EPCs), supporting the transition to lower-carbon homes.

Help more people have a home (SDGs 8 and 10)

Helping more people have a home remains a key strategic priority. In 2025, we progressed our ambition to broaden housing equality, by enabling more first-time buyers to get on to the property ladder. Building on 2024, we continue to explore further ways to support new and existing borrowers with their lending needs. This includes helping them with affordability challenges, transitioning to a higher rate environment and enabling first-time buyers to achieve their home ownership ambitions.

Our aim is to complete 50% of our new lending to first-time buyers by 2028, helping improve access to home ownership in the UK. In 2025, our Homes business supported over 26,000 first-time buyers, representing 50% of new lending, achieving this ambition ahead of the original 2028 target.

We continue to track and report progress against this ambition in our Annual Report and Accounts.

Support long-term financial wellbeing (SDGs 8 and 10)

Supporting long-term financial wellbeing remains a key impact area, continuing our ambition to broaden access to advice and education by supporting members with their financial needs through information, advice and products. Aligned with our strategic priority of making money work harder, the Society aim to increase the number of advice conversations held with members by 191% across 5 years.

As part of this ambition, in 2025 our skilled colleagues supported over 77,000 advice conversations delivered across our regulated and non-regulated channels, including over 64,000 free advice conversations, helping members make their money work even harder and strengthening their long-term financial wellbeing.

Links and references

| | |
|-------------|--|
| GSR | Materiality assessment <i>page 43</i> |
| ARA | Strategic Priorities <i>page 15</i> |
| CRFD | Metrics and Targets <i>pages 22, 25–26</i> |
| ARA | Delivering our Purpose <i>page 8</i> |

Principle 3: Clients and Customers

The Society is member-owned, and with Skipton International being a subsidiary of a mutual, it means they share the Group's responsibility to its members to ensure long-term financial sustainability.

We work with members and customers in a range of ways to encourage sustainable practices:

Fair customer experiences and outcomes

We are committed to providing fair customer experiences and outcomes, ensuring that individual circumstances are always considered. To support this, the Society ensures all Society colleagues receive annual training to recognise signs of actual or potential vulnerability. Skipton International also enrol their colleagues in specialised annual training for supporting vulnerable customers.

The Society has a Vulnerable Customer Policy and supporting guidance to help ensure customers receive appropriate support regardless of their circumstances or characteristics of vulnerability. We have also enhanced online resources to provide guidance and support for customers experiencing financial, economic or domestic abuse.

Supporting our members

We want to support the drive for energy efficient homes; this includes the Society's Energy Performance Certificate (EPC) Plus scheme to Society members and colleagues, offering a free home energy performance assessment certificate and report to eligible members, to help them understand ways they could make their homes more energy efficient. The Society also offers an Additional Borrowing product to existing Society members to finance energy efficient home improvements such as (but not limited to): solar panels, insulation, new windows and doors, and ground or air source heat pumps.

Investment options

The Society's financial advice division offer customers a range of passive third-party investment funds which excludes holding shares in specific industries such as production of arms, tobacco or thermal coal, or which fail to uphold one or more of the UN Global Compact principles.

Links and references

[GSR](#) Supporting our members and customers *pages 14 and 32*

[GSR](#) Supporting better financial wellbeing *page 26*

[ARA](#) Summary climate-related disclosures *pages 29–34*

[Society corporate governance and policy](#)

[Society supporting customers in vulnerable situations](#)

[Society EPC Plus](#)

[Society additional borrowing](#)

Principle 4: Stakeholders

Our main stakeholders are our members and customers, our people, suppliers, banking counterparties and regulators. Examples of how we engage on sustainability include:

Universities

The Society partnered with Leeds Beckett University and the University of Leeds as part of our residential property retrofit study, 'The Big Retrofit'. The study has helped the Group to develop a deeper understanding of the costs, behaviours and experiences faced when undertaking a retrofit and to share these learnings with a wider cross-section of members and customers.

Progress Together

The Society continues to partner with Progress Together (PT) to help drive improvements for colleagues from lower socio-economic backgrounds in financial services. We annually submit our social mobility colleague data to PT. They analyse the data to help us understand the representation across the organisation, provide recommendations on areas we need to improve on, and benchmark our progress across the financial sector.

Supplier relationships

The Society monitors all our business relationships with suppliers, on an ongoing basis, and use EcoVadis to assess suppliers' sustainability credentials. This ongoing work helps us gain an understanding of their sustainability strengths and development areas and inform actions we can take to drive high standards of sustainability across our supply chain, based on the information EcoVadis provides us with.

Charity partners

The Group remains committed to donate 1% of its pre-tax profit to charity each year, alongside other initiatives such as the Skipton International Community Fund, and has developed targeted strategic partnerships with charities whose goals and purposes align closely to our own. The Society's members and colleagues have a say in which strategic charity partner we donate a proportion of our profits to. At our Annual General Meeting (AGM) in April 2025, members voted to support Refuge with our 2025 donation helping the organisation continue its vital work of empowering survivors of domestic abuse to regain control of their finances and build confidence in managing their money. In recent years, members also voted to make Age UK one of our charity partners at our 2024 AGM, and our colleagues voted in 2024 to partner with National Energy Action.

Industry and policy engagement

The Society regularly works with industry-focused organisations to give us an opportunity to connect with industry peers on relevant sustainability topics, such as retrofit finance and proposition. In 2025, the Society engaged with policymakers and industry stakeholders on the challenges facing aspiring homeowners. This included hosting a Parliamentary Reception in Westminster and providing evidence to the Treasury Select Committee on barriers to homeownership in the UK.

Links and references

[GSR](#) Engaging with key stakeholders *page 8*

[GSR](#) The Big Retrofit *pages 15–16*

[GSR](#) Supporting our people *page 33*

[GSR](#) Purchasing goods and service *page 12*

[GSR](#) Helping people have a home *page 21*

[Society suppliers](#)

[Charitable Giving](#)

[Skipton International Community Fund](#)

Principle 5: Governance and Culture

We implement the Principles through the Group's purpose-led strategy.

Governance

The governance model for oversight and management of sustainability, including climate-related matters, is embedded within the Group's governance framework.

The Society's board of directors (the Board) has ultimate responsibility for approval of the long-term strategy of the Society and its subsidiary companies, including sustainability and climate-related matters across the Group. The Board is supported by its committees, as well as its Group executive and management committees, to oversee and manage Group sustainability matters.

The Group Sustainability Committee (Group SusCo) is chaired by the Group Secretary and General Counsel and has a reporting line into the Group Executive Committee. The Group SusCo provides a central point of formal governance and communication for executive oversight and monitoring of the delivery of the Group's approach to sustainability (including its approach to achieving net zero). In addition, Skipton International has 'tier two' governance Committees which report to the Skipton International Executive Risk Committee and Executive Committee. This framework includes the Product Proposition and Sustainability Committee, which is responsible for Skipton International's approach to sustainability.

Remuneration linked to sustainability

Environmental, Social and Governance (ESG) performance is linked to remuneration through the Society's new Group Long-term Incentive Plan (LTIP), which includes an ESG measure aligned to our strategic priorities. The LTIP applies to the Society's executive directors and other selected Group Executive Committee members.

Culture of responsible banking

The Society and Skipton International's boards and executive committees drive, encourage and challenge our colleagues to deliver responsible products and services.

At the Society, our performance and development programmes include both mandatory and voluntary training modules available to all colleagues. These cover topics such as equality and diversity, vulnerable customer awareness and sustainability. The training is integrated into team discussions and linked to the assessment and reward of colleague performance.

The Society and Skipton International actively encourage colleagues to engage with their communities through volunteering. Additionally, the Society has 11 colleague-led employee resource groups such as the Accessibility Alliance, Social Mobility Taskforce and the Pride Alliance and Skipton International has a Diversity, Equity and Inclusion (DEI) employee network, all of which provide opportunities for colleagues to get involved and contribute to a more inclusive workplace.

Links and references

| | |
|----------------------------------|--|
| GSR | Governing sustainability <i>pages 37–38</i> |
| CRFD | Governance of climate-related financial risks and opportunities <i>pages 5–7</i> |
| ARA | LTIP measures <i>page 108</i> |
| GSR | Supporting our people <i>pages 33–35</i> |
| GSR | Supporting our communities <i>pages 28–29</i> |
| Skipton International – About Us | |

Principle 6: Transparency and Accountability

The Group continues to review and enhance its sustainability reporting to support the quality, transparency and consistency of data. During 2025, this included improving the granularity and consistency of greenhouse gas (GHG) emissions reporting across the Group.

We continue to align our sustainability approach and reporting to global and UK frameworks. This includes applying the principles of the GHG Protocol methodology for reporting our GHG emissions and estimating our financed emissions using GHG Protocol Partnership for Carbon Accounting Financials (PCAF) methodology. As global and UK frameworks develop, we will continue to evolve our approach to sustainability reporting.

The Group currently does not obtain external assurance over its sustainability disclosures. However, we continue to review opportunities for independent verification as our sustainability reporting continues to evolve.

Links and references

| | |
|-----|----------------------------|
| GSR | Disclaimers <i>page 44</i> |
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Appendix 1

Society and Skipton International GHG emissions

| Society GHG emissions and data (note 1) | | | |
|---|--------------------|---------|---------|
| Scope 1 and 2 (notes 2 and 3) | Metric detail | 2025 | 2024 |
| Total scope 1 and 2 emissions (location-based) | tCO ₂ e | 1,351 | 1,351 |
| Total scope 1 and 2 emissions (market-based) | tCO ₂ e | 523 | 705 |
| Scope 3 financed emissions, category 15 (note 5) | | | |
| Estimated attributed financed emissions – mortgage lending from residential and commercial mortgage portfolio | tCO ₂ e | 243,739 | 235,815 |

| Skipton International GHG emissions and data (note 1) | | | |
|--|--------------------|--------|--------|
| Scope 1 and 2 (notes 2 and 4) | Metric detail | 2025 | 2024 |
| Total scope 1 and 2 emissions (location-based) | tCO ₂ e | 16 | 10 |
| Total scope 1 and 2 emissions (market-based) | tCO ₂ e | 10 | 10 |
| Scope 3 financed emissions, category 15 (note 5) | | | |
| Estimated attributed financed emissions – mortgage lending from residential mortgage portfolio | tCO ₂ e | 13,611 | 18,247 |

Notes

- Further information on our Group scope 1, 2 and 3 emissions, as well as our climate data limitations, can be found in the 2025 Group Sustainability Report.
- Where scope 1 and 2 actuals data was not available, consumption was estimated using average or proxy data.
- The Society's renewable gas certificates are not used towards emission reductions
- Due to a single electricity provider in Guernsey and Jersey, where SIL is based, the same emissions factor is used for both the location-based and market-based calculation.
- Calculated on an annual 30 September snapshot basis, using Partnership for Carbon Accounting Financials emission factors. The attribution ratio applied is based on the valuation of the property at loan origination. The 2024 figure is restated due to the application of an improved LTV-based attribution methodology for floor area.



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