



Skipton International
UN Principles for Responsible Banking Self Assessment
2023



Introduction

Skipton International became the first Channel Island organisation in the banking sector to commit to the United Nations Environment Programme Finance Initiative (UNEP FI), further strengthening its efforts towards a sustainable future. Skipton now aligns itself to the UNEP FI's 'Principles for Responsible Banking', which creates best working practice on topics from climate and nature to gender equality and financial inclusion.

Skipton's commitment to the Principles for Responsible Banking is an important step towards aligning the banking sector with the UN Paris Agreement on Climate Change and Sustainable Development Goals. Over 316 banks have joined this movement for change, which asks signatories to analyse their impact on people and the planet, set and implement targets and publicly report on their progress. The initiative aligns itself to the UN's Sustainable Development Goals and the Paris Climate Agreement.



Principles for
Responsible Banking



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.

1.1 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.

Skipton International is established in Guernsey and is a bank wholly owned by Skipton Building Society, the fourth largest building society in the UK. Our aim is to be the Channel Islands most recommended bank – we want to help customers achieve their property owning and savings goals, by offering quality products and excellent customer service. Skipton International offer a range of residential mortgage options for Guernsey & Jersey residents, UK Buy-To-Let products for non-UK residents and Sterling and US Dollar savings accounts.

Skipton International's mortgage lending is secured on properties located in the following jurisdictions:

Guernsey;
Jersey; and
United Kingdom.

Skipton International has savings balances of £2,446m. Figures supplied are as at 31 December 2023.

Links and references

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Strategy alignment

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

Yes No

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: Code of Corporate Governance (issued by the Guernsey Financial Services Commission)
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones:
- None of the above

Principle 1 (continued)

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.

As a Guernsey regulated Bank, Skipton International conforms to the Code of Corporate Governance (issued by the Guernsey Financial Services Commission).

Being a responsible business is part of our mutual heritage and link to our parent company, Skipton Building Society.

Skipton International always strives to be an effective corporate citizen, doing good in the communities in which we operate. Being fair and open with our valued customers is important to us.

Skipton International's ethos of doing the right things for our customers, colleagues and communities is at the core of our values. Last year Skipton International updated its Sustainability Policy and now transparently shares its progress against its Environmental, Social, and corporate Governance (ESG) ambitions.

Skipton International has set challenging short and long-term targets that are aligned to the United Nations Sustainable Development Goals (SDGs). These will be reviewed in 2025 to ensure consistent with the wider Group's sustainability objectives and impact areas.

Skipton International identified four SDG goals where it believes it can have the greatest positive impact, and where they support the company's strategy and vision. Skipton International will work with the Skipton Group to ensure alignment and consistency in the future.

Goal 8 – Decent Work and Economic Growth

Our commitment: we'll be one of the best places to work.

Goal 11 – Sustainable Cities and Communities

Our commitment: We will help more people into homes and support our local communities.

Goal 12 – Responsible Consumption and Production

Our commitment: We will give more to the planet than we take.

Goal 16 – Peace, Justice and Strong Institutions

Our commitment: We will always consider the interests of all stakeholders.

We continue to strengthen our commitments and strategic alignment with global and national frameworks as we evolve and continually review our progress throughout this process.

Links and references

[Skipton International Sustainability](#)

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.

Skipton International is a retail financial services provider operating in the Channel Islands. We have worked hard to set targets and reduce our operational impacts. We understand that our main impacts come from the products and services we offer. Our core products and services are savings accounts and mortgages.

Residential households were responsible for approximately 16% of greenhouse gas emissions in the UK in 2020. We believe we can play a positive role in supporting and educating our customers to improve the energy efficiency of their homes. We also see our role in providing finance and support to facilitate the change needed to green the country's housing stock as the UK transitions to achieving Net Zero by 2050.

Using the UNEP FI context module tool, Skipton Building Society we're able to determine that the most relevant challenges and priorities in the UK include climate change, the availability accessibility and affordability of housing and food, and circularity.

The impact analysis helped Skipton Building Society understand the most relevant challenges and priorities related to sustainable development. Through it, we've identified that climate change and financial inclusion (ensuring we are accessible and inclusive for all) are our most significant impacts, presenting the areas where we can further make a real positive contribution.

Given the similar business model of Skipton International and Skipton Building Society, including its core product offering and geographical location, Skipton International is confident that the same impact areas apply.

Our Parent, Skipton Building Society has made commitments, aligned to its broader corporate plan, to address the impact areas and drive a greater contribution to the SDGs. Together we are working to align our target with the requirements in the PRB guidelines.

We measure our emissions across scope 1, 2 and 3. This includes our mortgage portfolio financed emissions generated from lending activity and those generated through our operational activity. Skipton International's mortgage portfolios are the most significant contributor on our balance sheet. Emissions associated with our mortgage lending are calculated according to the Partnership for Carbon Accounting Financials (PCAF) methodology and account for the majority of our total value chain emissions. So, we have focused our initial activities on understanding these emissions and developing an approach to influence the decarbonisation of the UK's and Channel Islands residential housing. We anticipate making further improvements in governance and development of KPIs to track progress over the coming years. However, we are aware of the significant challenges which arise in relation to decarbonising UK and Channel Island homes, and we have very limited control over the steps taken by our customers to implement energy efficiency at the properties which they own. One major challenge is the lack of data available to allow Skipton International to accurately calculate and monitor its financed emissions in the Channel Islands. Unlike the UK property market, the Channel Islands do not have energy performance certificate requirements in place. Skipton International will continue to monitor and support the Guernsey and Jersey governments as they progress their net zero initiatives. We appreciate that these may impact our ability to meet our climate-related targets, or make them more challenging, and there is a risk that all or some of them will not be achieved.

Like our Parent, we too wish to 'help more people have a home' through our Guernsey and Jersey mortgage lending. We will continue to work with social housing schemes and be a champion for first time buyers, looking at ways throughout our offering to support more people get on the property ladder.

Links and references

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Principle 2 (continued)

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

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) 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.

We have considered our portfolio in our analysis. Skipton International has a simple business model, offering savings and mortgages.

Mortgages are funded by deposits from individuals, predominantly located across the Crown Dependencies and UK, plus via corporate customers.

Liquidity is held in high quality liquid assets and is maintained at sufficient levels to support growth plans and recognise market uncertainty.

Links and references

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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.

This step aims to put your bank's portfolio impacts into the context of society's needs.

In 2023, Skipton Building Society used the UNEP FI Consumer Banking (v3) context module to consider the main challenges and priorities for the UK. We have identified availability, accessibility, affordability, and quality of housing as a particular priority. This is alongside climate stability and moving towards a circular economy.

In addition, in 2023, through the Group materiality assessment we engaged with over 1,500 customers, 300 colleagues, 30 brokers, 10 of our key investors, our executive committee and risk experts across the wider Group. Some of the topics highlighted as relevant to our business were: decent and affordable homes, financial inclusion, greening UK homes and supporting a circular economy. These strongly align with the UNEP FI outputs at a UK level.

Links and references

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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.

Using the UNEP FI Consumer Banking identification module (v3), Skipton Building Society have identified 'availability, accessibility, and affordability' related to finance and housing as important areas where we could have a positive impact. We have also identified potential positive and negative impacts associated with socio-economic convergence (the ability of countries to reduce inequality at the individual and population level) and climate stability. Within these macro impact areas, and put in context of the UK and Channel Islands needs and the Groups wider purpose, priorities and the wider Group's materiality assessment, Skipton Building Society concluded on two areas of most significant impact:

Help identify ways to support the transition to decarbonise UK homes (supporting SDGs 11 and 13) – emissions from households are a significant contributor to the UK's carbon footprint. We can play a positive role in raising awareness and supporting our customers to improve the energy efficiency of their properties, as the UK transitions to achieving net zero by 2050.

Help more people have a home in the Channel Islands (supporting SDGs 8 and 10) – Skipton International's core residential Channel Island lending business is providing products and supporting social schemes which help people to buy their first home. As such, we recognise the need to look at more ways we can provide greater access to funding, allowing more people own a home of their own. customer outcomes.

Links and references

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Principle 2 (continued)

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.

As part of the assessment of our priority areas and positive and negative impacts, we considered the Group's wider set of stakeholders. Our research in 2023 highlighted the importance and concerns our customers place on sustainability, 68% told us reducing their environmental footprint is important and 72% worry about the state of communities in the UK. Our research has also found a significant number of our customers expect businesses to take the lead in creating a more sustainable future.

Help identify ways to support the transition to decarbonise UK homes: We measure and report our climate impact across our scope 1, 2 and operational and financed scope 3 emissions for our mortgage lending portfolio. We recognise, to support the Group's net zero target for financed emissions for our mortgage lending, there are many factors and uncertainties beyond our control. The lack of data in the Channel Islands is also something which needs to be addressed. They require the involvement of others, including policy makers, governments, suppliers, and customers. We acknowledge that a large element of scope 3 reductions lie outside of our direct control.

Help more people have a home: To help more people have a home, we want to drive collaborative change and tackle the key issues impacting Guernsey and Jersey residents. This specifically includes helping more first-time buyers get on to the property ladder than ever before. 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 helping first-time buyers achieve their home ownership ambitions. We monitor progress against how many first time buyers we support annually.

Links and references

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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?

- | | | | |
|--------------------------|---|--------------------------------------|-----------------------------|
| 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?

We have identified helping people have a home and supporting the transition to decarbonise UK and Channel Island homes. How recent is the data used for and disclosed in the impact analysis?

- | | | | |
|--|--|---|---|
| <input type="checkbox"/> Up to 6 months prior to publication | <input checked="" 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)

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.

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.

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.

Skipton International has made commitments, aligned to its broader corporate plan, to address the impact areas and drive a greater contribution to the Sustainable Development Goals (STGs).

We are working with the wider Skipton Group to align our target with the requirements in the PRB guidelines. At the time of writing, Skipton International is looking to consolidate its PRB reporting with the Skipton Group and align to the SDG's the Group is focussing on.

Help identify ways to support the transition to decarbonise UK homes: We are committed to reducing the impact of our operations on the environment and contribute to playing our part in achieving the UK net zero target by 2050 and to align with the Paris Agreement. We measure our emissions across scope 1, 2 and 3.

In 2023, we expanded the calculation of our indirect scope 3 greenhouse gas (GHG) emissions to support effective net zero target setting and emissions reductions. This includes our mortgage portfolio financed emissions generated from lending activity and those generated through our operational activity.

The majority of Skipton International Limited's emissions are Scope 3 emissions with the most impactful areas being the emissions resulting from investments in the residential mortgages sold to customers purchasing homes in the UK and Channel Islands.. In contrast, emissions from Scope 1 & Scope 2 emissions account for 0.009% of total GHG.

Skipton International's mortgage portfolios are the most significant contributor on our balance sheet. Emissions associated with our mortgage lending are calculated according to the Partnership for Carbon Accounting Financials (PCAF) methodology and account for the majority (95%) of our total value chain emissions.

We measure the emissions intensity of our financed mortgage emissions. We anticipate making further improvements in governance and development of KPIs to track progress over the coming years.

However, we are aware of the significant challenges which arise in relation to decarbonising UK homes, and we have very limited control over the steps taken our customers to implement energy efficiency at the properties which they own. At present there is no data available in the Channel Islands to monitor/track the energy efficiency of mortgaged properties.

We appreciate that these may impact our ability to meet our climate-related targets, or make them more challenging, and there is a risk that all or some of them will not be achieved.

Help more people have a home: Skipton International will continue to help more people have a home. We wish to help more first-time buyers to get on to the property ladder. Our plans are 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.

We aim to be a leader for first-time buyers across the Channel Islands. We track and report our progress and publish the figures in our annual Sustainability Report. We plan to develop innovative products and digitised customer journeys to help those trying to get onto the property ladder.

Links and references

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Principle 2 (continued)

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: ... Help identify ways to support the transition to decarbonise UK and Channel Island homes	... second area of most significant impact: ... Help more people have a home	(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact:
Alignment	<input checked="" type="checkbox"/> Yes* <input 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 type="checkbox"/> No
Baseline	<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 type="checkbox"/> No
SMART targets	<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 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 type="checkbox"/> No

*Skipton International aligns to the Group's Net Zero targets.

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.

Skipton International has made commitments, aligned to its broader corporate plan, to address the impact areas. We are working to further align our target with the requirements for target setting against the PRB guidelines and the wider Group objectives. For the next reporting year, Skipton International will consolidate reporting with the Skipton Group and set targets aligned to the Group targets.

Links and references
[About Us](#)

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

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

3.1 Client engagement

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).

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.).

Being a subsidiary of a mutual means, we share the Group's ethos and are ultimately owned by their members.

We are committed to deliver fair customer experience and outcomes and taking account of individual circumstances is a key element of this. We ensure colleagues are fully aware of this and are appropriately trained to recognise signs of actual or potential vulnerability. Our Vulnerable Customer Policy is in place to ensure that we provide good customer outcomes throughout the whole customer lifecycle, regardless of their circumstances or characteristics of vulnerability.

Skipton International is part of the Support the Goals network; an initiative to share the stories and journeys of businesses supporting the UN Sustainable Development Goals. It aims to raise awareness of the goals in the business community, and to encourage support through positive publicity and gentle competition.

Skipton International's Support the Goals rating is the maximum 5 stars. Skipton International worked with Support the Goals to educate and encourage suppliers to support the SDGs.

At Skipton International we are working with our customers in a range of ways to encourage sustainable practices. Skipton plans to review its products and service offering to support customers to improve the energy efficiency of homes.

Skipton International plans to continue to educate its customers about sustainable practices, an example would be informing all mortgage customers of the upcoming EPC regulations in the UK (for buy-to-let property owners).

Skipton International is currently working with a third-party Energy & Carbon Consultants to better understand its impact on the planet and what it can do to reduce its carbon footprint. Skipton International will work with the wider Group to set Net Zero targets.

Links and references

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¹¹ 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.

¹² Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders

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

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

4.1 Stakeholder identification and consultation

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.

Our main stakeholders are our customers; colleagues; suppliers; our parent company (Skipton Group) and regulators. Skipton International is working closely with its parent company to implement the Principles of Responsible Banking.

For 2024 reporting, Skipton International will consolidate its reporting with the wider Group to ensure consistency in approach, utilization of subject matter experts and target setting.

Inviting and acting upon customer feedback continues to be essential in meeting our customers evolving needs impacted by the developing world around them and the pace of transformation displayed by other organisations they interact with. Examples of how their feedback has driven improvements to our service offering or impact strategy include:

- We've enhanced our accessibility and vulnerability section on the website to include comprehensive information on all the support we offer to people with varying access needs
- Information will be shared more widely on how we're planning to minimise our impact on the environment in the here and now

We closely monitor all our business relationships with suppliers, on an ongoing basis. This sees us assessing any risk of an adverse impact on our customers, our people and the environment in which we operate as a result of these relationships, or as a result of our policies.

Links and references

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Principle 5: Governance & Culture

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

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

Yes

In progress

No

5.1 Governance Structure for Implementation of the Principles

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.

Accountability for the Principles for Responsible Banking resides with the board of directors. We are currently updating the governance processes and structures at Skipton International.

The Product Proposition and Sustainability Committee will have ultimate responsibility for the PRBs and reporting to the Executive Committee/Board and Skipton Group Committees.

The executive committee are responsible for the proactive management of the financial and operational risks arising from climate change.

Links and references

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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).

Our Board and Executive Committee Team encourage and challenge our colleagues to deliver responsible and sustainable products and services.

It is important to us that we have a strong understanding of our colleagues' views of their experience of working at Skipton International and we do this in a number of ways – including team meetings, colleague surveys, monthly colleague suggestions and 'Town Halls'. Colleagues with more serious concerns have ready access to an established and internally well publicised whistleblowing process which protects their identity.

We encourage all our colleagues to get out into their communities and make a difference through volunteering. Everyone can take one working day every year to volunteer for a cause of their choice.

Skipton International has also created a Community Fund Committee which supports local charities with financial support and expertise. The Committee is made up of colleagues from across the business.

Skipton International has committed to Guernsey's Employer's Disability Charter. Skipton is encouraging job applications from those with disabilities and taking a practical approach to making adjustments to allow

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5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? 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.

Skipton International has a formal structure for identifying and managing risks throughout the business. This framework is based on the three lines of defence risk management model.

Skipton International has set quantitative Credit Risk Appetite limits to manage the financial risks from climate change. We manage our climate risk exposures where possible, and plan to enhance our lending controls for flooding and coastal erosion to provide further physical risk mitigation.

Skipton International has a range of policies in place to support responsible relationships; these include:

- Sustainability Policy
- Diversity Policy
- Equal Opportunities Policy
- Supplier Management Policy
- Vulnerable Customer Policy

Links and references

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

Yes In progress No

¹⁴ 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

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

- Yes Partially No

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 (No)

6.3 Outlook

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.

Our next steps are to consolidate our reporting and target setting with the wider Skipton Group. We will evaluate and reset the baseline for our climate target. We continue to develop our KPIs and governance to track, monitor and challenge progress against these over the coming years.

For future reporting, we will explore external assurance opportunities to support our sustainability reporting and disclosures.

Links and references

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¹⁵ 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

¹⁶ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

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

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

To reach our net zero target, there are many factors and uncertainties beyond our control. They require the involvement of others, which includes policy makers, governments, suppliers, and customers. We acknowledge that a large element of scope 3 reductions lies outside of our direct control. As such, it may not be possible to fully achieve financed emission reduction targets without direct policy direction or government mandated reforms. Scope 3 calculations involve a higher degree of assumptions and estimates based on spend data, which may subsequently turn out to be incorrect. The lack of data available in the Channel Islands will mean Skipton cannot understand the true impact of its financed emissions, including the base line and progress that may be made in future years.

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