

COVENTRY
Building Society



Coventry Building Society 2021 Sustainability Report



Welcome to our Sustainability Report

This Sustainability Report is published by Coventry Building Society. The Society seeks to report openly and transparently about our approach to sustainability and the activities we undertake in this area.



This report contains our principal sustainability disclosures and is supplemented by information in the 2021 Annual Report and Accounts (Annual Report). It covers the 2021 calendar year, unless otherwise indicated. Going forward, it's expected that the Society will produce a Sustainability Report annually alongside its Annual Report and Accounts.

Except where clearly identified, all of the information set out in this Sustainability Report is presented in respect of Coventry Building Society and all its subsidiaries as detailed in our 2021 Annual Report. More information on our subsidiaries can be found in our Annual Report.

We have used the Global Reporting Initiative (GRI) as the basis for our sustainability reporting and have sought to apply a cautious process weighing up the materiality and relevance of information report and the expectations of our stakeholders. By using the GRI guidelines, we disclose the most critical impacts of our activities on the environment, society and the economy.

This Sustainability Report has been prepared in accordance with the GRI Standards, Core option and the GRI content index, which is published at Appendix II of this Sustainability Report.

As this is the first year that the Society has published a standalone Sustainability Report, external assurance over the contents of this report has not been provided. The report has been reviewed and endorsed for publication by the Environment, Social and Governance (ESG) Steering Group, Board Audit Committee and Board of the Society. Oversight and challenge of this process has been provided by our Internal Audit Function.

This document also includes our index of disclosures of information required under the Taskforce for Financial Disclosures (TCFD) at Appendix III of this Sustainability Report.

Terms used in this report, unless the context requires otherwise "The Society" "Group," "the Group," "we," "us" and "our"

Coventry Building Society and its subsidiaries

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A message from Steve Hughes

I am pleased to share the Society's first ever standalone Sustainability Report, setting out our ambitious sustainability agenda and how we have delivered against our sustainability goals in 2021. Being sustainable aligns to our core business strategy as a mutual organisation. This is summed up in our brand promise that we are truly All together, better and reflects the fact that I, along with the Board of the Society, believe that key to the Society's success is the success of our members, colleagues, suppliers and the communities we serve.



When I joined the Society as Chief Executive in 2020, I wanted to build on our unique history and achievements and enhance our contribution to the broader sustainability agenda. I believed that the foundations of a simple business model, a long-standing commitment to mutuality and our Members First belief meant we were well placed in UK financial services to make a tangible difference.

Our approach has been, rightly, to challenge ourselves as to how we as an organisation can be more sustainable. At the core of our approach is a commitment to deliver against the United Nations Sustainable Development Goals (UN SDGs). In 2021 our Board has agreed a range of stretching targets for the next five years that are aligned to those goals. Taken together, I believe these targets represent a compelling vision for sustainability at the Society.

In 2021, the Society has made substantial progress towards bringing this vision to life. We have published our first ever Climate Action Plan and are now carbon neutral on our Scope 1 and claim net zero merits for our Scope 2 emissions. We have contributed record amounts into communities in and around Coventry, through some really challenging times. We have built propositions for mortgage customers to make their homes more energy efficient and helped savings customers to save for their first property.

Turning to reporting, we have sought to follow the recommendations of the TCFD, providing information that enables stakeholders to understand the financial climate risks for our business.

Looking forward, I remain ambitious about what the Coventry can do. We have the ambition to make wider society more sustainable and resilient, to make our communities better places to live in and to give our colleagues the opportunities they need to thrive.

Whilst I am very proud of the progress the Society has made in our journey so far, there is more work to be done. This we will do in 2022 and beyond, refining and developing our activities in this area.

We remain committed to doing our part to ensure a secure and sustainable future for the generations to come.

Steve Hughes

24 February 2022

A message from Shamira Mohammed

As the Non-Executive Director with responsibility for oversight of sustainability matters, I am pleased to present our first Sustainability Report, which has been drafted in accordance with the requirements of the GRI and the (TCFD). I believe this report is the most comprehensive update the Society has ever provided on its sustainability related activities.



In 2021, the Board of the Society has overseen the creation of a comprehensive strategic framework for the delivery of sustainability at the Society. This began with the Board signing off a vision which had at its core the objective of establishing the Society as a force for good through:

- (i) championing sustainability throughout the Society
- (ii) securing and leveraging senior level commitment and support for integrating sustainable development into core processes and decision making
- (iii) identifying the Society's approach to the Net Zero agenda and contributing to a more carbon neutral world.

As a Board we have sought to make this vision a reality through reviewing and agreeing a range of targets relating to those UN SDGs where we can have the greatest impact. In 2021 the Society has also become a signatory to the UN Global Compact and the UN Principles of Responsible Banking, important initiatives designed to promote sustainability in its broadest sense. We are measuring progress through a quarterly sustainability scorecard and management reporting as well as dedicated Board sessions on this important topic.

Board sub-committees have endorsed our sustainability reporting and reviewed the modelling and management plans for our climate risks. More information about these activities can be found in this report.

I have met regularly with the team leading our efforts in this area, to provide support and to challenge our plans and ensure that behind the Society's sustainability strategy is a plan of action that is continually tested against the Board's targets and ambitions. I have been impressed at their dedication and the results we have achieved already. On behalf of the Board I wish to place on record my thanks to all involved.

Reviewing this report, I think it is clear that 2021 was a year where we began to realise the Board's ambitions in this area and I look forward to continuing the journey in 2022.

Shamira Mohammed

24 February 2022

Our people and purpose-led strategy

A people and purpose-led building society responding to the needs of all stakeholders.

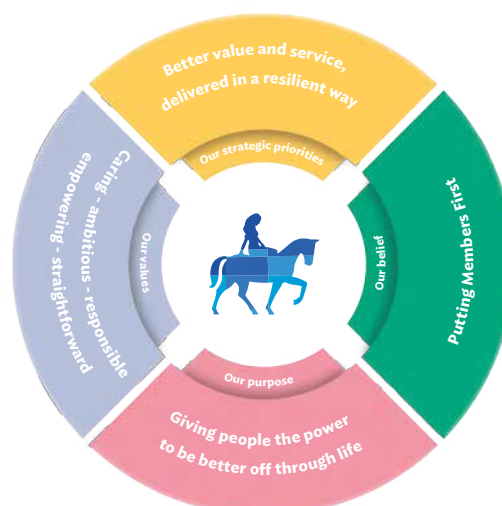
In 2020 we reviewed our purpose, values and strategic priorities. This review allowed us to recognise what has made us great while focusing on continuing to deliver to our full potential acting in the long-term interests of members and other stakeholders.



Our belief

Putting Members First

We believe that remaining an independent, customer owned mutual delivers the best outcomes for our savings and borrowing members and for wider society. Putting Members First means considering the impact of our decisions and strategy on our current and future membership and has consistently led us to 'do the right thing', to be more resilient, and to outperform the markets in which we operate.



Our purpose

Giving people the power to be better off through life

Being purpose-led recognises our business is made up of a network of relationships with multiple stakeholders. We need to balance the interests of all stakeholders – giving them all the power to be better off through life. Our purpose is at the core of all our decision making, and we live by it every day. Delivering on our purpose will empower our customers, colleagues and others to be better off through life and help to create a wider society that is fair, confident and resilient. Our purpose is reflected in our Brand as adding up to something All together, better.

Our values

Our CARES values were updated in 2020 and they are Caring, Ambitious, Responsible, Empowering and Straightforward in our dealings with each other, our members/customers and other stakeholders. These values underpin as both a key driver of employee engagement and to sustain a strong culture.

The way we work

We've got a simple business model, where savers and borrowers join together to get what they need. That's the mutual benefit – it's the way we've done things since 1884 and the way we plan to keep doing things.

How we do it

For borrowers, that means we take our profits from 137 years of trading and almost £40bn of our savers' money (and some outside funding) and lend it to people who want a mortgage loan to buy a house. That includes our Buy to Let borrowers, who provide homes to those who use the private rental sector for housing.

For savers, that means that the money they trust us to look after earns a steady rate of interest, enabled by the interest that borrowers pay on loans allowing us to consistently pay above average savings rates.

We're a careful low-risk lender so your savings are always safe and secure.

Who we do it for

For all our members

We run the Society with our UK-based members' varied needs as our number one priority. Since we don't have any outside shareholders to answer to, it's all about offering the best long-term value for members we can. We make sure that we treat everyone fairly, keeping your Society resilient in the long-term. We are accountable to our members and constituted in line with the Building Societies Act.

We give our members choice and flexibility in how they interact with us. For those that want to call us, we aim to answer quickly and stay on the line as long as you need us. We don't think you should have to give up your own time to be on hold or navigate a complicated telephone system to speak to a real human, or wait weeks for an appointment with a mortgage advisor. And for those who want to manage their money themselves, we're investing in digital capabilities, making it quicker and easier to do everything online wherever you are.

Our teams deliver services to over 2 million customers

across the Kingdom



And we're always here for members who may need a little extra support too – such as those under financial pressure, who have suffered a bereavement, who are living with a disability or who are going through a change in their lives. Our member-focused approach means that we can do things differently – whether that's taking the time on the telephone to really understand how best to help or knowing a familiar face in branch.

For the planet

We use energy, paper and other resources to run our Society. Although we are using renewable energy and Forest Stewardship Council (FSC) certified paper, we are committed to reducing our use of resources, the carbon footprint of our operations and even the homes that we provide mortgages on. Looking after the planet in real ways is a big priority for us, and you can find out more about this later in the booklet.

For our partners

We distribute over 90% of our mortgage products via intermediaries and make our savings products available through digital platforms such as the cash marketplace offered by Hargreaves Lansdown. These distribution partnerships are really important to us and increasingly are how you choose to interact with us as members. Our business is also supported by 700 different suppliers and we also buy in specialist expertise and skills to support our colleagues.

For our people

We're proud of our team of over 2,800 engaged and diverse colleagues, and rely on them to run your Society in your best interests. Our teams deliver services to over 2 million customers across every region of the United Kingdom.

And why

Our purpose is at the centre of everything we do. We exist to help make sure that everyone who is touched by our Society (whether that's our members, colleagues, people in our communities or people we share a planet with) ends up being better off. And by better off we don't just mean financially but in terms of happiness, wellbeing, empowerment and the other things that matter to you. With 137 years' practice, we are experts in doing all the little things and the life changing things that add up to us making a big difference.

Our mortgage and savings customers are located across the United Kingdom. We trade as Coventry Building Society and also have two trading subsidiaries, Godiva Mortgages Limited and ITL Mortgages Limited. We are headquartered in Coventry and all our customer service and head office teams are located in the UK. During 2021 there were no significant changes to the Society's structure or ownership or changes in capital structure.



Our strategic priorities

These strategic priorities support our focused strategy with purpose, members and people at the core. They guide our activities and are aligned to our performance measures and targets.

A people and purpose-led mutual

A purpose-led approach to business, the environment and to wider society

A responsible business supporting sustainable growth and employment. This also means protecting the natural environment and reducing our carbon footprint and use of resources. We will also look to provide lending to support customers with reducing the carbon footprint of their homes. Our purpose extends to our support to our local communities on issues that matter to them, and in particular creating opportunities for the most disadvantaged people in our home city.

Our purpose drives us to be open, honest and transparent in our dealings with our members, employees, partners, regulators and in reporting our performance.

An inclusive and inspiring workplace for everyone

We are creating an inspiring place to work which better reflects the diversity of our city and communities. We provide a safe and engaging workplace for our employees, supporting their career aspirations and their wellbeing.

Offering the best value products and services we can

Helping people to own their own homes and to save for the future

Empowering customers to make better financial decisions and helping them achieve their financial and life goals through simple mortgage and savings propositions that offer good long-term value.

Market leading customer service

We want customers to feel confident they have chosen the right provider for their mortgage and savings by having friendly, caring and well trained employees offering tailored support and guidance to customers when they need it most.

Digitising mortgages and savings

Making our customers better off through offering improved choice of product options, better servicing and better technology for our colleagues to support our members.

Delivered in a resilient way

Protecting our members' money and operational resilience

Keeping money safe and accessible for our customers and their information secure through investment in resilient technology and infrastructure.

Resilient financial performance

Our strategy is to sustain a resilient financial performance, consistent with continuing to support UK economic growth and employment and ensuring good outcomes for our customers. To achieve this we stress test our capital and liquidity resources to ensure we can continue to grow and remain profitable under severe but plausible stress. It also comes with a responsibility to spend our members' money wisely and efficiently so that we can continue to offer good long-term value and market leading customer service while investing for the future needs of stakeholders.

Our belief, purpose, values and priorities have been developed by our Executive Team with inputs designed to reflect the perspective of each of the Society's stakeholders. They were then subsequently debated and approved by the Society's Board. These elements are reviewed annually as part of the Board-led strategic planning process and are discussed and briefed to all the Society's employees, including all new employees through a dedicated induction process. Overall responsibility for these elements sits with the Chief Executive.

More information on our strategy and business performance in 2021 can be found in the Strategic Report section of our Annual Report.

Although the Society does not formally follow the precautionary principle, we assess risks in line with the processes described in the Risk Management Report Section of the Annual Report.

Our sustainability strategy

Sustainability is at the core of the Society's strategy and aligns with our purpose and values. The Society's sustainability strategy is framed by the three key external benchmarks which we have committed to - the UN Global Compact, the UN Principles of Responsible Banking and the UN Sustainable Development Goals. This section sets out how the Society formulates and oversees its sustainability strategy on the basis of these commitments.



The Society's 2021 Strategic Plan approved in November 2020 included a key objective for the Society to become a 'Purpose-led Mutual' which would contribute to a fair, confident and resilient society and a cleaner, carbon neutral world.

The 2021 Strategic Plan confirmed that making this outcome a reality would be achieved by:

- having a purpose-led approach to business and the environment
- creating an inclusive workplace which prioritises growth, belonging and inspires brilliance
- seeking to create a meaningful impact on the people of Coventry and wider society.

In January 2021 the Society's Board reviewed the Society's proposed sustainability strategy which demonstrated how these high level objectives would be achieved. The Board endorsed a vision for sustainability at the Society, key actions planned for the year and signed up to external benchmarks to serve as the framework for our ambitions in this area.

The Board also agreed that achieving the ambition detailed in those external benchmarks would require actions through 2021 in the following areas:

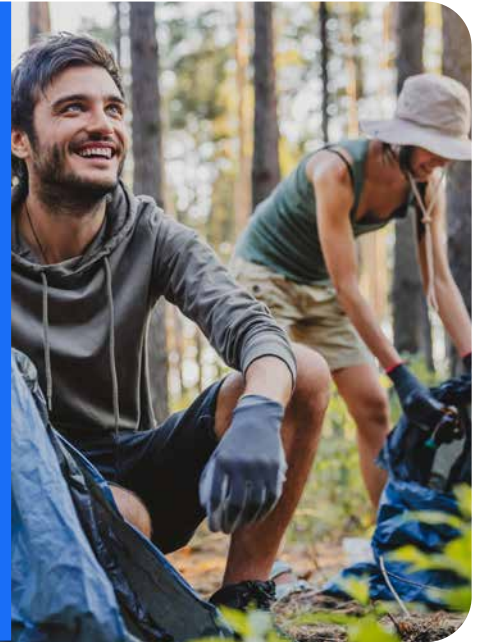
- developing sustainability principles, strategy, and reporting in line with external commitments
- defining and developing 'sustainable' products including relevant product propositions, risk appetite and pricing strategy
- developing a sustainable supply chain, which reflects the Society's purpose and values
- continuing to reduce the Society's environmental footprint across its operations and lending activities
- defining purpose targets and reporting and empowering teams to deliver against them.

Throughout the remainder of 2021 the Board received periodic updates on the progress of the Society's sustainability strategy, including a more detailed update in July 2021 approving targets for the Society in relation to the UN SDGs.

Taken together these steps mean the Society has aligned on a vision and strategy for the short, medium and long-term which incorporates environmental and social considerations. The remainder of this Sustainability Report provides details of how the Society sought to deliver against these commitments during 2021.

Our commitments on sustainability

In 2021 we announced our commitment to three external commitments, all endorsed by the United Nations (UN). These initiatives provide the framework to ensure the purpose, vision and ambition of the Society's sustainability related activities reflect best practice. They also enable us to learn from others and demonstrate that we are not only upholding our basic responsibilities to people and planet but also setting the stage for long-term progress in this area.



Initiative

UN Sustainable Development Goals

What is it?

In 2015 world leaders agreed to 17 global goals known as the Sustainable Development Goals (UN SDGs). These goals have the power to create a better world by 2030, by ending poverty, fighting inequality and addressing the urgency of climate change.

Unlike their predecessors, the Millennium Development Goals, the UN SDGs explicitly call on business to help advance sustainable development around the world. With the UN SDGs as a guide, businesses can direct their capacity for innovation, strategic partnerships and finance toward an actionable roadmap for sustainable growth.

What did this mean for the Society in 2021?

In 2020 we completed a detailed review of the UN Sustainable Development Goals identifying those where the Society could make a material difference. In line with recommended practice, we selected four goals to be our areas of focus. For each of these goals we agreed ambitions and specific targets, which are detailed below. These measures help to define, measure and report on our broader sustainability activities.

SUSTAINABLE DEVELOPMENT GOALS



Initiative

UNEP Finance Initiative



What is it?

The UNEP Principles for Responsible Banking (UNEP Principles) are a single framework for a sustainable banking industry developed through an innovative partnership between banks and mutuals worldwide and the United Nations Environment's Finance Initiative. The UNEP Principles set out the financial services sector's role and responsibility and aligns the sector with the objectives of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement.

The UNEP Principles enable firms to embed sustainability across all their business areas and to identify where they have the potential to make the greatest impact in their contributions to a sustainable world. They also position a firm to leverage new business opportunities with the emergence of the sustainable development economy.

What did this mean for the Society in 2021?

In 2021 we ensured that our sustainability strategy was aligned to the UNEP Principles. In particular we worked with stakeholders to identify what our sustainability goals should be as well as ensuring our governance processes were effective. Our Climate Action Plan, published in July 2021, showed how we plan to align to the aspirations of the Paris Climate Agreement.

Initiative

United Nations Global Compact



What is it?

The United Nations Global Compact (UNGC) is a strategic policy initiative for firms committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

By incorporating the UNGC, firms demonstrate a culture of integrity and commitment to upholding their basic responsibilities to people and the planet.

What did this mean for the Society in 2021?

In 2021 we committed to making the 10 principles of the UNGC part of the strategy, culture and day-to-day operations of the Society. We undertook practical measures such as incorporating these principles in our contractual arrangements with suppliers and ensuring the commitments we expect from suppliers were consistent with the UNGC.



Our priority goals

Sustainable Development Goal - Quality Education



Why we can make a difference

- We are a leading local employer, wanting to provide employment opportunities for our local communities.
- We are committed to enhancing the skills of our employees.
- We have the resources to make a positive impact on education in Coventry.

Our ambition

- Continue to help and encourage employees to develop the skills needed to succeed.
- Make a positive impact on education in Coventry.

Our targets

- 250 apprenticeships over five years from 2021.
- 49% of senior management roles recruited internally by 2025.
- 10,000 children and young people in Coventry supported via education programmes over the three years from 2021.

In 2021 we delivered

- 67 apprenticeships (2020: 22 apprenticeships).
- 49% of senior managers recruited internally (2020: 22%).
- 11,400 children and young people in Coventry supported by education programmes.



Sustainable Development Goal - Decent Work and Economic Growth



Why we can make a difference

- We provide career opportunities at differing levels of seniority.
- We spend over £165 million annually with our supply chain, enabling us to drive positive changes with our suppliers.
- We can offer underrepresented groups career pathways.

Our ambition

- Offer career development to enable colleagues to achieve their potential.
- Progress the sustainability agenda with our suppliers.
- 40% of all senior manager and above roles held by women by 2025.
- 25% Black, Asian, Minority Ethnic management roles by 2025.
- All key suppliers have committed to the CBS Supplier Code of Conduct by 2023.

In 2021 we delivered

- 37% of senior manager and above roles held by women (2020: 34%).
- 12% of manager and above roles held by Black, Asian and Minority Ethnic colleagues (2020: 13%).
- 40% of key suppliers were committed to the Society's Supplier Code of Conduct by the end of 2021.
- We supported local firms and 12% of our spend was with local suppliers.



Sustainable Development Goal - Sustainable Cities and Communities



Why we can make a difference

- We provide financing for housing and can help first time buyers onto the housing ladder.
- We can help homeowners with the transition to net zero.
- Our community programme focuses on access to housing for the least advantaged.

Our ambition

- We will look to diversify our mortgage proposition to give people greater access to mortgage finance in a way which is consistent with our risk appetite.
- We will aim to make more funding available to first time buyers.
- We will enhance environmental outcomes through our lending activities.
- We will support communities to improve access to housing and address isolation and vulnerability.

Our targets

- Number of people supported through access to housing is 1,000 between 2021 and 2025.
- Double first time buyer numbers in 2021 (3,200 to 7,500) and move to supporting 10,000 first time buyers annually by 2023.

In 2021 we delivered

- 107 people supported through access to housing.
- First time buyers increased to 7,100.



Sustainable Development Goal - Climate Action



Why we can make a difference

- Our own operations emit GHG emissions.
- Our borrowing members will need help to deal with the transition to net zero.

Our ambition

- Developing a GHG reduction action plan with targets.
- Reviewing lending opportunities to encourage energy efficiency in homes across the UK.
- Undertaking work to our head office sites and branch network which will reduce long-term energy use.

Our targets

- Carbon Neutral for Scope 1 and claim Net Zero merits for Scope 2 emissions by the end of 2021.
- Net zero Scope 3 upstream emissions by the end of 2030.
- Ambition to be entirely Net Zero by 2040.
- 50% reduction in paper by 2023 compared to 2017 levels.

In 2021 we delivered

- We achieved Carbon Neutrality for Scope 1 emissions and we claim Net Zero merits for Scope 2 emissions by the 2021 deadline.
- Climate Action Plan created and approved by the Board.
- 22% reduction in paper in 2021.
- We conform to ISO 14064-1 requirements for our GHG emissions for 2020 data.
- Launched Our Green Together Reward scheme for borrowers.



Understanding the views of stakeholders

The Society's sustainability related activities are based on understanding and responding to the views of its stakeholders. In 2019, the Society's Board formally reviewed and identified its stakeholders as the following groups - members/customers; colleagues, investors, suppliers, community groups and the environment. This identification process followed a review of the Society's activities and the groups impacted in a material way by such activities.

Alongside the materiality process discussed below, the Society has in place a range of formal and informal mechanisms to understand the views of our stakeholders. This engagement is undertaken to ensure that the views of stakeholders are understood by relevant functions within the Society to aid with decision making as well as by the Board.

In 2021, stakeholder engagement was undertaken through different mechanisms, which were designed to suit the specific requirements of that stakeholder group.

For customers, the Society undertook research and other activities with current and prospective customers to better understand their views. In addition, the Society created a 'Member Panel', which enabled us to engage directly with members on key issues. Members of our Board regularly met with groups of members throughout 2021 via video conference. Brendan O'Connor was appointed as the Non-Executive Director with specific responsibility for providing the perspective of members at the Board.

The views of employees were captured through our employee opinion survey, the Great Place to Work Trust Index. In addition, further in-house research, including surveys on specific topics, was undertaken through the year to ensure the views of colleagues were well understood.

Our Deputy Chair, Jo Kenrick, has specific responsibility for understanding the views of colleagues and ensuring they were represented to the Board.

For suppliers, we undertook specific surveys and the output of this activity was reviewed by the Head of Procurement and Supplier Relationship Management as well as being reported to the Executive and Board.

Our Community Team engaged with community groups and partners, through facilitated discussions, to gain a perspective of what was important to them.

Our Treasury Function engaged formally with our principal wholesale investors and ratings agencies. This insight formed part of the Society's strategic planning process.

We plan on continuing these activities throughout 2022.



Materiality assessment

In 2021 the Society formalised its process for seeking the views and opinions of its stakeholders on our business priorities and our role in wider society. A materiality assessment, as defined by the guidelines of the GRI, sought stakeholder views on key topics relating to the Society's economic, social and environmental performance and impacts. This allowed us to:

- identify the sustainability issues that are most relevant to our business and stakeholders
- shape our sustainability strategic framework
- provide focus in prioritising our commitments and resources.

This process was overseen by the Society's Executive, with the outputs reported to the Board where they were discussed and considered as part of the 2021 strategic planning process. The materiality assessment process was managed by an internal cross functional materiality assessment team led by the Chief People Officer and General Counsel with support and challenge being provided by the ESG Steering Group.

Breaking down our 2021 materiality assessment

Stage 1 - Issue identification

Following a review of themes in the 2020 Strategic Plan, desk research of industry peers, reporting standards and guidelines such as the GRI and Sustainability Accounting Standards and UN SDGs, a list of around 70 potential trends and issues was compiled. Following discussion with the ESG Steering Committee these were rationalised to a shortlist of 19 material issues, a decision endorsed by the Executive through the People and Purpose Committee.

Stage 2 - Issue assessment

A range of methods were used to gather insight from each stakeholder group on the importance placed on each of the identified material issues. This included facilitated discussions with investors and community groups, engaging with our Member Panel and our employee forum and surveying suppliers. The outputs of these activities were then aggregated to identify on a combined basis the relative importance to stakeholders of each of the material issues. Separately a survey process was undertaken by the Executive and Board to identify the importance of each of the material issues to the Society.

Stage 3 - Analysis

Results from Stage 2 were collated and a matrix was produced to map the material issues, their positioning relative to the potential impact on the Society and degree of stakeholder interest.

Stage 4 - Validation

Working sessions with members of the ESG Steering Group and the Executive were held to challenge and review the positioning of the issues and validate the matrix. Revisions were made as required to ensure that all feedback was appropriately reflected.

Our 2021 materiality matrix

The overall results of the materiality assessment are expressed in the matrix below. This ranks topics by their importance to the Society’s stakeholders relative to the Society’s Board and Senior Management Team.

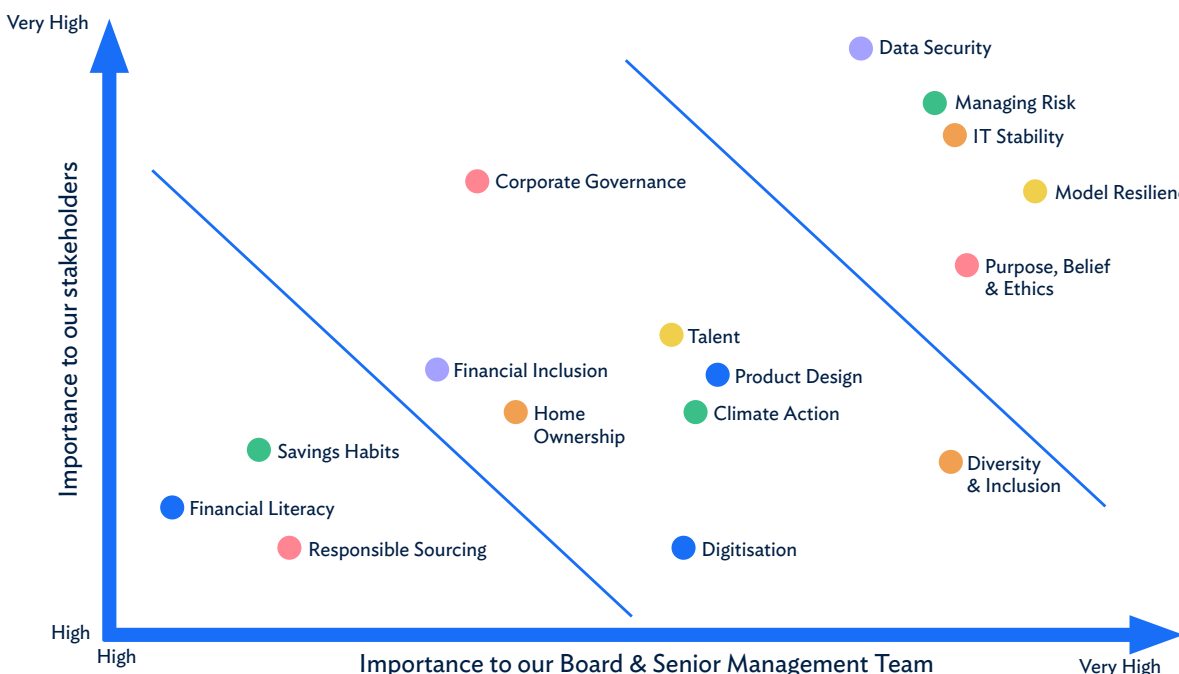
The topics included in the assessment were short listed by a cross functional team to identify the Society’s significant economic, environmental and social impacts to be ranked. We concluded that these impacts are directly reflected in the topics deemed most material in the GRI-based materiality assessment and that they are overwhelmingly concerned with economic impacts.

As shown in the matrix, stakeholders currently regard the impact of environmental and social topics as partly influencing their assessments and decisions. The assessment was undertaken on a consolidated basis. Each material issue and the ratings accorded to it is then plotted based on the relative ranking of

each issue to either the stakeholder group (y-axis) or the Society’s Board and Senior Management Team (x-axis). Issues shown in the top right hand corner of the matrix are those which are of highest importance to stakeholders and have greatest impact on the Society.

As we conduct further materiality assessments, we will be well placed to identify changing perspectives of our stakeholders and how these should impact our own decision making and strategic priorities.

The overall result of the materiality assessment was reviewed by the People & Purpose Committee. It also featured as part of the strategy formulation process undertaken by the Board. We also identified how the topics used in the assessment mapped to the GRI topics. The table at Appendix 1 provides an overview of all topics used in the matrix and the relevant GRI topic.



Members and customers

Our members and customers are at the heart of what we do. Our goal is to be recognised as the best provider of mortgages and savings in the UK with straightforward propositions offering long-term value, good customer outcomes and superior customer service. Helping our members and customers towards a more sustainable future is also an important part of our commitment to the UN SDGs.



Who we serve

For the Society, customers means both individual customers, who are mainly members of the Society, and intermediaries. Intermediaries include mortgage brokers and savings platform providers. Our members are at the heart of all of our decisions because they are both the customers and owners of the Society. Every penny we earn is given back to our members in better interest rates or goes towards paying for the service we provide.

Our proposition

For individuals, we look to offer solutions that meet targeted life stage and intergenerational needs. We do this through offering cash savings products such as easy access savings accounts, bonds and cash ISAs. We offer borrowers owner occupier and Buy to Let lending products designed to enable house purchases and re-mortgages. We believe this reflects our preference to not own the entire customer relationship but focus on excellence in targeted product manufacture, distribution and service.

We do not target customers requiring unsecured borrowing, transactional banking, investments, insurance products or commercial lending.

As at 31 December 2021 we had approximately 1.7 million savings members and around 440,000 mortgage customers. During the year we originated 57,000 mortgages and opened 228,000 savings accounts. All the products we originate are for customers residing in the UK.

For intermediaries, we work with third party platforms, distributors, brokers and advisors through whom we offer our mortgage and savings products. We work with both established brokers, with a focus on larger networks/clubs, and with emerging tech-led 'digital brokers'.

Listening to our customers

We undertake a range of activities designed to ensure we are well informed about the priorities of our members and broader customer base.

This includes regular research such as surveys, user testing and focus groups, listening to the views of the 7,000 members who are part of our online Member Panel and regularly reviewing themes from customer complaints.

In 2021, we received insight on:

- what is important to savers when choosing a provider
- channel and communication preferences of existing and potential customers
- understanding members sustainability priorities
- how we can improve the account opening and account maturity experiences.

We also benchmark our customer experience against peers so we can identify where we need to improve.

The results of these activities are shared with relevant areas of the Society and reviewed by the Executive and Board.

What matters to our customers

The insight we have on our current customers indicates that they place the highest priority on the Society having a resilient business model, attractive products and seamless service.

These key features should be underpinned by stable IT platforms, processes for the effective management of risk, including the protection of data, and the Society being well governed.

Our service proposition is therefore at the core of what matters to our customers. We utilise a range of measures to ensure excellent customer service is sustained across all channels.

Throughout 2021 we maintained market leading conduct and complaints performance as measured by metrics such as Net Promoter Score, complaints levels and redress costs.

We recognise the continued importance of our branch network to our members. Beyond providing face to face advice and support on managing finances, they provide support to the most vulnerable members of the community, protecting them from financial crime and signposting to support services. In 2021, approximately 275,000 members used a branch.

Enhancing our customer experience

In 2021 we aimed to improve both our digital capabilities and branch network. In particular we continued to build out and optimise our digital channel to ensure they meet customer expectations. We delivered a self-service internal ISA transfer capability online which allowed our members to move their existing ISA accounts into new products digitally. We also successfully provided customers with an easier way to authenticate and check their balance and improved the account opening experience.

In 2019 we commenced an extensive programme of branch refurbishment which continued throughout 2021, despite the challenges of the pandemic. A total of 20 branches were refurbished in 2021, with a total of 50 branches having been completed since this programme begun. The new format branches have been welcomed by both customers and colleagues and provide increased opportunities for face to face and community engagement.



Putting things right brilliantly

The Society acknowledges that mistakes can happen, but where they do we aim to put things right as soon as possible. We monitor complaint activity including those complaints that are referred to the Financial Ombudsman Service (FOS). Work is carried out with internal teams to ensure that the root causes of complaints are addressed.

In 2021, around 96% of cases referred to the FOS from the Society were found to be in our favour, demonstrating the Society's commitment to fair outcomes for the customer.

As a firm regulated under the Financial Services and Markets Act 2000, the Society is subject to regulatory rules concerning financial promotions and ensuring its customer communications are fair and not misleading. Responsibility for ensuring the correct standards of information is provided to customers sits with our Marketing Function. In 2021 there were no incidents of non-compliance with regulations or voluntary codes concerning product information. There were also no incidents in 2021 of non-compliance with regulatory requirements concerning marketing communications.

Our focus on sustainable products

In 2021 the Board and Executive agreed a sustainability 'Product Roadmap' which sought to lay out in detail the steps planned over the next four years to enhance the sustainability profile of our lending and savings products. The roadmap contained a range of product initiatives and changes the Society will look to implement to meet our UN SDGs targets and ambitions.

In 2021 this saw the inception of specific new product types designed to encourage home owners to reduce the emissions arising from their property as well as encouraging first time buyers into the property market. Our innovative Green Together Reward was designed to encourage both homeowners and landlords to improve the efficiency of their property via a £500 reward to help offset the initial cost of home improvements.



Accessibility

The Society is committed to providing accessibility options and services for customers who may require additional support. Our overall approach is detailed in our Vulnerable Customer Strategy, which is overseen by our Customer Experience Function.

The Society seeks to embed dealing with this topic across the whole organisation on the basis that every team should be able to support with vulnerability where required. To support this approach we have a team of Vulnerable Customer Experts (VCEs) across the business providing support and guidance. Our VCEs are the voice of our customer facing teams, feeding their expertise into initiatives to enhance our Vulnerable Customer Strategy and improve the support and tools we can offer vulnerable customers. In 2021, in line with previous years, we held bi-annual events where VCEs got an opportunity to network, share knowledge and best practise with one another. We invited charities and organisations who work with vulnerable or disabled customers to present examples of best practice which were then communicated across the Society.

The Society looks to utilise its different channels of communication to enable customers to choose which channel best meets their needs. In 2021 we continued to offer our visually impaired customers literature in large print, audio and Braille. Similarly we provided a range of assistance measures to customers with hearing impairments. We also continue to offer dedicated helplines to assist customers with challenging topics such as bereavement and payment difficulties and in 2021 we continued to enhance our service in this area through:

- the creation of a new vulnerability e-learning training and vulnerability hub, designed to ensure all colleagues could access the resources needed to help vulnerable customers
- our refurbished branches having greater accessibility and facilities for wheelchair users
- our branch colleagues receiving further resources to deal with a wider range of vulnerability situations.

Protecting customers from financial crime

The Society is dedicated to protecting its customers from financial crime. This includes engaging with regulatory authorities and industry working groups on this issue, ensuring the systems and controls are in place to reduce the number of financial crime incidents and raising awareness of this topic with our members.

In 2021 we maintained high standards of control, and there was also a real focus on raising awareness. We contacted over one million customers through a dedicated programme of communication to give them information on how they could protect themselves from financial crime as well as posting communications across the Society's social media channels. We also worked with mortgage intermediaries to raise fraud awareness in 2021, briefing over 500 mortgage brokers on this important topic.



Employees

Our employees drive our success. Their skills, experience and commitment enables us to deliver for our customers and achieve our purpose. As an employer, we attract, develop and retain a diverse range of talent and aim to ensure there is a workplace culture that supports and engages our employees, enabling them to build their careers and unlock their full potential.



Employees and culture

The Society's Employee Code of Conduct sets out our commitments to doing the right thing. This document is designed to ensure all colleagues:

- are professional, co-operative, courteous and inclusive to others in the performance of their duties
- behave with honesty and integrity
- conduct both their personal and professional lives in a manner which does not pose a risk to the Society and/or its reputation
- understand the standards of behaviour and conduct that our regulators, expect and the potential consequences if these standards are not met
- appropriately manage and report conflicts of interest.

This reflects the broader point that all colleagues play a part in shaping the culture of the Society.

We look to create a wide range of opportunities for colleagues to share their opinions, through structured discussions with senior leaders, engagement with managers, surveys, engagement with Unite the Union and 'My Society', our employee forum. A broad range of indicators relating to employees and culture are reviewed regularly by the Chief People Officer and provided to the Executive and Board.

In 2021, we launched a new leadership induction programme to ensure that those colleagues who were promoted or recruited into leadership roles at the Society understand how our culture and values should shape how we lead our people.

Attracting future talent

We aim to provide a great place for colleagues to build a career. It starts with recruitment, where our philosophy is to focus as much on competencies, potential and learning ability as on experience. This approach is consistent with our broader objectives on social mobility. In 2021 we hired a total of 395 external candidates which included 26 graduates, interns and apprentices.

Performance and development

The Society should be a place to grow and internal mobility plays an important part in this. In 2021 around 45% of all roles were filled by existing colleagues. For some this is a promotion, for others it is the opportunity to move to a new part of this business and retrain. All our new roles are advertised internally, enabling employees to search for open roles that match their interests.

In 2021 the Society fundamentally changed the way in which we approach performance management. The approach we took to this is a good example of empowering our people as we asked individuals from one of our talent programmes to lead this review. They considered external best practice as well as the Society's culture and values. The changes made include removal of performance ratings, introduction of shared goals (that all employees can align behind) and a more flexible annual timetable so that every employee can fully engage with the performance process. In 2021 88% of employees received a performance review (86% female, 90% male).

Our People Function includes a dedicated Learning & Development team which has responsibility for supporting colleagues' development needs. All employees are required to undertake certain training modules throughout the year to ensure they have the skills necessary to undertake their roles. Some roles require additional training opportunities, which are coordinated by the Learning & Development team.

Our new digital learning platform launched at the end of 2020. This provides a broad range of learning content, all of which is open to every employee working at the Society. Every month around 4,000 hours of learning takes place through this system.

We also recognise the important part that managers play in development and as such we have developed digital Management 'Boot Camps' designed for both aspiring and existing managers. This new approach covers everything from coaching, to giving feedback, and ensures that new and existing managers are equipped with the skills they need to support their team and succeed in their role.

Reward

The Society's remuneration policy is underpinned by three principles:

1. our remuneration approach reflects the Society's values and the expectations of our members
2. we want to recruit, motivate, engage and retain our employees
3. we will comply with the requirements and spirit of the Prudential Regulation Authority Remuneration Code.

Our reward proposition reflects our mutual values and focus on wellbeing. We are committed to pay equity and conduct regular reviews to ensure that all employees are paid fairly for comparable work.

We do not offer individual bonuses to any employee, given the risks to our culture and the potential for such measures to drive a focus on individual priorities rather than shared goals. Instead we have a Success Share scheme overseen by the Remuneration Committee which is anchored to the Society's balanced scorecard. This has a range of measures including financial performance, risk, customer and

people measures. Every employee, regardless of role, receives the same percentage award. Society benefits are available to employees regardless of whether they are full-time or part-time.

Executives also receive additional variable pay awards, as regulated by the Remuneration Code.

Throughout 2021 we have enhanced our benefits offer to support employee wellbeing. We support financial wellbeing through our pension scheme provision, life assurance, occupational sick pay and group income protection. We support a range of physical and mental wellbeing initiatives which are set out in more detail on page 26.

More information on the Society's approach to remuneration can be found in the Directors Remuneration Report in the 2021 Annual Report.



Diversity and inclusion

We want the Society to be a place to belong – for everyone. This means that our workforce should reflect the diverse and vibrant communities that the Society serves. In recent years we have undertaken a wide range of activities to support our inclusion and diversity ambitions. We have learnt that passionately believing in inclusion and actually seeing the diversity of our employees change are very different things. We are not where we want to be so it is important we are honest about that and continue to look to what needs to change.

This has led us to publish ambitious targets for change through our commitment to the UN SDGs which are detailed earlier in this Report.

We have increased diversity activities and this has been both celebratory and educational. The Society has engaged with charities that deal with a diverse range of issues, sponsored key events such as Coventry Pride and the MOBOs, trained managers in topics such as mental health and encouraged colleagues to lead and participate in conversations across the Society at key points, such as during Black History Month.

The Society sees diversity and inclusion as key to our future success, something that requires us to change hearts and minds and something where we can always do better. To that end, we have set up Diversity and Inclusion groups to represent each area of the business to lift our aspirations, to educate and to challenge. This is supported by the Diversity and Inclusion Steering Group, overseen by the Chief Customer Officer, to drive change from the top of the organisation down.

In 2021 the Society ran a survey open for all employees, to better understand their views on diversity and inclusion. With over 1,000 responses, the survey gave us really broad views and benchmarked our current position against future ambitions. It highlighted strengths, such as colleagues being comfortable to share their personal identity at work (82% responded positively), colleagues treating each other with respect (89% positive) and managers doing everything they can to make colleagues feel fully engaged and involved (80% positive). It also highlighted where we can do better – with employees

wanting more diverse role models in senior roles and an average of only 40–60% of colleagues being aware of the key initiatives being undertaken to support diversity and inclusion. We will look to address these themes in 2022.

In 2021 there were two reported incidents of discrimination at the Society. One incident was assessed as requiring no further action and one required remediation plans to be put into effect. Both incidents are now resolved.





Engaging with our employees

The outstanding service that is provided to our members is a direct reflection of the passion and capability of our people. All employees who join the Society attend an induction programme, attended by either the CEO or another Executive, so that they understand our ambitions, purpose and values.

The Society provides extensive training for all customer facing colleagues to ensure they understand our systems, processes and more importantly, what it means to align with our belief in Putting Members First. Further training interventions are scheduled for head office colleagues to enable them to develop and grow their career.

The Society's strategy is shared with all colleagues, whether that is in person or through virtual town halls and conferences. Our senior leaders regularly update employees on progress and business performance, through a range of structured meetings. At the end of each quarter, the Executive brief other senior leaders on progress against the Society's shared goals and what the priorities are for the coming quarter.

The Society believes it is really important to understand the views of colleagues and we do this in a number of ways. The Society works closely with Unite the Union when it comes to pay, changes to employment terms and conditions or organisational changes. As at 31 December 2021 approximately 89% of our employee population were subject to collective bargaining agreements.

In 2016 we set up an employee forum 'My Society' which has representatives, elected by colleagues, from across the organisation. The Deputy Chair of the Board sits on My Society to ensure the views of employees are represented at Board meetings.

The Society conducts anonymised annual employee surveys (our response rate was approximately 80% in 2021) with the results presented to our Board. In addition each Executive receives detailed survey results and is expected to work with the People Function to identify steps to address any concerns raised.

In 2021 the Society partnered with Great Place to Work to deliver the employee opinion survey and met the threshold to be certified as a Great Place to Work. Employee feedback highlighted particular strengths in delivering great service to customers, supporting the community and in enabling a good work/life balance.

As well as the annual employee survey, the People Function operates other initiatives to understand the views of employees. Every quarter employees are encouraged to complete a 'mood meter', which outlines how people feel about their mental, physical and financial health and work life balance. The results of these activities are provided to the Executive and relevant Enterprise Leaders. We also undertake 'one off' surveys where required. In 2021 we surveyed colleagues who were working from home and in the office to understand their views on future working patterns.

Wellbeing

We look at wellbeing as a holistic topic supporting and enhancing mental and emotional wellbeing.

Mind

In 2016, the Society signed the ‘Time to Change’ pledge. The Society has a commitment to mental health wellness and has introduced mental health first aiders. We also promote positive action in conjunction with mental health awareness week and World Mental Health Day. The Society created guides and tools to help colleagues identify their own needs and of those around them. Our Employee Assistance Programme provides safe and professional support 24 hours a day, 365 days a year covering many aspects of health and wellbeing. Recognising the importance of financial security to mental wellbeing, in 2021 the Society teamed up with the Money Advice Service and a financial benefits third party to offer seminars, webinars, tools and guides on everything from pension planning and retirement to managing debt.

Body

Our partnership with Aviva provides all colleagues and their children with access to a Digital GP, providing video consultations 24 hours a day. Alongside this sits a Wellness app that can inform and tailor plans covering food and fitness to stress and sleep.

In 2021 we focused on the menopause – an often hidden challenge that affects so many colleagues. In 2021 we signed up to Menopause Friendly Champions Plus, as part of our journey to become a Menopause Friendly Employer.

Many aspects of our offering extend to an employee’s family, including provision of paid leave for carers and paid leave for either parent through pregnancy loss.

People policies

The Society’s focus is not on the rules but on the positive and what we strive for, whether that’s our ‘Diversity and Inclusion commitment’ or ‘Flexibility for you’ which covers all the ways we support flexibility. The Society recognises the important role that managers play in our colleagues’ experience of work so we’ve put a lot of energy into making sure our managers are equipped to have great conversations and create a brilliant environment. Our Employee Handbook and contracts of employment and associated policies deal with matters such as bullying and harassment, whistleblowing, disciplinary processes, remuneration, personal finances, fitness and propriety. The Society undertakes a collective consultation process before making any significant changes to contracts, which is for a minimum of 30 days. Notice period for changes in 2021 have ranged from 30 days to two years. Provisions for consultation and negotiation are specified in the collective agreements the Society has with Unite the Union.



Our 2021 workforce at a glance

This section includes data for our workforce as at 31 December 2021. The Society captured data about its employees through its HR management system. All employees, whether permanent or temporary have been included in the data. There were no significant changes in the Society's employee profile in 2021 and the Society's hiring activities are not subject to seasonal variations.

As of 31 December 2021, the Society had 2,759 employees (2020: 2,765). All the Society's employees are located in the United Kingdom with the majority based in the West Midlands region.

As of 31 December 2021 approximately 60 contractors worked for the Society, primarily in technology and change.

In 2021, approximately 250 employees moved to new roles within the Society, 395 new employees were hired and a total of 408 employees left, meaning the turnover rate for 2021 of approximately 15%.

Employees record their absences (due to illness or accident) in our self-service human resources tool. In 2021, our workforce recorded an absentee rate of 3% of total scheduled days.

In 2021 60% of our workforce was female and 40% male. The number of females in senior manager roles and above at the Society has increased from 35% to 37% in the last year.

Proportion of senior management hired from the local community

As at 31 December 2021 approximately 67% of our senior management were assessed as being hired from the local community. The Society's grading system includes a Senior Manager/Lead Professional Grade, Functional and Enterprise Leaders and an Executive Grade and these have been combined in reaching this figure. The geographic definition of 'local community' is a location within 50 miles of our head office in Coventry, which is the definition used for 'significant locations of operation'.

Parental leave

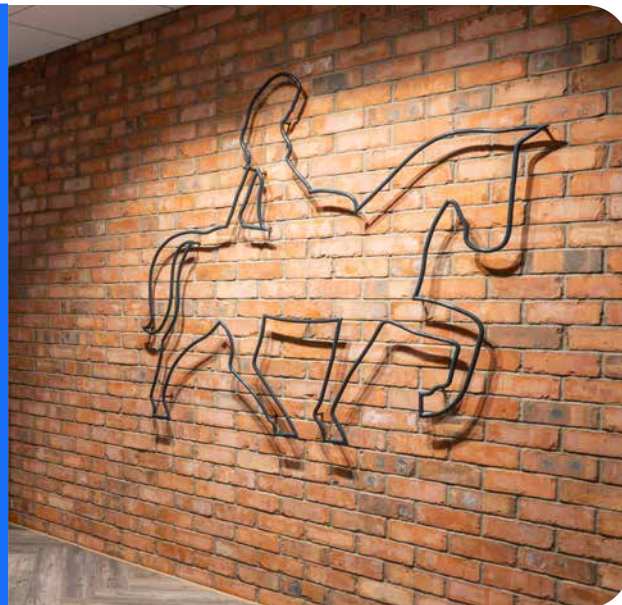
All employees are entitled to parental leave. In 2021, 108 employees took parental leave (64 female/44 male) and 131 employees returned to work (87 female/44 male). These figures include parental leave which might have started in 2020. 114 employees who returned to work in 2020 were still employed by the Society 12 months later. The overall retention rate was 96% (96% female/95% male).

For more information and data regarding our people, please refer to Appendix IV.



Investors

Our investors provide diversity of funding and capital which compliments funds raised from savings provided by members and reduces overall funding costs. To ensure that we optimise such wholesale funding activities we believe in creating long-term relationships with our investors through consistent and transparent engagement. We offer investors the opportunity to invest in an organisation with a low risk model and consistent strategy.



What we offer

We believe there is strong alignment between the interests of our borrowers, investors and savings members, who all benefit from our low-risk mortgage lending, sustainable approach to capital and liquidity planning and profitability. We look to create value for our investors through the operation of a business model which is simple and straightforward.

Our investors

Our investors range from asset managers who invest on behalf of pensions or insurance companies to central banks across the world. In 2021 we had over 100 investors purchase the bonds that we issued during the year, located in 18 different countries.

Our investors value our lower risk and sustainable approach to lending, which emphasises resilient financial performance and strong capital and liquidity levels well above regulatory requirements. Our ability to maintain high standards of corporate governance and effectively manage risks to which we are subject are also important factors for this stakeholder group.

This approach reflects our desire to protect the long-term interests of all our stakeholders including investors, enabling future growth and investment.

Engaging with investors

Our investors appreciate consistent and transparent engagement. We meet investors on a regular basis, in particular in the period following publication of our half year and full year results announcements, when launching new funding transactions and at investor events.

In 2021, we offered individual meetings to ratings agencies and to a large number of our wholesale investors and updated them on our performance, the trading outlook and our future plan understand their view on the Society's strategy and performance. We also attended industry conferences and specially arranged investor days. Due to the pandemic, engagement in 2021 has remained largely virtual.

In 2021, the engagement from investors remained high with the over 150 investor meetings through the year. Key themes of the information that the investors were interested in were:

- Mortgage market developments
- Payment holidays
- Asset quality/Expected Credit Losses
- Sustainability

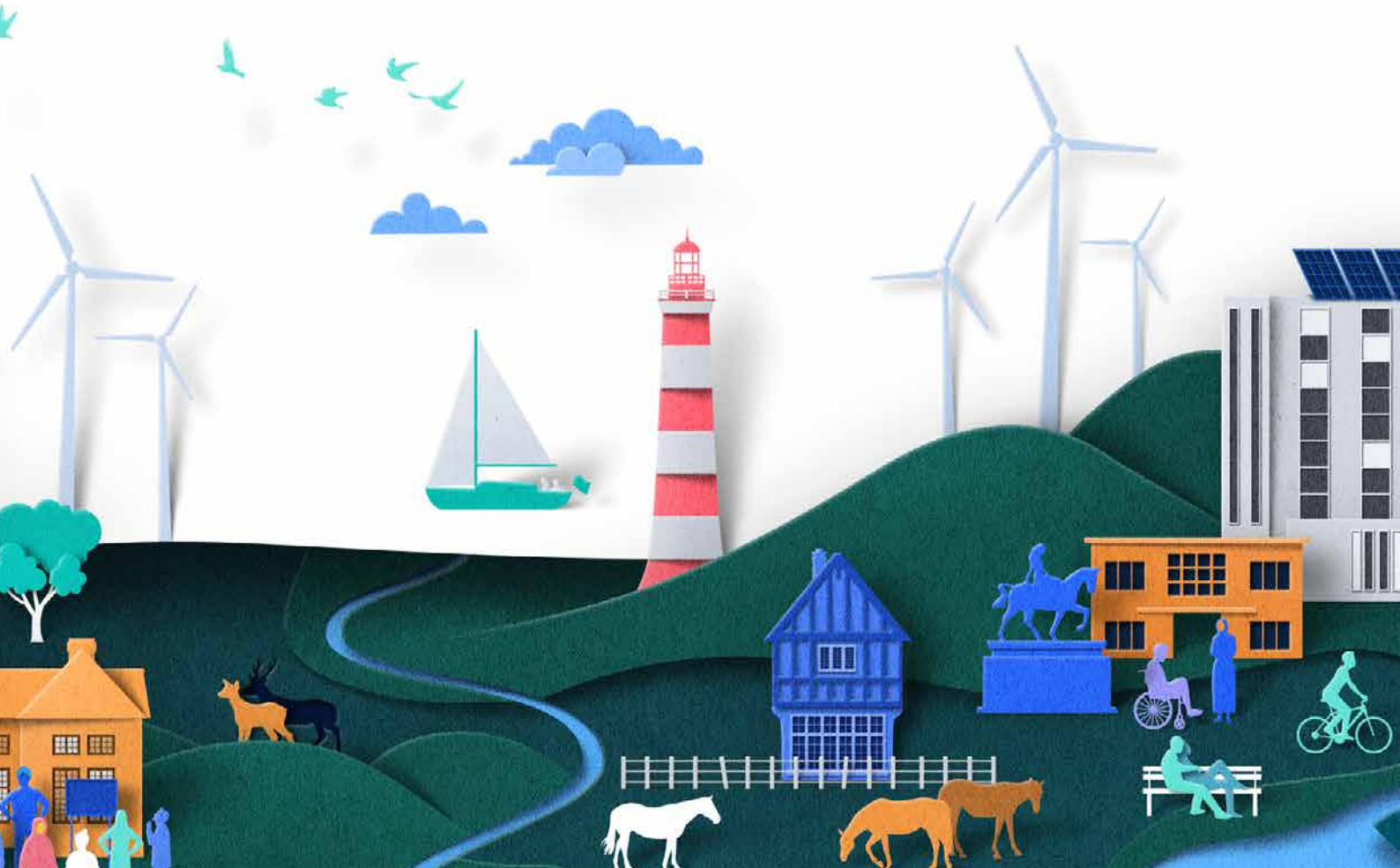
2021 activities

The benefits of having regular investor engagement have been demonstrated in 2021 with the Society raising over £1.2 billion of long term wholesale funding. During the year, the Society completed its first issue of Senior Non-Preferred notes, a €750m seven year European Covered Bond and a five year transaction from its Residential Mortgage Backed Securities (RMBS) Master Issuer programme.

This RMBS programme received two prestigious industry awards in 2021, reflecting the innovative approach the Society's Treasury Function took to creating a programmatic issuance structure which modernised traditional master trust technology. This transaction highlighted the benefits of the Society's approach to listening to the views of investors and seeking to identify new ways to work with this stakeholder group.

In 2021, the continuing emphasis from investors and ratings agencies to find out more about the Society's sustainability performance was apparent. The publication of this Sustainability Report and aligning our disclosures to the GRI Reporting Standards is designed to help demonstrate greater transparency about our performance in this area. Similarly, reporting against the TCFD and publishing our first ever Climate Action Plan are also important elements of the Society's approach to disclosing its sustainable performance in an open and transparent way.

A related trends apparent in 2021 was the growing interest in how wholesale markets would incorporate products with strong environmental or social credentials. Looking forward to 2022, we expect these trends to continue.



Suppliers

The Society's business model means it has a high reliance on its supply chain to achieve its strategic objectives. By maintaining a strong and trusted relationship with our suppliers we can deliver on our social, economic and environmental commitments. Working in a sustainable and ethical way with our suppliers is therefore a core component of our broader sustainability agenda.



Our supply chain

Suppliers include contractors and providers of goods and services to the Society. In 2021, the Society spent around £165m on a broad range of products and services with approximately 700 suppliers, of which around 85 are deemed key suppliers. A 'key supplier' is a supplier relationship which presents highest criticality in terms of the impact to the Society in the event of non-performance. Key suppliers are assigned to tier 1 (highest criticality, of which there are around 40 suppliers) and tier 2 (lower criticality, of which there are around 45). Non-key suppliers are assigned to tier 3 (lowest criticality, of which there are around 100) and tier 4 (transactional suppliers, of which there are around 515).

The major areas of expenditure within the Society's supply chain are technology support and services, professional services and property services. Supplier expenditure is committed through contracts, typically one to three years in duration.

In 2021, the Society commenced a number of significant change programmes that involved a competitive bidding process and resulted in the selection of new and existing suppliers to support these activities. Suppliers included providers of software and professional services. Overall the Society's supply chain remained consistent with previous years in terms of the number and identity of its key suppliers and their locations.

As well as suppliers of goods and services, the Society maintains relationships with distributors for its mortgage and savings products. Our supplier relationships are principally with entities located in the UK.

Proportion of spending on local suppliers

The Society defines its significant locations of operation as its head office in Coventry and defines suppliers as 'local' if they are headquartered within 25 miles of this location.

Approximately 12% of expenditure with suppliers in 2021 was assessed as expenditure with local suppliers.

Doing business responsibly with suppliers

Our procurement and supplier management services are provided by an internal Procurement Function which applies our Procurement and Supplier Relationship Management (SRM) and sustainable procurement policies and processes. These policies set the minimum standards relating to the management of sourcing and third party risk and provide support through the sourcing lifecycle at all stages including supplier evaluation, risk-based due diligence and contract management. Through these policies and frameworks, the Society seeks to apply consistent and proportionate governance and management of suppliers aligned to the risk appetite of our business.

Potential suppliers are invited to review the Supplier Code of Conduct during the sourcing process and indicate their commitment to this document prior to contracting. Selected suppliers are invited to obtain an external sustainability rating within 100 days of selection.

Supplier conflicts of interest are prevented and mitigated through the application of the Supplier Code of Conduct.

The Code requires suppliers to disclose all business activities that might result in a conflict of interest in relation to arrangements between the supplier and the Society. The Society's Employee Code of Conduct commits employees to disclose actual or potential conflicts of interest to the Head of Procurement if a conflict relates to a relationship with a supplier. Suppliers who wish to report a grievance may do so by following the process indicated in the Supplier Code of Conduct.

Committing our suppliers to our standards

We aim to reduce negative environmental and social effects of the goods and services the Society purchases and we engage with suppliers to promote responsible practices. A central component of our framework is the Supplier Code of Conduct to which our suppliers are bound by contract. The standard defines our expectations towards suppliers and their subcontractors regarding legal compliance, environmental protection, avoidance of child and forced labour, non-discrimination, remuneration, hours of work, freedom of association, humane treatment, health and safety and anti-corruption issues as well as a whistleblowing mechanism to support and protect employees.

Engaging with suppliers

Supplier engagement occurs at different times during the year depending on supplier criticality. The Procurement Function engages with all suppliers in end-of-contract discussions prior to contract expiry.

Engagement also occurs for all tier 1 suppliers through monthly governance meetings hosted by functional business owners of supplier relationships. These address supplier performance, strategy, risk, sustainability and value initiatives. For tier 2 and 3 suppliers, these meetings occur quarterly and annually respectively.

All suppliers in tiers 1 to 3 are invited to take part in a supplier survey twice a year to gather their perspective about working with the Society. In the 2021 survey suppliers told us that they were keen to understand more about the Society's strategy. In response, our Executive team hosted a large number of strategic suppliers at a strategy briefing. The event enabled suppliers to find out more about the Society's strategy and prepare innovative proposals better aligned to the Society's objectives. Several suppliers now have statements of work that contain specific innovation and investment deliverables arising from this session.



Our approach to sustainability

We aim to ensure that environmental and social risks are assessed when selecting and dealing with suppliers. Our supplier due diligence process involves identifying, assessing and monitoring supplier practices in the areas of human and labour rights, the environment, health and safety and anti-corruption, in line with our commitment to the UN SDGs and UN Global Compact.

Our standard contractual wording for all supply contracts includes provisions concerning compliance with the UN Global Compact.

In 2021 the Society's Board approved as part of the Society's Sustainability Strategy the Society's procurement practices moving to comply with ISO20400, the international standard for sustainable procurement.

Following this decision, work has begun on making changes to process and policy with a view to achieving this objective by 2023.

Suppliers with high business criticality are requested to conduct an assessment through the sustainability ratings provider EcoVadis on their responsible management practices and to provide corresponding evidence.

In 2021, six high criticality suppliers were considered as in need of improving their sustainability practices. Specific remediation actions were agreed with all of them and the implementation progress is being closely monitored. In 2021 no Society supplier relationship was terminated as a result of these assessments.

Prompt payment of suppliers

The Society seeks to pay suppliers promptly. In 2021 approximately, 93% of supplier payments were made within 60 days of receipt of a supplier's invoice and 82% of supplier invoices were paid on time in accordance with negotiated contract terms. Our standard payment terms are 30 days. We also seek to provide clear and accessible guidance on payment procedures and invoicing at the on-boarding stage and subsequently through the supplier relationship. In the event an invoice is not to be paid to the agreed terms, the Society will advise the relevant supplier of this and work to resolve any issues promptly.

Modern slavery

The Society remains committed to addressing modern slavery, servitude, forced labour and human trafficking in all its forms, and carrying out business in a fair, honest, ethical and open manner. The Society's Procurement Policy requires that potential modern slavery and human trafficking risks related to our business are understood. Active steps are taken to ensure our supply chain is not engaging in any form of modern slavery or human trafficking.

It is envisaged that further measures will be implemented in 2022 to support the combating the risk of modern slavery and human trafficking in our supply chain.

In 2021 no instances of modern slavery or any associated concerns were identified.



Our communities

We aim to contribute to our local communities – providing donations, skills, time and resources with a view to making a lasting impact.

We recognise that our long-term success depends on the health and prosperity of the communities that we are a part of, and that we have an important role to play in creating an environment where local people have opportunities to thrive.



Making a difference

Our approach is to work in partnership with the public and non-profit sector as well as other businesses to help build a stronger, more resilient city of Coventry where the most disadvantaged have opportunities for a better life and where the most isolated and vulnerable feel welcomed and supported.

Our total community investment in 2021 was £1.6m (2020: £1.4m). This figure includes donations from affinity accounts, corporate donations, staff grants and fundraising activities, which benefit from matching schemes. In addition, our colleagues spent 3,894 hours in work time delivering volunteering activities in our communities in 2021.

A further £300,000 from dormant accounts was donated to seven strategic charity partners in Coventry via our Charitable Foundation in 2021.

In 2021, we also became a member of Business for Societal Impact (B4SI), whose community investment framework is the global standard for measuring corporate social impact. We are working to embed the framework in 2022 to enhance transparency and reporting of our activities in this area and gain deeper insight into the effectiveness of our place-based strategy.

We are active members of Business in the Community, and with the support of the charity, established a 'Place Partnership' of senior leaders from the public, private and third sectors in Coventry.

Our approach in 2021

To be able to make a tangible measurable difference we developed a 'place based' community programme, focussing our attention on the city of Coventry. We have been an important part of the city since 1884 and today Coventry is home to 10 of our branches as well as our head office. Following research conducted into the key needs in the city, we have focused on the following themes:

Education and Aspiration

Providing young people with the knowledge, skills and confidence to succeed.

In 2021, we established partnerships with six primary schools and three secondary schools in Coventry to help improve levels of attainment and to help raise the aspirations of young people, many of whom have been even more disadvantaged by the effects of the pandemic. For primary schools, we developed the 'Coventry Counts' initiative, which encompasses a range of numeracy and literacy support, including free online resources, funding for numeracy interventions, and volunteer support.

At secondary level, our programme centres on employability and our team of volunteers help to give young people the skills and confidence to move into the workplace or higher education.

After moving the programme online, and adding a series of webinars, we were able to reach approximately 1,105 young people and ran the full employability programme with 65 students from the most disadvantaged areas of the city. Of those taking part in the full Employability Programme:

- 87% of students said they felt their chances of employment had increased because of skills learnt on the programme
- 89% of students reported either an excellent or good improvement in their confidence.

Access to Housing

Promoting the financial wellbeing of the most disadvantaged and vulnerable.

In 2021 we continued our long standing support to the Coventry Citizens Advice Centre. In addition to providing funding for core services, we used money from dormant accounts to fund two trainee debt advisors to help meet growing demand.

We also extended our support to the Central England Law Centre, where in addition to providing funding for specialist debt advice for those at risk of becoming homeless, we provided funding for a mental health case worker, and again from dormant accounts, an additional intensive worker. All this support is directed to helping the most disadvantaged and vulnerable build financial resilience and be in a better position in relation to their housing situation.

Isolation and Vulnerability

Building on the important work of our branch network in their local communities as safe places.

Although hampered by pandemic restrictions, our colleagues got involved with a range of activities to support people feeling isolated - this included writing postcards and letters to people in care homes and volunteering as befrienders. We also brought together 33 over 60s for a Christmas lunch to help build connections and address loneliness.

Charitable Foundation

In addition to corporate donations and those made using dormant accounts, the Society's Charitable Foundation continued to make donations in 2021. During the pandemic, our grant criteria were amended to allow funds to go to grass roots organisations responding to immediate needs in the local community. In 2021, the Foundation distributed 19 grants totalling £78,000, benefitting over 9,000 people.

Volunteering

Every branch and team in the business is encouraged to adopt a local charity or community group to support through raising awareness, fundraising and volunteering. In 2021, a total of 66 organisations were supported in this way. We believe every individual plays a role in ensuring a healthy and thriving future for our communities. All employees are offered two days of paid leave to volunteer each year. In 2021, colleagues volunteered 3,894 hours and raised £123,820 supporting local charities and community groups.



Environment

We recognise that climate change is a critical issue for our stakeholders as well as for wider society. We also know that the other environmental impacts we have as a business need to be effectively managed and minimised. This section provides more details on our broader environmental performance in 2021.



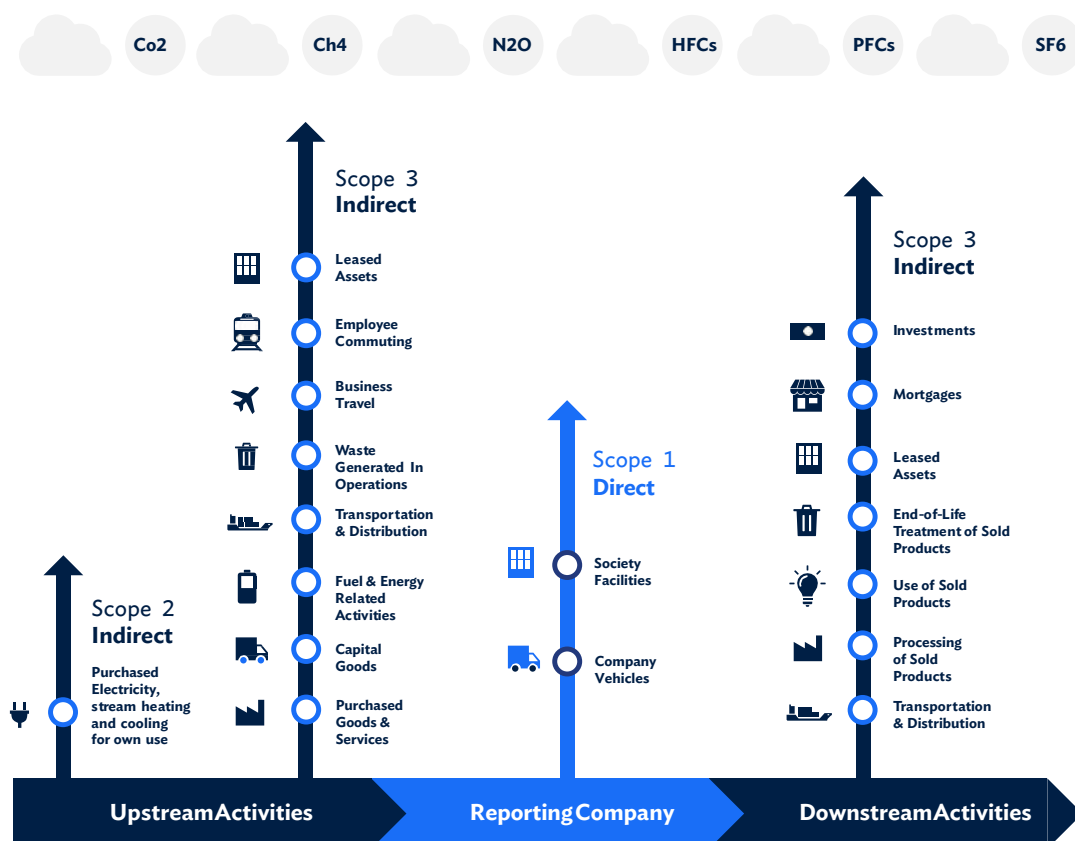
Our ambition

In 2021 our work on the environment was based around three themes:

1. The need to identify and set out our overall approach to emissions, including setting and agreeing specific targets and ambitions, which will guide the Society over the long-term.
2. Ensuring our business is climate resilient and can effectively identify and measure climate risks arising from our business model.
3. Measuring and reducing our broader environmental impacts.

When writing our first Climate section of the Annual Report, we've tried to do so in a way that is transparent and accessible. However, this is a new and emerging area from a reporting perspective and we recognise some of the language in this report requires further defining. A glossary can be found on page 193 which defines they key terminology used in this section.

The definitions for scope 1-3 emissions is visualised below and reflects industry standards.



Our Climate Action Plan

In 2021 we produced our first ever Climate Action Plan, which sets out in detail how the Society will respond to the climate challenge over the next five years. The Plan sets out our ambitions concerning emissions and set out changes we will make to how we operate our business and what we can do to help encourage retrofitting of houses to reduce emissions.

The Climate Action Plan key areas of focus over the next five years are summarised below:

Our climate plan			
To be Carbon Neutral for Scope 1 emissions by 2021	To be Net Zero for Scope 2 emissions by end 2021	To achieve Net Zero for Scope 3 upstream emissions by 2030	An ambition to be fully Net Zero by 2040, including on our Scope 3 mortgage loans
Our operations			
Reduce our demand for energy	Transition to 100% renewable energy	Engage with suppliers to reduce emissions in the products and services we buy	To have 100% electric vehicles in our fleet by 2030
Our products			
Launch green mortgage propositions	Reward energy performance improvements by our customers	Provide loans to finance 1,000 home energy improvements by 2023	
Our influence on society			
Proactively engage with our regulators on climate risk	Publish this climate plan and targets to stakeholders	Work with partners to deliver change and educate our employees and customers on climate matters	
Governance and risk			
Report annually on progress against our targets aligned to external frameworks	Obtain third party assurance and ISO certification	Seek Member endorsement of our Climate Action Plan	

Along with the above, the Societys plan is to achieve a Science Based Target by 2024, whereby we commit to significantly reducing our greenhouse gas emissions, in line with the goals of the 2015 Paris Agreement.

Our energy consumption

From November 2021 the Society procured 100% of its electricity needs from renewable sources (solar and wind) and 100% of our gas consumption came from biomethane or 'green gas'. During the year we completed a major procurement exercise designed to ensure all our energy comes from credible renewable sources. As a result from November 2021, all of our electricity consumption was certified with Renewable Energy Guarantees of Origin (REGO) backed Deep Green certificates, demonstrating our commitment to a carbon neutral world. Therefore, from November 2021 and following market-based reporting, the Society claims 0 tCO₂e/MWh of electricity consumed.

The Society seeks to reduce energy consumption through a range of approaches including tangible changes such as switching to LED lighting, refurbishing windows, installing solar panels and optimising building services (such as heating, cooling, ventilation and lighting). In 2021 as part of this effort, we installed 632 high-efficiency solar panels to power Coventry House, our newest head office building. These solar panels are expected to generate around 211,000kwh each year, producing on average around 30% of this building's electricity requirements.

Details of our energy consumption in 2020 and 2021 are set out below:

Energy consumption		2021	2020	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural gas (kWh)	3,352,305	3,150,749	6%
	Direct transport (kWh)	200,486	229,849	(13)%
	Gas oil (kWh)	19,089	3,932	386%
	Green diesel HVO (kWh)	19,860	—	—%
	Refrigerants (kg)	16	16	—%
	Total Scope 1 energy (kWh) excl refrigerants	3,591,740	3,384,530	6%
Scope 2: Electricity purchased	Total electricity (kWh)	6,694,859	7,216,648	(7)%
Total Scope 1 and 2 energy consumption (kWh)		10,286,599	10,601,178	(3)%

The figures provided above for energy consumption for 2021 are based on information provided by the Society's energy providers for the first 10 months of the year with estimates provided for the remainder of the period based on established usage patterns. Additional information from fuel cards, expenses claims for mileage and transport have been included in this assessment. The figures provided for 'Gas Oil' in the table above for 2021 reflect activity undertaken to replace diesel to meet new legislative requirements. The diesel removed will be recycled into compliant fuel for future use.

The following aspects are reported as zero in 2020 and 2021: Cooling Consumption, Steam Consumption. Similarly the Society reports zero in 2020 and 2021 for electricity, heating, cooling and steam sold.

Our emissions intensity

In 2021 the Society reported an energy intensity ratio of:

Intensity metric assessment		2021	2020	Variance
Intensity ratio (total gross Scope 1 and 2)	tCO ₂ e/net interest income £m	4.46	5.76	(23)%
Intensity ratio (total gross Scope 1, 2 and 3)	tCO ₂ e/net interest income £m	4.87	6.28	(22)%

Our emissions performance

The Society's targets and ambitions in relation to emissions are set out in our Climate Action Plan.

The Society was pleased to confirm that it achieved its Scope 1 and Scope 2 emissions targets for 2021. In 2021, the Society calculates that it produced 2,319 location based tCO₂e against its Scope 1, 2 and partial 3 emissions which is equal to an approximate 10% reduction compared to 2020.

In 2021, the Society arranged for an independent audit to verify its emissions and was certified under the Carbon Reduce Scheme. This means we now measure our greenhouse gas emissions in accordance with ISO 14064 - 1, a leading global standard for calculating emissions.

Our emissions data

Emissions assessment		2021	2020	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural gas (tCO ₂ e)	614	580	6%
	Direct transport (tCO ₂ e)	50	57	(12)%
	Gas oil (tCO ₂ e)	5	1	400%
	Green diesel HVO (tCO ₂ e)	0.07	—	—%
	Refrigerants (tCO ₂ e)	33	33	—%
	Total Scope 1 energy (tCO₂e)	702	671	5%
Scope 2: Electricity purchased heat and steam generated	Location based (LB) (tCO ₂ e)	1,422	1,682	(15)%
Location based	Total Scope 1 and 2 emissions (tCO₂e)	2,124	2,353	(10)%
Scope 3: Indirect emissions	Electricity T&D losses (tCO ₂ e)	126	145	(13)%
	Water (tCO ₂ e)	5	12	(58)%
	Indirect Transport (tCO ₂ e)	65	57	14%
	Total Scope 3 (indirect) emissions (tCO₂e)	196	214	(8)%
Total Scope 1, 2 (LB) and 3 (indirect) emissions (tCO₂e)		2,320	2,567	(10)%

The following points should be noted in relation to the data detailed on emissions in the table above:

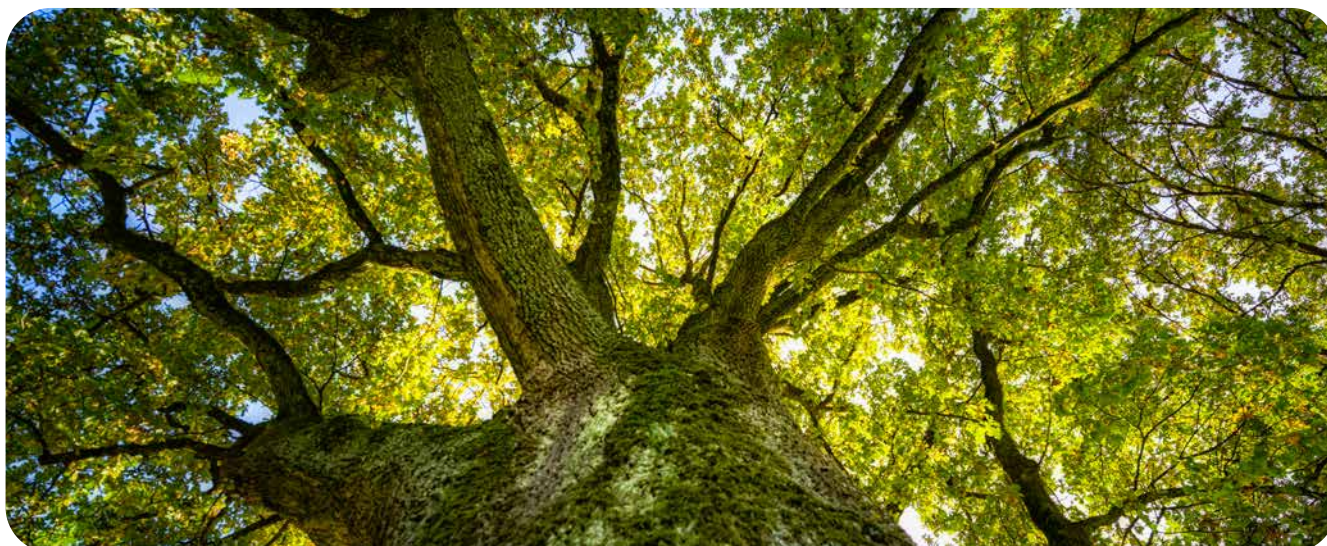
- (i) For emissions reporting, the Society has adopted 2020 as its base year, which is the year that was assessed as part of its ISO accreditation.
- (ii) No mandatory emissions have been excluded from this report.
- (iii) The DEFRA 2021 emissions factors have been applied and the methodology used to prepare this data is aligned with the GHG Protocol and Environmental Reporting Guidelines as published by HM Government, including streamlined energy and carbon reporting guidance.
- (iv) Approximately 20% of the energy data (kWh) and 19% of the emissions data (tCO₂e) are based on extrapolated values.
- (v) Electricity, Natural Gas, Direct Transport, Gas Oil, Green Diesel HVO, Refrigerants, Water and Indirect Transport are considered as relevant inputs for this data and all other emission types are not considered material.
- (vi) The Society had zero biogenic emissions in 2020 or 2021.
- (vii) For 2020 and 2021 the Society is not able to provide data on the global warming potential rates used. It is envisaged this will be covered in 2022.
- (viii) The data provided is for location based emissions and the Society is awaiting further Renewable Energy Guarantees of Origin (REGO) information to calculate the market-based emissions. It is envisaged that this will be completed in 2022.

Our Scope 3 Emissions

The Society sought to understand more about its Scope 3 emissions in 2021 and more details are provided below. In 2022 we will look to continue to develop our knowledge of this area.

Emissions assessment		2021
Scope 3: Upstream Emissions	Electricity T&D Losses (tCO ₂ e)	126
	Water (tCO ₂ e)	4.8
	Indirect transport (tCO ₂ e)	0.8
Scope 3: Downstream financed emissions	Absolute Financed Emissions (tCO ₂ e)	710,000
	Total Scope 3 Emissions (tCO ₂ e)	710,131

Further information on the Society's Scope 3 emissions can be found in the Annual Report.



Waste and recycling

The Society's waste related impacts primarily arise from the activities of our employees, operation of our facilities, and correspondence we send to third parties and our customers.

Since 2019, none of the Society's waste has been sent to landfill. In 2021 the Society generated approximately 529 tonnes of waste, of which 401 tonnes was diverted to recycling and 128 tonnes used for energy recovery. Of the 401 tonnes of recycling, 2 tonnes was of hazardous waste.

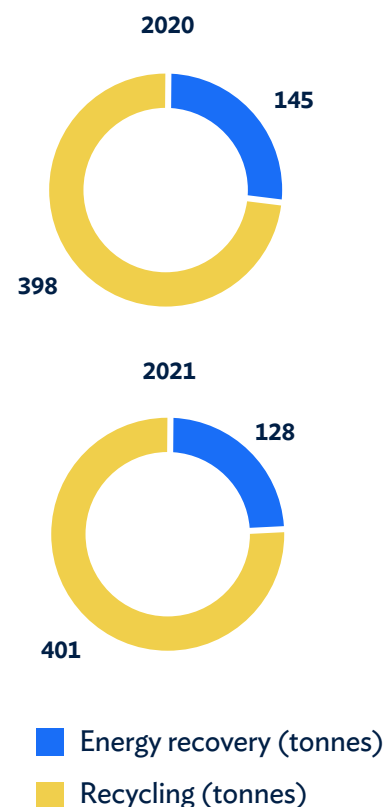
We seek to measure our waste related data by measuring the actual weight of the waste per collection undertaken. The data above has been completed by capturing every waste collection in the calendar year of 2020 and 2021. Where possible, the actual weight of the waste per collection has been used. Where not possible, then the national average has been used. The weight data is by waste type, and waste hierarchy and this process is managed by our third party waste contractor.

We have implemented a variety of strategies across the Society to reduce waste and increase the amount of reused and recycled products.

In 2021 we commenced a campaign with colleagues to reduce printing wherever possible. As part of our digital agenda, we anticipate that more of our communications with customers will be electronic rather than paper based.

With all these activities, we are looking to materially reduce our amount of waste, specifically the plastic and non-recyclable material, we generate.

Waste data



Waste breakdown	2021 waste in tonnes	2020 waste in tonnes
Bulky general waste including WEEE/ Hazardous	2	1
Bulky mixed general waste	4	2
Contaminated recycling	258	236
Dry mixed recycling	91	107
Food waste	12	11
General waste excess weight	1	2
General waste to energy	120	143
Paint waste	1	-
Paper and cardboard	40	42
Battery waste	-	1
Waste electricals (WEEE)	-	1
Grand total	529	544



Paper

100% of our paper consumption in 2021 originated from recycled sources or those certified by the Forest Stewardship Council (FSC). Overall paper usage across the Society has fallen from approximately 398 tonnes in 2020 to 312 tonnes in 2021.

During 2022 the Society is actively looking to reduce paper usage further, primarily through a reduction in the paper used for customer communications, in order to meet its 50% paper reduction target by 2023. Our investment in digital technology, as well as the change in customer behaviour, will be the main drivers of this reduction.

Our water consumption

The Society uses water for facilities in head office sites and branches. The Society uses registered water suppliers to meet its water and sewage requirements. Due to the nature of our business, the Society's water consumption does not have a material impact on the environment and therefore there are no reduction targets.

However, in 2021, we have continued to reduce our water consumption wherever possible by implementing water saving technologies at our head office sites, such as water saving taps and waterless urinals. Because of these water saving projects we have reduced our water usage by approximately 28% in 2021, when comparing usage to 2017.

In terms of 2021 performance, the Society's total consumption of water across all its sites equated to 11.49 megalitres. This figure was assessed by reference to water consumption invoices and conversions to tonnes of Co2e using DEFRA 2021 conversion factors.

Regulatory compliance

In 2021 the Society had no significant fines or non-monetary sanctions for non-compliance with environmental laws or regulations. Our environmental standards are published within our Environment Policy which is available on our website.

A responsible business

Being responsible impacts everything we do at the Coventry. Putting our values into practice shows we recognise that the way we conduct business matters. This section sets out how we delivered in 2021 against this objective.



Our governance on sustainability

The Society prides itself on high standards of corporate governance and this includes its approach to the management and oversight of sustainability related topics. In 2021 we reviewed whether our governance framework properly reflected our ambitions in relation to sustainability and we revised arrangements to ensure there was an appropriate focus on this important area.

This review began from the principle that the Board is ultimately accountable for the long-term stewardship of the Society and sets our strategic direction, including having responsibility for our approach to sustainability. More specifically, responding to the challenge of climate change and the risks associated with it is a topic of high importance to the Board.

The Board has oversight on five key aspects to deliver on its sustainability responsibilities:

- (i) the Board considers and approves the Society's annual strategic plan and monitors progress through the year
- (ii) the Board considers and approves the Society's sustainability vision and the actions required to achieve this vision
- (iii) the Board considers and approves an assessment of the Society's capital adequacy, known as an ICAAP, which includes scenario analysis of the climate change related risks relevant to the business
- (iv) the Board approves and receives updates on the Society's Climate Action Plan
- (v) the Board reviews sustainability related MI on a quarterly basis.

In late 2021 the Board added 'addressing climate change' as one of its eight strategic responsibilities, reflecting the importance of climate risk and the opportunities arising from the transition to Net Zero housing stock.

Throughout the year the Board received regular detailed updates on sustainability matters including on the challenge of climate change and the new opportunities it presents. The Board received two detailed updates on sustainability related matters including approving the Society's first ever Climate Action Plan. Through these actions the Board approved the Society's vision for sustainability, the material elements of the Society's 2021 Sustainability Plan. The Board agreed a set of sustainability related MI which is reviewed quarterly and ensures that the Society's sustainability impacts are regularly reviewed.

Committees of the Board also play an important role in terms of oversight of climate related matters. The Board Risk Committee oversee risks relating to climate and receives updates on this topic every six months. In addition, the Chief Risk Officer's Report, which is considered at every meeting of the Board Risk Committee and Board, includes key updates on climate risk related matters. The Board Audit Committee has responsibility for oversight of non-financial disclosures, which include disclosures concerning climate and sustainability matters. From 2022 the Nominations & Governance Committee will review the effectiveness of these processes and report on this to the Board on an annual basis.

Management's role

Steve Hughes, CEO, has overseen the Society's engagement on a range of climate change matters as part of the broader sustainability agenda.

The General Counsel, who attends the Board, has delegated responsibility for co-ordinating the Society's response to climate change, including ensuring risks arising from climate change are identified, considered and managed. He is the senior manager responsible for ensuring the identification and management of the financial risks to the firm arising from climate change under the Senior Managers Regime. The CRO is responsible for overseeing implementation of an appropriate strategy to understand, identify, measure, monitor, control and report risks from climate change in line with the Society's risk appetite set by the Board Risk Committee. The CRO also supports in the development of appropriate processes to monitor and report exposures to the risks from climate change.

Climate risk is currently categorised as part of Strategic Risk under the Society's Enterprise Risk Management Framework (ERMF). It is governed by the Executive Risk Committee (ERC) and relevant risk management committees. The ERC is chaired by the CRO, with membership formed from the executive team and has responsibility for executive oversight of climate related risks. The ERC monitors and reviews the risk exposures of the Society in accordance with the ERMF, Board risk appetite and the Society's Strategic Plan.

To support the ERC on its approach to climate change risk management and oversee progress a Climate Change Working Group has been established. Meeting monthly, the Climate Change Working Group comprises members from the Society's Risk, Finance, Strategy, Treasury and Governance Functions. This broad membership ensures appropriate consideration, monitoring and management of climate-related risks by senior management.

Further detailed consideration of climate risk is undertaken at the Retail Credit Risk Committee and Assets and Liabilities Committee, with a particular focus on the market and credit risks raised by climate risk.

The Executive team devote time monthly to the oversight of People & Purpose. The execution of the Society's Climate Strategy within the context of our broader sustainability agenda is overseen through this forum, chaired by the Chief People Officer. An ESG Working Group, which is co-chaired by the Chief People Officer and General Counsel develops and oversees the delivery of the Society's Sustainability Strategy and is comprised of senior leaders across the operations, product, risk, communications, strategy, legal and shared services functions.

More details about the activities of our Board can be found in the Governance Report set out in the Annual Report.



Government and regulators

The Society is a politically neutral organisation and does not participate in political discussions. This approach is formalised in our Political Lobbying Policy, which is overseen by the Nominations & Governance Committee.

We comply with legal requirements on disclosing political donations and we do not provide financial support to political parties. Consistent with this policy in 2021 the Society made no political contributions directly or indirectly including in-kind contributions.

In 2021 the total monetary value of financial assistance received by the Society from any governmental body was zero. No governmental body has any ownership stake in the Society.

As a firm regulated under FSMA the Society regularly engages with the PRA and FCA concerning matters of interest to the Society's members and the future success of the Society. In respect of consultations held by public bodies in 2021, the Society participated as follows:

- (i) responding to the Independent Anti- Slavery Commissioner on how to tackle modern slavery in the UK financial services sector
- (ii) responding to the PRA on CP14/20 – Internal Ratings Based UK mortgage risk weights: Managing deficiencies in model risk capture
- (iii) responding to the Bank of England's review of its approach to setting a minimum requirement for own funds and eligible liabilities (MREL)
- (iv) responding to the HMT Payment Accounts Regulations Review
- (v) responding to the FCA CP21/13 A New Consumer Duty.

In 2021, the Society worked with the Green Finance Institute to engage the Government to consider reforms to the stamp duty regime to encourage more energy efficient homes.

Engaging with peers

We actively engage in regular discussions on sustainability issues with specialists in peer firms, local organisations and more widely through trade bodies and associations. Sharing such experiences and assessments of corporate responsibility and sustainability issues helps us to compare and improve our strategy in the area of sustainability.

We are members of two trade bodies - UK Finance and the Building Societies Association (BSA). We work with these bodies on a range of matters which are in the long-term interests of our members. Our Chief Executive is on the board of UK Finance and a member of the BSA Council.

Advancing sustainability in the financial sector

In 2021 the Society became a signatory to the UNEP Principles of Responsible Banking, UNGC and UN SDGs. In addition it became a member of Bankers for Net Zero and the UK Sustainable Investment and Finance Association. All these activities are applicable to the Society's activities in the United Kingdom.



Combating financial crime

We are committed to combating money laundering, corruption and terrorist financing. The Board Risk Committee oversees annually the approval of both the Anti-Money Laundering, Terrorist Financing and Facilitation of Tax Evasion Risk Management Policy and the Anti-Bribery and Inducements Policy.

Each of these policies provides for more detailed arrangements, procedures and internal controls that are designed to ensure the Society complies with relevant laws and regulations intended to prevent, detect and report money laundering, corruption and terrorist financing.

The Board oversees our efforts to combat money laundering, corruption and terrorist financing. These efforts are led by a dedicated team of anti-money laundering compliance experts reporting to the Money Laundering Reporting Officer.

At the Society, we apply a risk-based approach and have a framework in place to identify and manage potential money laundering risks associated with customers and transactions. With our systematic assessment of money laundering risks we strive to arrive at the appropriate level of initial and ongoing due diligence and monitoring of transactions throughout the course of a relationship. Our anti-money laundering (AML) policy sets out the processes and risk criteria pertaining to politically exposed persons (PEPs).



Anti-bribery and anti-corruption

The Society's dedicated Financial Crime Function oversees the Society's risks relating to corruption. It maintains a policy framework that focuses on preventing the misuse of the financial system, including in relation to bribery and which is explicitly aligned to ISO 37001, the global standard for organisations on anti-bribery management. The specific anti-corruption standards of conduct that apply to all employees are also set out in the Anti-Bribery and Inducements Policy. The policy sets out our zero-tolerance stance toward corruption and prohibits all forms of bribery by the firm and our employees, including facilitation payments.

Anti-corruption policies and procedures that aim to prevent bribery occurring throughout our operations apply to all functions of the Society. These policies are derived from the standards set out in the Anti-Bribery and Inducements Policy which is overseen by the Operational Risk Committee.

An annual report on this topic is presented to Board Audit Committee which oversees the effectiveness of our arrangements. In addition activities in this area are periodically reviewed by our independent Compliance Function.

The review undertaken in 2021 identified no material concerns.

The results of this activity confirmed that the Society's overall risk level is rated as low due to its relatively simple business model. However, three areas are deemed to have a slightly higher inherent level of bribery risk; Treasury, Intermediaries and Procurement. The assessment of the controls in those areas concluded that the controls in place are effective in mitigating bribery risk.

Details of the Society's anti-corruption procedures have been communicated to all of the Society's Board members when that individual joins the Board.

All employees (temporary and permanent) are required to complete financial crime training which covers anti-money laundering (AML), fraud and anti-corruption. The training is mandatory and must be completed at least on an annual basis. In 2021 over 98% of employees were confirmed as having undertaken training on this area. In addition, as part of the 'Annual Statement of Personal Responsibility' all colleagues attest that they understand their

responsibilities, relating to anti-corruption. All such colleagues are located in the UK. Suppliers are subject to due diligence processes managed by the Procurement Function, both at on-boarding and on a regular basis thereafter, which includes checks on adherence to relevant anti-bribery and anti-corruption requirements

In 2021 there were no confirmed incidents of corruption, no employees were dismissed or disciplined for corruption, no suppliers were terminated due to corruption and no public legal cases were brought against the Society or its employees brought against the Society alleging corruption.

Managing tax

The Society is resident for tax purposes in the United Kingdom. The Society has in place a tax strategy which can be accessed at our website.

The Society's tax strategy is the day to day responsibility of the Chief Financial Officer and is overseen by the Board Audit Committee, which reviews and endorses this document on an annual basis. In the event a significant change to the tax strategy is required, this would be a decision for the entire Board. In 2021 no major changes were made to the Society's tax strategy. The Society is focused on an approach which is open and transparent and looks to comply with the spirit and the letter of HMRC rules and engage with HMRC in an open and collaborative manner. In 2021 the Society's approach to tax resulted in it receiving the Fair Tax Mark from the Fair Tax Foundation. This accreditation reflects the importance of tax to the Society's overall strategy for sustainability. Due to the Society's low risk approach on tax, no specific activity was undertaken to engage on this topic with stakeholders in 2021.

Management of the Society's tax affairs in line with the Society's tax strategy under the leadership of the Chief Financial Officer is undertaken by a dedicated team within the Finance Function. There are no specific arrangements for employees to report concerns about unethical or unlawful behaviour on tax matters, but employees can utilise the whistleblowing and grievance procedures described above. In 2021 no such concerns were raised by any employee.

Human rights and responsible business conduct

In assessing the Society's potential human rights impacts we focus on three key stakeholder groups: colleagues, customers and suppliers. With regard to colleagues, the Society, through its people policies and practices, meets the obligations of the Society as an employer.

We review our people policies and practices on a regular basis to ensure that human and labour rights continue to be respected. Our responsibilities for employees are detailed in our Employee Code of Conduct.

With regard to customers, our customer facing colleagues are trained and have access to materials on topics such as vulnerable customers and financial crime risks. We regularly provide members with information on these topics.

With regard to our suppliers, we identify high-risk suppliers when establishing new contracts or renewals based on the suppliers' provision of goods and services that have either a substantial environmental and social impact or are sourced in markets with potentially high social risks. We also regularly screen new and existing suppliers as part of our control processes.

By engaging with suppliers to promote responsible practices, we look to reduce negative environmental and social effects of the goods and services the Society's purchases. Our Supplier Code of Conduct embeds the Society's ethics and values in our interactions with our suppliers, contractors and service partners. Since 2021, firm-wide guidelines have provided systematic assistance on identifying, assessing and monitoring supplier practices in the areas of human and labour rights, environmental protection and corruption.

The Society's approach to responsible business conduct springs from its values and is set out across a range of different policy documents.

Responsible business conduct towards the Society's customers is detailed in the Society's Conduct Risk Framework. Conduct between colleagues is detailed in the Employee Handbook, which also details how colleagues are expected to engage with customers.

Responsible business conduct towards suppliers is detailed in the Society's Supplier Code of Conduct.

The Society has in place comprehensive policy standards concerning its key activities, including the activities it undertakes in relation to its customers, its suppliers and the environment.

The responsibilities for implementing these requirements are covered in the Society's Enterprise Risk Management Framework which is overseen by the Board Risk Committee and ultimately approved annually by the Society's Board. Compliance with regulation and ensuring the Society is acting fairly in relation to its customers is the specific responsibility of the Conduct Risk and Compliance Committee, which reports to the Board Risk Committee.

For suppliers, requirements are detailed in the Society's Procurement Policy as well as the Supplier Code of Conduct.

Grievances, raising concerns and whistleblowing

We strive to maintain high legal, regulatory and ethical standards. We have longstanding procedures to help us resolve employee grievances and employees are strongly encouraged to speak with their line manager or the People Function about any concerns. Colleagues can also consult specialist departments such as Financial Crime, Compliance and Legal should they require advice about ethical or lawful behaviour in the course of doing their job.

In the event an employee has a concern about something, our whistleblowing policy and procedures offer multiple channels (including an externally operated whistleblowing hotline) for colleagues to raise concerns about any suspected breaches of laws, regulations, rules or other legal requirements, sexual misconduct or harassment, policies or professional standards. They may raise concerns openly or anonymously. Investigations of concerns raised is overseen by the dedicated Whistleblowing Committee, which is comprised of a range of senior individuals in the Society and is overseen by the Head of Enterprise Shared Services, who reports to the Chief Customer Officer. The Whistleblowing Policy and an annual Whistleblowing Report is considered by the Board Audit Committee. In addition the Committee meets twice annually without management present with the Head of Enterprise Shared Services to review any whistleblowing cases which have arisen. The Chair of the Board Audit

Committee is also the 'Whistleblowing Champion' and reports to the Board regularly on this topic as well as overseeing the processes described above. All of the Society's employees have to complete mandatory training on whistleblowing which sets out how matters can be raised and confirms this can be done anonymously. In 2021 zero critical concerns were communicated to the Board.

Our policies do not tolerate harassment of any kind, including sexual harassment, and our whistleblowing policies, procedures, employee education and awareness materials specifically encourage employees to raise concerns.

The Society prohibits retaliation against employees for reporting a concern that they reasonably believe constitute a breach or violation of this kind.

More generally there are a range of policies in place relating to how each Function within the Society should operate. Should colleagues at the Society consider that these policies are not being followed they can raise concerns to their line manager, the People Function or via the whistleblowing processes summarised above. In addition colleagues can raise concerns with the Compliance Function or Legal Function should they have a question concerning compliance with regulation or law. Suppliers tendering for opportunities with the Society are able to express concerns related to the sourcing process during or after the tender process completes. The bid documents contain information about how to do this. Current suppliers are able to express concerns related to their existing relationship by using a dedicated email address and detailing their experience.

In relation to the Society's products, the Society's customers are provided with a range of ways to contact the Society should they have a concern or complaint. Complaint procedures follow relevant regulatory requirements and are handled by a dedicated Customer Relations Function. Should a customer not be satisfied with the response received, they are notified of their ability to notify the Financial Ombudsman Service (FOS), which reviews the complaint and has the authority to require the Society to provide redress in cases where the FOS finds in favour of the customer. The Society carefully monitors the number of complaints it receives, the root causes of such complaints and the number of cases referred to and upheld by the FOS. These matters are also reviewed by the Executive and Board regularly.

Compliance with law and regulations

During the reporting period, there were no significant instances of non-compliance with law and regulation. Legal risk more generally is managed as a sub-set of operational risk within the Society's Enterprise Risk Management Framework.

During 2021 the Society was subject to zero legal actions pending or completed concerning anti-competitive behaviour and violations of anti-trust and monopoly legislation. Similarly the Society in 2021 did not have any significant fines or non-monetary sanctions applied for non-compliance with laws or regulations relating to social or economic matters.

Health and Safety

The Society's Board has nominated the Chief Customer Officer as the director with responsibility for health and safety. The Society has implemented and maintains an occupational health and safety management system. The system is based on the UK's Health and Safety Executive's HSG 65 (Managing for Health and Safety) The system is maintained by a dedicated Health and Safety team.

The scope of the occupational health and safety management system applies to all Society premises (occupied and not occupied) and all of its employees (including full-time, part-time, and temporary workers), Customers and others (including third-party contractors, visitors, and the general public) who may be affected by its activities.

Colleagues are encouraged to report work-related hazards and hazardous situations through the Society's near-miss reporting system maintained and monitored by the Health and Safety Function. Employees are also free to report hazards or hazardous conditions to their union representatives

or their functional employee safety representative, line manager or regulatory authorities. Colleagues are protected against reprisals by the Society's Whistleblowing Policy and Anti-bullying and Harassment Policy.

Work related incidents are investigated by the Health and Safety Team and reported to the Health & Safety Committee, which is chaired by the Chief People Officer.

The Society operates a Health and Safety Forum which meets quarterly. The purpose of the Forum is to ensure suitable arrangements for consultation with employees on all aspects of health and safety at the Society. The Forum consists of management, representatives appointed by Unite the Union and representatives of employee safety across the Society's branch network and head office sites. The role of the representatives is independent of management and their responsibilities include representing the workforce on health and safety generally or making representations on potential hazards and dangers for their area; participating in accident investigations and workplace inspections.

All employees are required to undertake mandatory online health and safety training as part of their induction and annually thereafter. In the reporting period, the Society's occupational health and safety management system covered 100% of employees and 100% of all workers who are not employees but whose work or workplace are controlled by the Society. The Society's occupational health and safety management system is subject to internal audit. In the reporting period, the scope of the audit was limited to the risk management of COVID-19 concerning employees. In the reporting period, the Society's occupational health and safety management system was not audited or certified by an external party.

For more information and data regarding our Health & Safety, please refer to Appendix IV.

Data Privacy

The Society processes large amounts of personal information every day and we take our data protection responsibilities seriously.

The privacy notices on our website provide full details of the processing activities we undertake across the Society and the rights individuals have regarding their information. We also have an internal Data Protection policy which is reviewed annually and documents the risks that need to be managed and the minimum control standards that need to be adhered to, to ensure all personal information is protected and an individual's right to privacy is observed at all times. This policy is aligned to the data protection legislation which applies to the Society. All colleagues are required to complete training annually to ensure they clearly understand the obligations placed on them in relation to data protection.

The policy is owned and overseen by the Society's Data Protection Officer, the General Counsel. The DPO is supported by a Data Protection team who advise and support on the Society's obligations and undertake assurance activities to ensure ongoing compliance with data protection legislation.

They also act as a contact point for data protection regulatory bodies, such as the Information Commissioner's Office and individuals who wish to raise concerns regarding the processing of their personal information.

Data breaches can occur in the form of a malicious attack or accidental error. The Society operates a robust process to ensure data breaches are identified, reported and resolved appropriately. Whilst errors occur from time to time, the Society has not experienced any significant or wide-spread data breaches that have compromised the security of the personal information it is custodian of in 2021.

(a) In 2021 the total number of substantiated complaints received concerning breaches of customer privacy was as follows:

Complaints received from outside the Society and substantiated by the Society: 49

Complaints from regulatory bodies: 0

(b) In 2021 the total number of identified thefts, leaks or losses of customer data: 0

The complaints which were substantiated came from the Society's members and primarily arose in isolated circumstances where the Society sent information in the post to an incorrect address. The complaints received principally relate to events which occurred in 2021.



Cyber Security

Cyber Security remains a Tier 1 threat to the economy of the UK with the scale of threat to the financial industry from cyber-attacks being significant. In 2021 the Society continued to strengthen and improve its security around customer data, commercial information and our people through the deployment of market leading tools and controls.

We have continued to increase colleague awareness of online threats through a mandatory training programme and regular themed 'spotlight' campaigns which have highlighted cyber security safety in the workplace.

We have further strengthened our data leakage controls to reduce the risk of data leaving the organisation or being shared inappropriately.

A dedicated security operations team is in place to effectively respond to emerging cyber threats with playbooks supporting this managed and measured approach. This team oversees the operation of layered security controls to protect the Society from cyber-related incidents.

We have experienced no significant cyber-related incidents over the last year.



Reporting standards and methodologies

We have prepared our GHG reporting in accordance with key concepts and requirements stated by the International Organisation for Standardisation in ISO 14064-1 (specification with guidance at the organisation level for quantification and reporting of GHG emissions and removals) and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

The Society's environmental and GHG reporting has been prepared based on a reporting year of 1 January to 31 December. All GHG emission figures are in tons of carbon dioxide equivalents (CO₂e) and include three of the six GHGs covered by the GHG Protocol – carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). We have omitted hydrofluorocarbon (HFC) emissions from our reporting, as they are not a material source of GHGs for the business. There are no GHG sources contributing to perfluorocarbons (PFCs) and sulphurhexafluoride (SF₆) emissions.

Direct GHG emissions and indirect GHG emissions from electricity have been reported by the Society, its branches, representative offices and entities where we have operational control.

We have determined the GHG emissions associated with Society activities on the basis of measured or estimated energy and fuel use, multiplied by relevant GHG emission factors.

Where possible, fuel or energy use is based on direct measurement, purchase invoices or actual mileage data covering more than 80% of our reported energy usage. In other cases it has been necessary to make estimations.

We used published national conversion factors and global warming potentials (GWPs) to calculate emissions from operations. In the absence of any such national data, we used the UK Government GHG Conversion Factors for Company Reporting for the calculation of GHG emissions.

The GHG base year was set as 2020 as this was the first year we reported detailed GHG emissions verified according to ISO 14064-1. The 2020 GHG footprint baseline is 2,567 tCO₂e and consists of 728 tCO₂e Scope 1, 1,682 tCO₂e net Scope 2, and tCO₂e Scope 3 157 tCO₂e. The appropriateness of the base year will be reviewed on an annual basis. In 2022, we will set further quantitative targets for energy, paper, waste and water.



Appendices

All data reported in Appendices is at 31 December 2021 unless otherwise stated

Appendix I- GRI Topics

The following table provides an overview of all topics used in the matrix and the relevant GRI topic.

Product design	Our products are mortgages and savings. We design different types of mortgage and savings products in response to economic and market changes, the needs of our members, and the long term sustainability of our business.	GRI 417 Marketing and Labelling
Climate action	Taking action to identify and manage the risk that climate change presents to our business, and ensuring we make changes to our business to reduce our own impact, and supporting our members to reduce theirs.	GRI 305 Emissions
Talent	Recruiting and developing the people we need to grow a successful business. This includes supporting our colleague wellbeing and career development, and working with local schools to ensure local young people will have the skills businesses need in the future.	GRI 401 Employment GRI 404 Training and Education GRI 201 Economic Performance
Home ownership	Supporting people on their home ownership journey, ensuring their mortgage product is the right fit.	GRI 201 Economic Performance GRI 203 Indirect Economic Impacts
Savings habits	Encouraging people to build financial resilience through developing savings habits.	GRI 201 Economic Performance FS Product Portfolio
Responsible sourcing	Choosing to purchase from organisations who are also committed to sustainability.	GRI 204 Procurement Practices
Managing risk, both financial and non-financial	Financial risks are those risks which could lead to a loss of capital, or impact our ability to raise funds. Non-financial risks are all other risks, this could be conduct risk, reputational risk, cyber risk, regulatory etc.	GRI 205 Anti-Corruption GRI 207 Tax
Ethics, values and culture	The beliefs and behaviours that guide how we do business and interact with our stakeholders.	
Diversity & Inclusion	Diversity relates to the different types of people who form the workforce, and inclusion is how valued all colleagues feel for their different perspectives.	GRI 405 Diversity & Inclusion GRI 406 Non-discrimination GRI 419 Socioeconomic Compliance

Financial literacy	Being able to understand and effectively use financial skills, for example personal financial management and budgeting.	
Financial inclusion	Ensuring people have access to the financial products and services they need, and that these are delivered in a responsible way.	
Digitisation	Moving away from paper based and face to face interactions, and towards offering products and services digitally on IT platforms that are safe, secure and easy to use.	
Stability of IT Platforms	Having an IT infrastructure that is safe and reliable, and able to withstand changes and cyber-attacks.	GRI 401 Security Practices
Data Security	Protecting data from unauthorised access and data corruption.	GRI 418 Customer Privacy
Business Model Resilience	Ensuring that our business can survive under potentially different conditions. This includes economic and societal shocks such as global pandemic, financial crash etc.	GRI 201 Economic Performance
Good Governance	Ensuring we are a well governed institution making good decisions that are clearly recorded and appropriately challenged.	GRI 205 Anti-Corruption GRI 206 Anti-Competitive Behaviour GRI 102 General Disclosures



Appendix II GRI content index

Global Reporting Initiative content index 2021

This content index refers to the Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board and the Financial Services Sector Supplements which form a voluntary reporting framework for the disclosure of sustainability performance.

These disclosures have been overseen by the Board Audit Committee and approved by the Board. These disclosures have not been, and are not required to be, subject to an independent external audit and do not constitute any part of the Society's financial statements.

This report has been prepared in accordance with the GRI Standards: Core Option.

Key

GRI Standard Based on 2016 GRI disclosures

Disclosure Number and title of GRI disclosure

Reference Section of publication or web page which covers the GRI information

Page Page reference in the Coventry Building Society 2021 Annual Report & Accounts (ARA) or Coventry Building Society 2021 Sustainability Report (SR).

The Coventry Building Society Annual Report & Accounts is available at <https://www.coventrybuildingsociety.co.uk/member/financial-results.html>

and the Coventry Building Society Sustainability webpage is available at <https://www.coventrybuildingsociety.co.uk/member/sustainability.html>

Contacts

The Society's Media team acts as the point of contact for sustainability related enquiries:

media@thecoventry.co.uk



GRI Standard	Disclosure	Reference	Page
102 General Disclosures	102-1 Name of the organisation	Welcome to our Sustainability Report	SR p2
	102-2 Activities, brands, products, and services	The way we work	SR p7
	102-3 Location of headquarters	Welcome to our Sustainability Report	SR p2
	102-4 Location of operations	Welcome to our Sustainability Report	SR p2
	102-5 Ownership and legal form	The way we work	SR p8
	102-6 Markets served	The way we work	SR p8
	102-7 Scale of the organisation	Our 2021 workforce at a glance The way we work Income Statements Members and customers	SR p27 SR p7 ARA p141 SR p18
	102-8 Information on employees and other workers	Our 2021 Workforce at a glance	SR p27
	102-9 Supply chain	Suppliers	SR p30
	102-10 Significant changes to the organization and its supply chain	Suppliers	SR p30
	102-11 Precautionary Principle or approach	Our strategic priorities	SR p9
	102-12 External initiatives	Governments and regulators	SR p44
	102-13 Membership of associations	Governments and regulators	SR p44
	102-14 Statement from senior decision-maker	A message from Steve Hughes	SR p4
	102-15 Key impacts, risks, and opportunities	Top and emerging Risks	ARA p28
	102-16 Values, principles, standards, and norms of behaviour	Our strategic priorities	SR p9
	102-17 Mechanisms for advice and concerns about ethics	A responsible business	SR p46
	102-18 Governance structure	Directors' Report on Corporate Governance A responsible business	ARA p91 SR p42
	102-19 Delegating authority	Directors report on Corporate Governance A Responsible Business	ARA p97 SR p42
	102-20 Executive-level responsibility for economic, environmental, and social topics	Directors report on Corporate Governance A Responsible Business	ARA p95 SR p42

GRI Standard	Disclosure	Reference	Page
102 General Disclosures	102-21 Consulting stakeholders on economic, environmental, and social topics	Understanding the views of stakeholders Directors Report on Corporate Governance	SR p15 ARA p92
	102-22 Composition of the highest governance body and its committees	Directors Report on Corporate Governance A Responsible Business	ARA p91 SR p42
	102-23 Chair of the highest governance body	Directors Report on Corporate Governance	ARA p91
	102-24 Nominating and selecting the highest governance body	Nominations and Governance Committee Report	ARA p101
	102-25 Conflicts of interest	Directors Report on Corporate Governance	ARA p99
	102-26 Role of highest governance body in setting purpose, values, and strategy	Directors Report on Corporate Governance	ARA p92
	102-27 Collective knowledge of highest governance body	Directors Report on Corporate Governance	ARA p99
	102-28 Evaluating the highest governance body's performance	Directors Report on Corporate Governance	ARA p102
	102-29 Identifying and managing economic, environmental, and social impacts	Directors Report on Corporate Governance	ARA p91
	102-30 Effectiveness of risk management processes	Board Risk Committee	ARA p106
	102-31 Review of economic, environmental, and social topics	Directors Report on Corporate Governance	ARA p96
	102-32 Highest governance body's role in sustainability reporting	Our Sustainability Strategy Our Sustainability Strategy	SR p10 ARA p21
	102-33 Communicating critical concerns	A Responsible Business	SR p47
	102-34 Nature and total number of critical concerns	A Responsible Business	SR p47
	102-35 Remuneration policies	Director's Remuneration Report	ARA p115
	102-36 Process for determining remuneration	Director's Remuneration Report	ARA p115
102-37 Stakeholders' involvement in remuneration	Director's Remuneration Report	ARA p115	

GRI Standard	Disclosure	Reference	Page
102 General Disclosures	102-38 Annual total compensation ratio	Director's Remuneration Report	ARA p124
	102-39 Percentage increase in annual total compensation ratio	Director's Remuneration Report	ARA p124
	102-40 List of stakeholder groups	Our Stakeholders	ARA p17
	102-41 Collective bargaining agreements	Employees	SR p25
	102-42 Identifying and selecting stakeholders	Our Stakeholders	ARA p8
	102-43 Approach to stakeholder engagement	Understanding the views of stakeholders	SR p15
	102-44 Key topics and concerns raised	Our Stakeholders Materiality Assessment	SR p16
	102-45 Entities included in the consolidated financial statements	Notes to the accounts (Note 16)	ARA p171
	102-46 Defining report content and topic Boundaries	Materiality Assessment	SR p16
	102-47 List of material topics	GRI Topic	SR Appendix 1
	102-48 Restatements of information	Not applicable	
	102-49 Changes in reporting	Not applicable	
	102-50 Reporting period	Welcome to our Sustainability Report	SR p2
	102-51 Date of most recent report	Not applicable	
	102-52 Reporting cycle	Welcome to our Sustainability Report	SR p2
	102-53 Contact point for questions regarding the report	Welcome to our Sustainability Report	SR p2
	102-54 Claims of reporting in accordance with the GRI Standards	Welcome to our Sustainability Report	SR p2
	102-55 GRI content index	Welcome to our Sustainability Report	SR p2
102-56 External assurance	Welcome to our Sustainability Report	SR p2	
103 Management Approach	103-1 Explanation of the material topic and its Boundary	Materiality Assessment	SR p17
	103-2 The management approach and its components	Materiality Assessment	SR p17
	103-3 Evaluation of the management approach	Materiality Assessment	SR p17
201 Economic Performance	201-1 Direct economic value generated and distributed	Income Statements	ARA p141

GRI Standard	Disclosure	Reference	Page
201 Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	Climate Strategy and TCFD	ARA p73
	201-3 Defined benefit plan obligations and other retirement plans	Notes to the Accounts – Note 19	ARA p176
	201-4 Financial assistance received from government	Not applicable	
202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not Applicable	
	202-2 Proportion of senior management hired from the local community	Employees	SR p27
203 Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Not Applicable	
	203-2 Significant indirect economic impacts	Not Applicable	
204 Procurement Practices	204-1 Proportion of spending on local suppliers	Suppliers	SR p30
205 Anti-corruption	205-1 Operations assessed for risks related to corruption	A Responsible Business	SR p45
	205-2 Communication and training about anti-corruption policies and procedures	A Responsible Business	SR p45
	205-3 Confirmed incidents of corruption and actions taken	Not Applicable	
206 Anti-Competitive Behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Not Applicable	
207 Tax	207-1 Approach to tax	A Responsible Business	SR p46
	207-2 Tax governance, control, and risk management	A Responsible Business	SR p46
	207-3 Stakeholder engagement and management of concerns related to tax	A Responsible Business	SR p46
	207-4 Country-by-country reporting	We are not required to submit country by country reports as we do not have any entities in any jurisdictions outside the UK.	

GRI Standard	Disclosure	Reference	Page
302 Energy	302-1 Energy consumption within the organization	Energy Consumption	SR p37
	302-3 Energy intensity	Energy consumption, Our Energy Intensity	SR P38
	302-4 Reduction of energy consumption	Energy Consumption	SR p38
303 Water and effluents	303-5 Water Consumption	Energy Consumption, Our Water Consumption	SR p41
305 Emissions	305-1 Direct (Scope 1) GHG emissions	Energy Consumption	SR p38
	305-2 Energy indirect (Scope 2) GHG emissions	Energy Consumption	SR p38
	305-3 Other indirect (Scope 3) GHG emissions	Energy Consumption	SR p38
	305-4 GHG emissions intensity	Energy Consumption	SR p38
	305-5 Reduction of GHG emissions	Energy Consumption	SR p38
306 Waste	306-1 Waste generation and significant waste-related impacts	Waste and Recycling	SR p40
	306-2 Management of significant waste-related impacts	Waste and Recycling	SR p40
	306-3 Waste generated	Waste and Recycling	SR p40
	306-4 Waste diverted from disposal	Waste and Recycling	SR p40
	306-5 Waste directed to disposal	Waste and Recycling	SR p40
307-1 Non-compliance with environmental laws and regulations	307-1 Non-compliance with environmental laws and regulations	Regulatory Compliance	SR p41
GRI 401 Employment	401-1 New employee hires and employee turnover	Employees	SR p27
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees	SR p23
	401-3 Parental leave	Employees	SR p27
GR1 402 Labour/ Management Relations	402-1 Minimum notice periods regarding operational changes	Employees	SR p26

GRI Standard	Disclosure	Reference	Page
403 Occupational Health and Safety	403-1 Occupational health and safety management system	Health and Safety	SR p48
	403-2 Hazard identification, risk assessment, and incident investigation	Health and Safety	SR p48
	403-3 Occupational health services	Health and Safety	SR p48
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and Safety	SR p48
	403-5 Worker training on occupational health and safety	Health and Safety	SR p48
	403-6 Promotion of worker health	Not applicable	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety	SR p48
	403-8 Workers covered by an occupational health and safety management system	Health and Safety	SR p48
	403-9 Work-related injuries	Health and Safety	SR Appendix IV
	403-10 Work-related ill health	Health and Safety	SR Appendix IV
404 Training and Education	404-1 Average hours of training per year per employee	Employees	SR Appendix IV
	404-2 Programs for upgrading employee skills and transition assistance programs	Employees	SR p22
	404-3 Percentage of employees receiving regular performance and career development reviews	Employees	SR p22
405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Governance Additional GRI disclosure information	ARA p84 Appendix IV
	405-2 Ratio of basic salary and remuneration of women to men	Gender Pay Gap	Visit www.thecoventry.co.uk
406 Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	Employees	SR p25
413 Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Our Communities	SR p33
415 Public Policy	415-1 Political contributions	Directors Report	ARA p127

GRI Standard	Disclosure	Reference	Page
417 Marketing and Labelling	417-2 Incidents of non-compliance concerning product and service information and labelling	Customers	SR p20
	417-3 Incidents of non-compliance concerning marketing communications	Customers	SR p20



Appendix III: TCFD Index

TCFD Disclosure		Location of Disclosure
Governance – Describe the organisation’s governance around climate-related risks and opportunities		
a) Describe the board’s oversight of climate-related risks and opportunities	Process and frequency the board are informed about climate related issues	Board Oversight of Climate Risks and Opportunities, p76
	The influence on reviewing and guiding business strategy, targets, and actions	Board Oversight of Climate Risks and Opportunities, p76
	How does the board monitor and oversee progress against climate-related issues	Board Oversight of Climate Risks and Opportunities, p76
b) Management’s role in assessing and managing climate-related risks and opportunities	Responsibilities for reporting climate-related issues to the board	Management Oversight of Climate Related Issues, p76
	Description of organisation structure	Governance, p77-78
	Process of communicating climate-related issues to management	Governance, p77 Risk management, p78
	How management monitors climate-related issues	Governance, p77 Risk management, p78
Strategy- Disclose the actual and potential impacts of climate related risks and opportunities on the organisation’s business, strategy and financial planning		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Description of relevant time horizon	Risks and Opportunities from Climate Change, p76
	Specific climate-related issues that could have a material financial impact for each time horizon	Risks and Opportunities from Climate Change, p76
	The process to determine material risks and opportunities	Risks and Opportunities from Climate Change p79 Risk management, p79
	Concentrations of exposure to carbon related assets and climate related risks in lending	

TCFD Disclosure		Location of Disclosure
b) The impact of climate-related risks and opportunities on the organisations' business, strategy, and financial planning	The impact on business, strategy and financial planning across operations	Risks and Opportunities from Climate change, p76-77
	How climate related issues input to the financial planning process, timing and prioritisation	Risk management, p78
	Describe the impact of climate related issues on financial performance and position	Risk management, scenario analysis, p79-80
	Describe how scenarios were used to inform strategy and financial planning	Our Climate Strategy and Risks, Opportunities from Climate Change, p77
c) The resilience of the organisation's strategy considering different climate related scenarios	Describe the resilience of strategy considering a 2°C or lower scenario and a scenario with increased physical risks	Physical risks, p79
	Where and how the strategy will be impacted and to what extent in terms of financial performance and position	Risks and Opportunities from Climate Change, p77 Transitional risks, p80
Risk Management- Disclose how the organisation identifies, assesses and manages climate risks		
a) Process for identifying and assessing climate related risks	Describe the risk management process, including how risk significance was determined	Risk management, p79
	Existing and emerging regulatory requirements	Governance, p77 Risk management, p79
	Process for assessing size and scope of identified risks	Risk management, p79
b) Process for managing climate related risks	How to make decisions to mitigate, transfer, accept or control risks	Governance, p77
	Process for prioritising climate related risks	Governance, p77
c) How the process of identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management process		Principal Risks, Risk Management Report, p38 Strategic Risk, Risk Management Report, p68

TCFD Disclosure	Location of Disclosure	
Metrics & Targets- Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such material is material		
a) Metrics are used to assess climate related risks and opportunities	Where climate related risks are material describe relevant remuneration policies	Governance, p77
	Internal carbon prices	Metrics and Targets, p81-82
	Climate related opportunities	Risks and Opportunities from Climate Change, p77
	Methodologies used to calculate or estimate climate related metrics	Metrics and Targets, p81-82
b) Scope 1,2 and 3 emissions and related risks	GHG Emission data in line with GHG protocol methodology	Metrics and Targets, p81-82
	Historical data provided to allow for trend analysis	Metrics and Targets, p81-82
c) Define targets used to manage performance	Describe whether the target is absolute or intensity based, time frames, base year, KPIs used to assess progress	Climate Action Plan, p75
	If setting medium or long term targets outline interim targets	Climate Action Plan, p75



Appendix IV - Additional GRI Disclosure Information

Set out below is further information and data provided as part of our GRI Disclosures:

Detailed Employee Metrics	Female		Male		Total
	2021	%	2021	%	
Full-time employees					
Under 30	278	17%	201	18%	479
30-50	527	32%	654	59%	1,181
Over 50	176	11%	185	17%	361
Total	981	60%	1,040	94%	2,021

Part-time employees					
Under 30	100	6%	23	2%	123
30-50	388	23%	24	2%	412
Over 50	182	11%	21	2%	203
Total	670	40%	68	6%	738

Total full-time/part-time	1,651	100%	1,108	100%	2,759
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Permanent/ Temporary					
Permanent	1,625	98%	1,087	98%	2,712
Temp/Fixed Term Contract	26	2%	21	2%	47
Total	1,651	100%	1,108	100%	2,759

External new hires by age cohort					
Under 30	118	51%	68	42%	186
30-50	89	38%	69	42%	158
Over 50	25	11%	26	16%	51
Total	232	100%	163	100%	395

Employee Turnover					
Under 30	106	46%	65	37%	171
30-50	86	37%	70	40%	156
Over 50	40	17%	41	23%	81
Total	232	100%	176	100%	408
Turnover rate	14%		16%		15%

Average Training Hours	Female	Male	Total*
Full-time	24.8	12.9	18.6
Part-time	15.1	10.3	14.6
Total Permanent employee average	21.0	12.9	17.7
Temp/Fixed Term Contract	16.3	7.6	13.3

The total for average training hours is calculated using weighed averages.

Work-related injuries information

For all employees	2021	2020
The number of fatalities as a result of work-related injury	0	0
The rate of fatalities as a result of work-related injury	0	0
The number of high-consequence work-related injuries (excluding fatalities)	0	0
The rate of high-consequence work-related injuries (excluding fatalities)	0	0
The number of recordable work-related injuries	0	1
The rate of recordable work-related injuries	0	0.22

For all workers who are not employees but whose work and/or workplace is controlled by the organisation	2021	2020
The number of fatalities as a result of work-related injury	0	0
The rate of fatalities as a result of work-related injury	0	0
The number of high-consequence work-related injuries (excluding fatalities)	0	0
The rate of high-consequence work-related injuries (excluding fatalities)	0	0
The number of recordable work-related injuries	0	0
The rate of recordable work-related injuries	0	0

Work-related ill health

For all employees	2021	2020
The number of fatalities as a result of work-related ill health	0	0
The rate of fatalities as a result of work-related ill health	0	0
The number of high-consequence work-related ill health	0	0
The rate of high-consequence work-related ill health	0	0
The number of recordable work-related ill health	0	0
The rate of recordable work-related ill health	0	0

For all workers who are not employees but whose work and/or workplace is controlled by the organisation	2021	2020
The number of fatalities as a result of work-related ill health	0	0
The rate of fatalities as a result of work-related ill health	0	0
The number of high-consequence work-related ill health	0	0
The rate of high-consequence work-related ill health	0	0
The number of recordable work-related ill health	0	0
The rate of recordable work-related ill health	0	0

In respect of the health and safety and work related ill health information provided in the tables above the following points should be noted:

- (i) The only recordable accident in the reporting period resulted from a major injury sustained following an act of non-consensual physical violence. This matter was investigated internally and a notification was issued to the Health and Safety Executive. The internal investigation concluded that risk control measures, including physical and security and training remained robust and fit for purpose.

- (ii) Rates have been calculated based on 1,000,000 hours worked as the Society does not track specific numbers of hours worked by all employees over the course of a year.
- (iii) There were no workers excluded from these disclosures.
- (iv) The data has been compiled using the Society's accident and near-miss reporting systems.
- (v) There were no recordable incidents of work-related illnesses In the reporting period. Therefore, no actions were taken or underway to eliminate other work-related hazards and minimise risks using the hierarchy of controls.



Coventry Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (www.fca.org.uk) and the Prudential Regulation Authority (firm reference number 150892).

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 Visit us here www.thecoventry.co.uk

