

Our Impact Report 2024 – 2026

Here for
good.



Cymdeithas Adeiladu

Principality

Building Society



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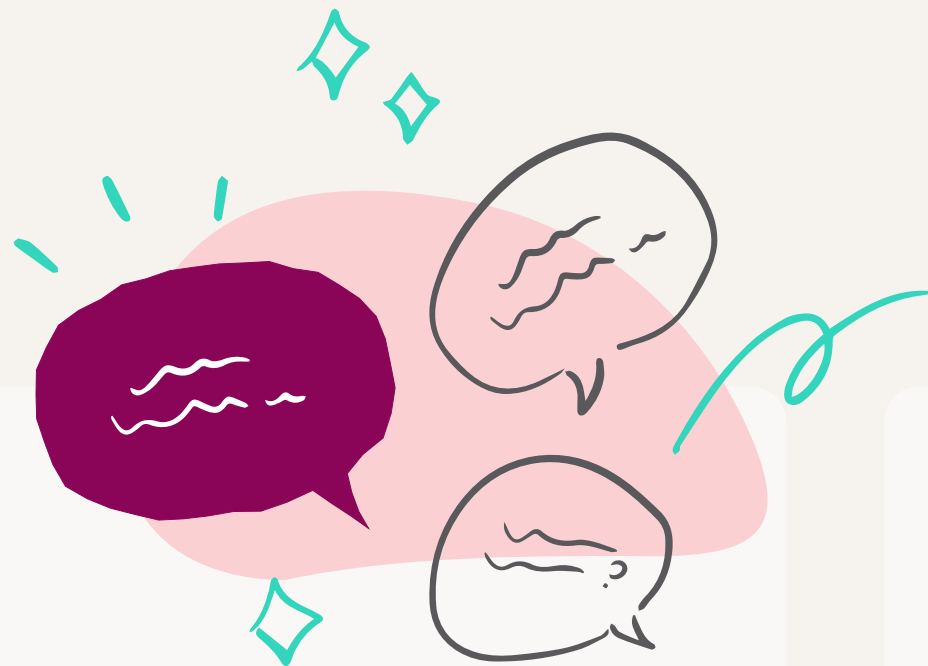


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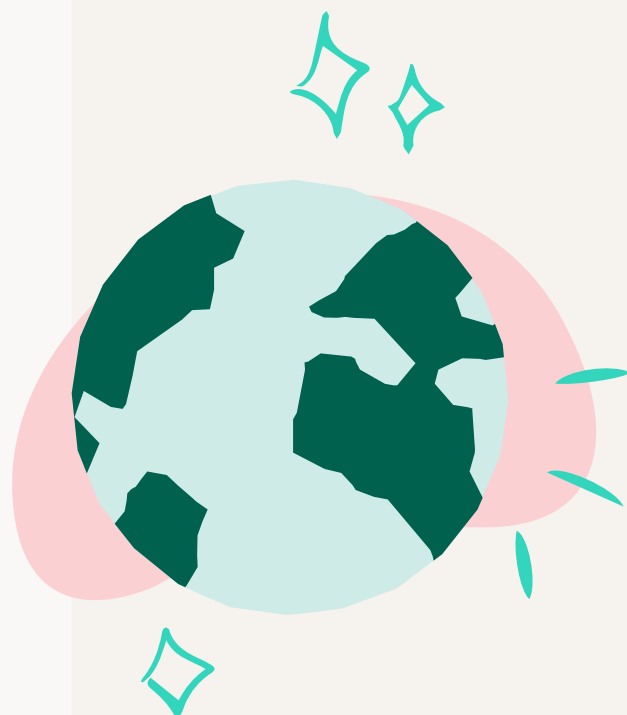
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Our story of good

At the heart of Principality is a simple yet powerful belief: we can do good while doing business. This Impact Report is our chance to show you how we're making it happen.

Our ambition is to have impact beyond our scale, ensuring our purpose is at the heart of everything we do.

We're committed to transparency, sharing our achievements and the challenges we're facing. It's an honest, reflective and ever-unfolding story in which we never stop asking ourselves the tough questions or pushing ourselves to try harder and do better.

01. Introduction

Welcome

We are as clear about our purpose and strategy today as we were 164 years ago, when a group of Cardiff residents got together to talk about how they could solve the chronic shortage of housing in Cardiff in the 19th Century. So much has changed in that time, but the challenges facing our customers and our communities are as acute today as they were in the days when Cardiff was at the forefront of the industrialisation of the UK.

- A shortage of good quality affordable housing with home ownership at its lowest level since 1985
- 13 million people in the UK have less than £100 in savings accounts meaning they can't cope with the uncertainties that life may throw at them
- 33% of UK savers say they would struggle to cover 1 month of living expenses if they lost their income
- The average age of a First Time Buyer is now 36
- Moving up the social ladder in UK has become harder than at any point in more than half a century for children born into poor households and around 3 in 10 children (4.3 million) across the UK live in poverty.

These statistics leave me feeling restless about what more I, we and you can do to act, to support and to lead. We've worked hard to determine what our role is, and in 2022 refreshed our strategy to ensure that our role, and the way forward for the business, was clear.

(Sources: ONS, 2024, Institute of Fiscal Studies & Joseph Rowntree Foundation UK Poverty 2024 report.)

Our vision is to help build a society of savers where everyone has a place to call home. Our ambition is to have impact beyond our scale, ensuring our purpose is at the heart of everything we do.

As a building society and a mutual, we're owned by our members, not shareholders. We're led by member voices, respond to their needs and reinvest our profits for the benefit of our customers, colleagues, communities and wider society, ensuring we continue to be a responsible, sustainable and future focussed business.

Our strategy focuses on three ambition statements, which we summarise as our Three Pillars – Better Homes, Secure Futures and Fairer Society. Our approach to impact is central to these strategic pillars and articulates for our colleagues, members, communities and stakeholders, how we operate and where we will take action. Our business model and the way in which we compete is different to others in the financial services market – and we thrive on that difference.

We try to align all our decision making to our strategy and our values – ensuring that we work hard to create lasting and meaningful impact. I'm proud of the work of so many people within Principality Building Society and what they do day in and day out to put these words into actions. Actions and behaviours can drive change and this report shares with you how we do this.

There is so much to achieve – but I remain optimistic that we can, and will, make a difference. I hope through this report you can share in the work we are leading, feel inspired to join us in our movement to have impact and improve outcomes for those around us.

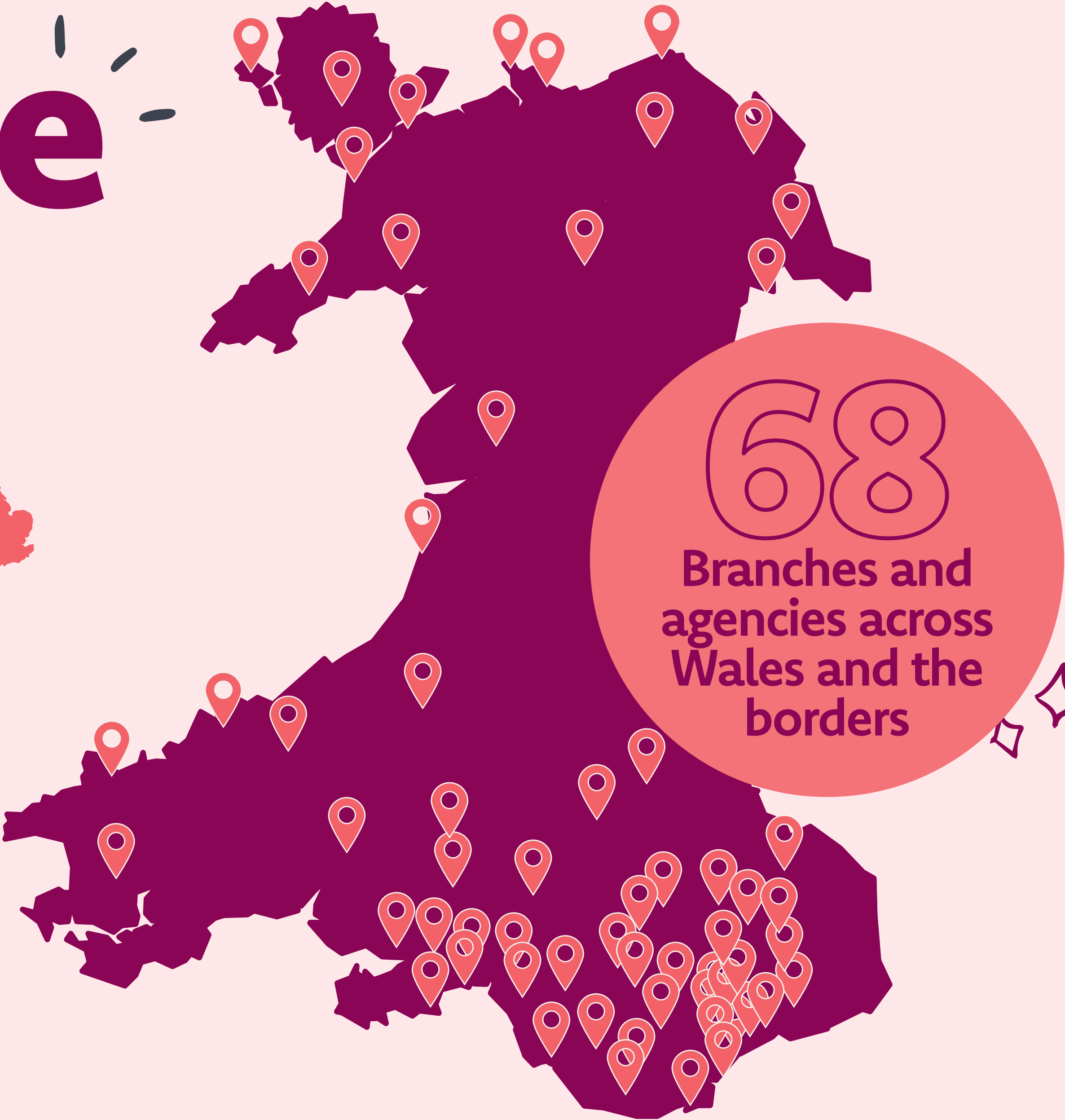
Julie-Ann Haines
Chief Executive Officer

Julie-Ann Haines





Who we are and where we are



Founded in

1860

we are
Wales’
largest
Building
Society

We are the

6th

largest Building
Society in the UK

We have assets of

£14.1
billion

We’re committed
to remaining a

**mutual
organisation**



Impact mission

We're incredibly proud that our success isn't just measured by financial results, but by the real, lasting social value we create. For over 164 years, this has been at the core of who we are, and today, it continues to fuel our drive to make a difference. Our purpose, ambition, and spirit push us forward every day as we strive to make a meaningful and lasting impact on society. This report reflects that commitment.

Our impact mission to maximise social value through the three key pillars of our business strategy – Better Homes, Secure Futures, and Fairer Society – ensures our impact work is deeply woven into our business purpose. We're building a society where everyone has a place to call home and where financial security is within reach for all. We believe that when social value and financial success go hand in hand, not only does our business grow, but our communities and society flourish as well. Let's be honest, it isn't easy. It demands creativity, empathy and constant innovation. We're embedding this thinking into every corner of our business, investing time and resources and committing 3% of our annual profit before tax to fund initiatives that leave a lasting legacy for future generations.

But we know we can't do this alone. Our people are the heartbeat of any meaningful change. We're building a culture where our colleagues feel supported, valued and part of something bigger, both within our business and throughout Wales and beyond.

We're here for the long haul, because we believe we have a critical role to play in building a fairer, more sustainable world. Our commitment to social value is not just something we do; it's who we are.

From frontline branch teams to senior leaders, we're empowering everyone to understand the role they play in driving social value. With strong governance, real goals around diversity and inclusion and a commitment to educating and empowering our colleagues, we're laying the foundation for a colleague team that's not only engaged but truly inspired to make a difference. When we all feel connected to the impact of our work, we're more motivated to push for change.

When we talk about creating social value, we mean tackling the big issues of our time like affordable housing, employability, poverty reduction, education, diversity and climate change.

Take our work in social mobility, for example. We're determined to break down systemic barriers and help disadvantaged young people in Wales build financial resilience and access meaningful employment. Through partnerships with like-minded organisations, we've created a 'learning for life' social mobility pathway that not only changes lives today but strengthens communities for the future. We believe in the ripple effect, empowering individuals can create lasting, generational change.

As a business deeply rooted in our communities, our branch presence on high streets throughout Wales is a vital lifeline, especially for those who rely on access to cash and face-to-face services. We're here to support our members and ensure that, as we succeed, the communities we serve thrive too.

While we're proud of the progress we've made, we know there's still a long road ahead. We're committed to constant learning, reflection and improvement. We need the right data, in the right context, to make the right decisions, and a strategy that ties strong outcomes to real-world metrics will drive both our business performance and our social impact.

This journey is ongoing, and we're excited to share not only our achievements but the lessons we learn along the way. Together, we can, and will, make a difference.

Tony Smith

Chief Impact and Governance Officer

A large, stylized graphic with the words 'Social Impact' in a bold, dark red font. The text is centered within a large, light orange, hand-drawn oval shape. Surrounding the central oval are several decorative elements: two white speech bubbles (one on the left, one on the right) containing wavy lines, two small orange diamond shapes on the right, and a long, flowing orange line that curves around the bottom right of the central oval. The entire graphic is set against a solid light orange background.

Social Impact



02. Social Impact

Social mobility

We’re on a mission to open up opportunities for more people, especially young people from disadvantaged backgrounds, to help create a more inclusive economy. We believe that everyone has potential, and by giving young people the right tools and opportunities, we can help them break through barriers, build successful careers, or even start their own businesses.

Unemployment and underemployment are major causes of poverty, especially here in Wales, and that makes it harder for people to move up in life. We’re working to change that by providing skills training, mentoring, and real-world work experience. These opportunities can make a huge difference, giving young people the confidence and know-how to find meaningful jobs and build their futures.

We’re looking to take a more structured approach to apprenticeships and entry-level roles with a clear path to growth,

and partnering with training providers to create programmes tailored to the needs of disadvantaged communities. By doing this, we’re not just helping individuals find jobs – we’re empowering them to take control of their futures. Whether they become entrepreneurs or find jobs that suit their skills, they can contribute to their communities and help break the cycle of poverty.

We’re proud to work with a number of great partners who help us co-create programmes that really make a difference. From funding enterprise education to sponsoring employability programmes, we’re doing everything we can to support the next generation. We’re continuing to work on making our own recruitment processes more inclusive, so we attract a diverse range of talent.

At the core of everything we do is the belief that young people deserve to feel hopeful, supported, and empowered. By helping tackle unemployment and create real opportunities, we’re building a future where everyone has a chance to succeed.

January – October 2024



Young people supported

43,906
(Full year target 51,000)

Charity fundraising

£194,000
(Full year target £300,000)

Social impact investment

£1.33m
(Full year target £1.5m)

Colleague strava

93,000km = £93,000
(Full year target 100,000km = £100,000)

Social Mobility Pledge



By signing the Social Mobility Pledge we’ve committed to go further and faster in being a force for good, turbo-boosting our social mobility action in 4 key areas:

- ➔ Outreach
- ➔ Access
- ➔ Recruitment
- ➔ Progression

Powerful partnerships

We’ve used our positive vision for society, the economy and the environment to set our strategic direction. But we know achieving transformative and meaningful change in Wales, building a more resilient, inclusive and sustainable economy, requires new dialogue and creative collaboration.

We’re working proactively and collaboratively where we can with Welsh Government agencies to solve some big social problems in Wales:

→ Poverty

Wales has some of the highest levels of poverty in the UK. Approximately 24% of the Welsh population lives in relative income poverty, including 28% of children.

→ Health

Wales has significant disparities in life expectancy and health outcomes across different regions, partly due to variable rates of material deprivation. In 2022-23, 25% of households with children were reported to be in material deprivation.



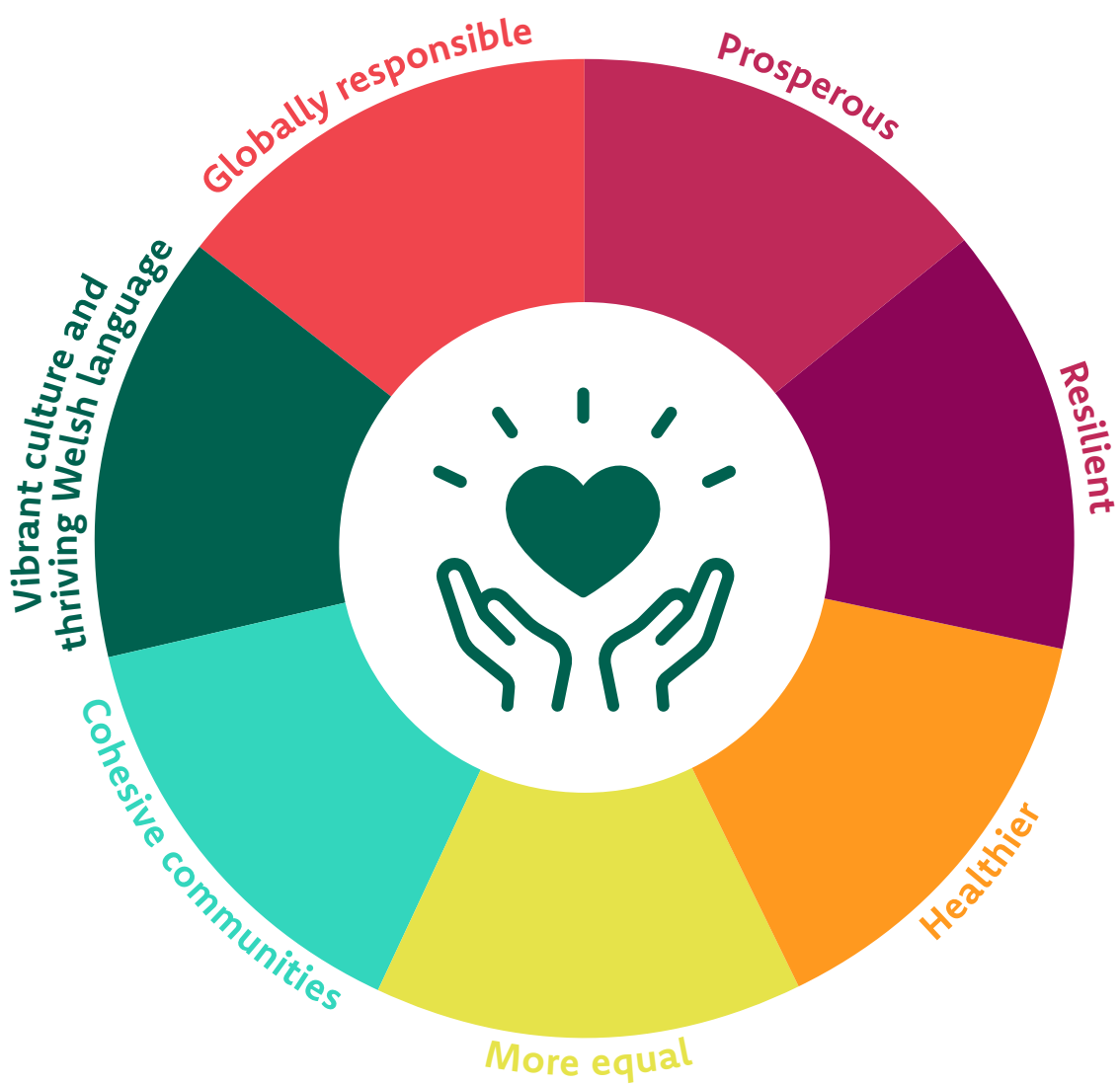
→ Education

Educational attainment in Wales continues to lag behind other UK regions, contributing to the cycle of poverty and limiting future economic opportunities for young people.



→ Economy

Wales has lower average wages and higher unemployment rates compared to the rest of the UK. Economic growth has slowed, and forecasts indicate that economic stagnation may continue without significant intervention and investment.



And working to align ourselves with the Wales Wellbeing of Future Generations goals.

There are 7 connected wellbeing goals for Wales to ensure that future generations have at least the same quality of life as we do now.

The act provides for better decision-making by ensuring that organisations:

- Take account of the long term
- Help to prevent problems occurring or getting worse
- Take an integrated approach
- Take a collaborative approach
- Consider and involve people of all ages and diversity.

We believe we bring distinct strengths to the table, with the innovation, agility and financial resources to focus more intently on addressing systemic challenges around the economy, housing, employability, education and skills to support future generations.

Social Value in Business Conference 2024

No business can tackle these issues alone. Which is why we’ve reached out to organisations across Wales through our inaugural Social Value in Business conference.

In collaboration with Blake Morgan, Cardiff Metropolitan University (CEIC) and the Future Generations Commissioner’s Office, we’ve created a platform where we can share knowledge, insight and actions and work towards a common goal to amplify our impact. Together, we have the power to build a more equitable, prosperous, and sustainable Wales – and to set an example for others to follow.



“A good event is one where I leave informed and able to change Chambers. A great event is one where I leave feeling I can change the world. Yesterday was that event.”



Penny Lock, Director of Partnerships and Business Development, Chambers Wales.



We call it mobility through employability



2B Enterprising



In 2024, we launched an exciting three-year partnership with 2BEnterprising to deliver fun, interactive and inclusive enterprise education to 40,000 children across 50 primary schools in Wales, focussing on economically challenged communities. By engaging pupils as young as 5 and 6, we're helping them develop essential enterprise skills early, laying the groundwork for lifelong learning and improving social mobility. These skills empower children with the confidence, mindset, and aspirations to succeed, regardless of background.

From February to July 2024, we delivered 71 workshops to over 2,100 children, with 119 colleagues from branches and hybrid roles participating. The response has been overwhelmingly positive, demonstrating the significant value of business volunteers in inspiring young people and making a lasting impact on the community.

Our partnership announcement was featured on ITV Wales, underscoring the broader impact we aim to achieve.

Through this initiative, we expect to engage 13,000 young people directly and reach another 42,000 via our digital resource portal.

Colleague volunteers from across the business have gained valuable insights into our impact work, which strengthens their connection to the communities we serve while helping raise aspirations and develop key skills for future success.

In addition, we're developing a storybook focussed on financial literacy, alongside branded resources that will be distributed to schools. This project goes beyond education, it's about breaking down barriers and creating pathways for young people to thrive, particularly in economically disadvantaged areas. With interactive learning experiences like 'The Bumbles of Honeywood' storybooks, connected to both digital and physical resources, we're teaching critical lessons on sustainability, community, wellbeing and diversity, all designed to inspire the next generation of entrepreneurs and employees.

“Our partnership with Principality is the most significant we have secured to date and represents a real shift in businesses’ reasons for engaging with primary schools. Principality’s commitment to partner schools across some of the most deprived areas of Wales is a true testament to their drive to improve social mobility. We are very proud that you have seen us as a core link to supporting this and look forward to working with you to help raise the aspirations of young people in Wales and give access to resources and role models to help shape a better future.”

 Jayne Brewer, CEO, 2BEnterprising

“Through integrating the Well-being of Future Generations Act into its Impact strategy, we’re very proud that Principality have seen us as a core link to supporting this and look forward to working with them to help raise the aspirations of young people in Wales and give access to resources and role models to help shape a better future.”

 Derek Walker, Future Generations Commissioner for Wales



“I really enjoyed attending the session today. It was engaging and inspiring and I felt that the children understood the aim of the workshop – to help them feel successful, brave and strong. These are great life skills for anyone.”
PBS Colleague – Rumney Branch

“Brilliant team members who delivered the workshop with such enthusiasm and creativity. The learners were really engaged”
Garth Primary School

“Our children thoroughly enjoyed the workshop. The story was a fabulous 'hook' and very appropriate. Children loved the activities and stayed engaged throughout”
Penygarn Community Primary School

“Fantastic session for building pupils’ confidence”
Ysgol Craig Yr Wylfa



Year 1/H1

75 Number of school workshops (3 Cymraeg)

2163 Number of children worked with

22nd January – 16th July 2024

124* Number of Principality attendees





Young Enterprise



In line with our commitment as a business to building money management skills and long-term financial resilience, we’ve proudly sponsored and actively supported The Fiver Challenge, delivered by Young Enterprise, since 2020. This free national enterprise programme, offered bilingually in Wales, gives children aged 5-11 a fun and interactive way to develop essential enterprise and financial skills, including problem-solving, confidence, creativity, and teamwork.

Fiver is a fantastic introduction to enterprise and the world of work. Over the course of four highly interactive weeks, pupils research, plan, and run their own business with just £5 to start. It’s a hands-on experience that allows them to get creative and think critically as they work through challenges and make their business ideas come to life. Teams from schools across England and Wales get to take part in exciting competitions, with opportunities to win prizes for the best logo, sales pitch, and overall project. They also get a chance to showcase their work in a special Fiver Showcase in October every year.

Our colleagues love being involved in judging the categories we sponsor. It gives them a firsthand look at the creativity, hard work, and development of these young learners. Being part of this process not only highlights the impact of teaching enterprise skills at a young age but also shows how valuable these experiences are in shaping the next generation’s confidence, resilience, and ability to tackle real-world challenges.

Key figures:

18,668

Young Person Experiences (England & Wales)

1,743

Young Person Experiences (Wales)

389

Centres (England & Wales)

45

Centres (Wales)

230,230

Learning Hours (England & Wales)

Based on 15 hours per student

45

Learning Hours (Wales)

While the YP experiences were down across England compared to last year, the number of centres reached in Wales has seen an increase from 33 to 45 (as shown in the chart below) as a result of our active promotion.



“The Fiver Challenge continues to provide young people with a brilliant opportunity to introduce and develop transferable skills that will remain with them for life. Our three-year partnership with Principality to offer this programme to young people across both Wales and England, is helping to support the development of valuable life skills in a fun and engaging way.”



Sharon Davies, outgoing Chief Executive of Young Enterprise

The King's Trust

We're excited to partner with The King's Trust (formerly The Prince's Trust), the UK's leading youth charity, to help create more opportunities for underrepresented young people across Wales. Our aim is to support young people in Cardiff, Swansea, Port Talbot, Neath, and Wrexham by helping them become 'work ready' through targeted education and engagement programmes.

As a Patron, we're backing the 'Get Into' programmes, specifically designed for young people aged 16-30 who are ready to take their first steps into the workforce. These programmes not only build industry-specific knowledge, skills, and certifications but also help boost confidence and resilience, key traits for overcoming the challenges they'll face in real-world working environments.

For industries like construction, where confidence and adaptability are essential, these programmes play a vital role in preparing participants for the demands of the job.

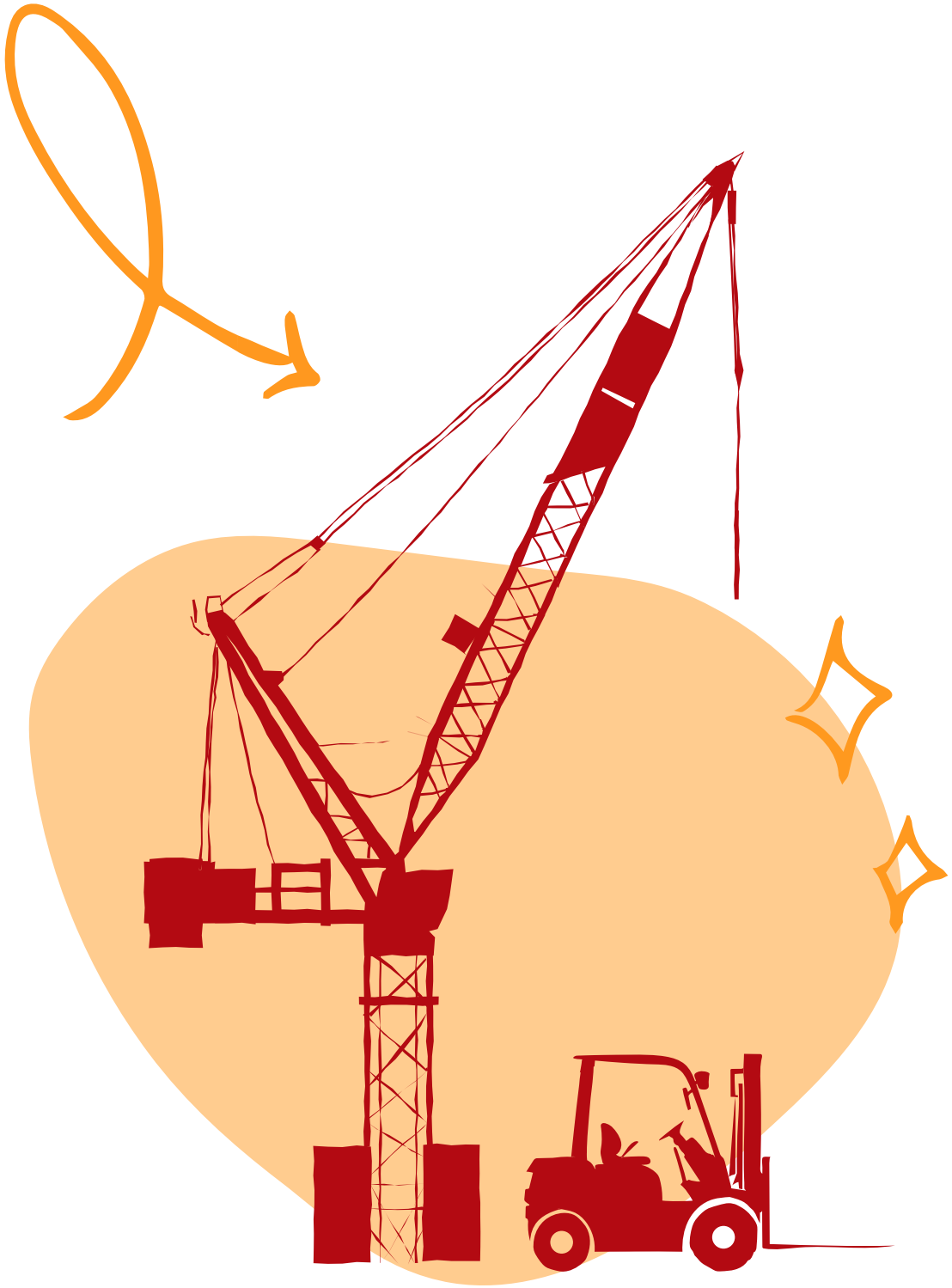
We recently funded the 'Get Into Green Construction' pilot programme, a 10-day course that focuses on sustainable building practices. As green construction becomes more critical to creating energy-efficient homes and meeting global sustainability goals, it's essential that the next generation is equipped with the skills needed to lead this transformation. The programme aligns with advancements in construction technology, giving participants the opportunity to learn about cutting-edge techniques in eco-friendly building.

The importance of these programmes extends beyond skills development by encouraging a more diverse and inclusive generation of workers, we can bring fresh perspectives and ideas to industries like construction. The importance of these programmes extends beyond skills development. By encouraging a more diverse generation of workers, we can bring fresh perspectives to the construction industry, helping it to meet the evolving challenges of sustainability and energy efficiency. We're proud that all 21 young people who joined the pilot earned their Construction Skills Certification Scheme (CSCS) card, giving them a strong foothold in the construction industry and a pathway to a brighter future.

"We are so grateful to have an organisation's support whose values align so closely with our own. Our objective has always been to help young people succeed – whether that be gaining self-confidence or getting them into sustainable work – and combating employment challenges. With Principality's support we are confident that our programmes will continue to make a difference for young people's lives across Wales."



Sarah Jones, Director of Delivery in Wales





Careers Wales



Gyrfa Cymru
Careers Wales

Careers Wales, a subsidiary of the Welsh Government, provides independent, all-age careers advice and guidance across the country. We're proud to be part of their Schools Valued Partner programme, working closely with Careers Wales Business Engagement Advisors, our Branch Cluster Managers, and school staff to bring the world of work to life for students, teachers, and sometimes parents.

Through this programme, we're helping to raise awareness of job roles and career opportunities within our business and the growing financial services sector in Wales.

- We're currently working with 12 schools across Wales, offering termly catch-ups and progress reviews to keep students engaged and on track.
- It's all about giving young people practical experience and insight into the working world, helping them build confidence and understand the many career paths available to them.
- Whether through a mock interview or a visit to our Head Office, we aim to inspire and prepare the next generation for their future careers.
- We were also thrilled to be shortlisted for the 'Outstanding Achievement 10 Year' Award at the 2023 Careers Wales Valued Partner Awards, one of only five companies to be recognised for a decade of dedication to this partnership.

Our activities include:

- ➔ Mock interviews

➔ CV workshops

➔ Career journey presentations

➔ Q&A sessions
- ➔ Careers fairs

➔ Networking opportunities

➔ Work experience

➔ Local branch and Head Office visits



Team Wales



We're thrilled to be partnering with Team Wales to deliver a bilingual Youth Engagement Programme across Wales over the next three years. This initiative is all about building confidence, knowledge, and essential life skills for young people in 200 primary, secondary, and specialist schools, as well as sports and youth groups. By focussing on helping young people live, learn, and earn, we aim to inspire the next generation to adopt healthy habits and develop a strong mindset.

Team Wales athletes from over 20 Commonwealth Games sports will lead tailored classroom workshops, assemblies, Q&As, and presentations. These athletes bring the focus, discipline, and determination needed to succeed in sport, qualities that can also help young people face real-life challenges. Whether it's staying committed to a goal, overcoming obstacles, or working as part of a team, these sessions will highlight how the focus and drive of an athlete can be applied to everyday life.

The programme isn't just about physical activity, it blends the benefits of sport with important themes like diversity and inclusion, mental and physical health, financial education, enterprise skills, and sustainability. Just as athletes need a healthy body to support a strong mind, these workshops will show how good habits – in fitness, finance, or wellbeing – are key to achieving success, no matter the challenge. We're excited to see how this partnership will empower young people to build resilience, stay focussed, and develop the skills needed to thrive in all areas of life.

“Both Team Wales and Principality Building Society thrive on our Welsh culture and passion for supporting future generations, making us the perfect team. I'm thrilled they are our exclusive Building Society partner, and we can't wait to work with the team on many exciting projects over the next three years.”



Rebecca Edwards-Symmons,
CEO, Team Wales

Commonwealth Games Wales (CGW) is the lead body for Commonwealth sport in Wales and is responsible for selecting, preparing and leading Team Wales at the Commonwealth Games and the Commonwealth Youth Games.

- ➔ Commonwealth Games Wales is one of 74 Commonwealth Games Associations who are members of the Commonwealth Games Federation (CGF).
- ➔ Team Wales is one of only six nations that has competed in every Games since it began in 1930.





We've worked with Xplore! for several years through the Principality Savings School project, which wrapped up in July 2024. This initiative provided financial education workshops for primary school children across North Wales, helping them learn about money management and even what it's like to work in one of our branches. Xplore! developed a strong relationship with our Wrexham Branch Team, with our colleagues actively supporting their efforts through our volunteering programmes. It's been amazing to see their STEM-based visitor attraction in Wrexham Town Centre grow over the years.

We're thrilled to continue working with Xplore! for another two years (2024-26) on the newly launched Count on Nature project. This exciting new initiative will give young people the chance to develop a deeper appreciation for the outdoors, while also learning about climate-related issues and gaining valuable transferable skills like communication, teamwork and problem-solving. It's another great way for us to help inspire the next generation, and we can't wait to see the impact it will have.



Money & Pensions Service (MAPS)

Our close partnership with the Money and Pensions Service (MAPS) is all about supporting the Financial Capability Strategy for the UK and its Wales Delivery Plan. Together, we're helping to create financial education opportunities for young people and working towards building a nation of savers. We've been actively involved in the Financial Education Steering Group and Financial Wellbeing Steering Group for many years, contributing to these important initiatives and reporting our progress quarterly.

One of the standout ways we engage with MAPS is through Talk Money Week, an annual campaign that raises awareness around a range of financial topics. It's a great opportunity to start important conversations around money management, budgeting, saving, and financial wellbeing, skills that are essential for young people as they grow and prepare for the future.

Through these initiatives, we're not just teaching young people about finances; we're empowering them to take control of their financial futures. By working with MAPS, we're ensuring that young people have the tools and confidence to make informed financial decisions, setting them up for success in life.



BITC

Business in the Community (BITC) is a UK-wide network of 12 regional leadership boards bringing businesses and communities together to create a positive impact in key areas like social mobility, inclusivity and sustainability - all of which align with our own impact goals. That's why we're proud to be part of BITC, growing, learning and contributing to important conversations that are shaping the future.

Belonging of BITC means we get to engage in meaningful discussions and collaborations. From taking part in a panel at the Senedd to hosting a roundtable at Principality House for over 20 CEOs across Wales, these conversations, focussed on responsible leadership and how we can collectively improve life for current and future generations, give us the chance to extend our reach and create impact beyond scale.



London Institute of Banking & Finance LIBF

The world of financial education has evolved significantly over the past decade, and we've made it a priority every year to create opportunities for young people to develop these essential skills. One of our proudest achievements was establishing the very first Financial Education Fund with the London Institute of Banking and Finance (LIBF). This fund provided grants to secondary schools and learning centres, allowing students to study for and earn recognised qualifications in financial education. In Wales, many of these qualifications were the equivalent of a GCSE, which helped build real momentum in schools around the importance of teaching financial education and the positive impact it can have not just on students, but on their families as well.

The LIBF has been a leader in promoting financial literacy, offering qualifications and courses that help people at all stages of life manage their money more effectively. While they are no longer offering sponsorship for these qualifications, 2024 has been a significant year for our financial education work, as the final cohorts of students completed their LIBF qualifications in July.

Looking ahead, we're thrilled about the upcoming changes to the Mathematics GCSE in Wales, which will now include a substantial portion of financial education. It's a fantastic step forward for embedding these crucial life skills into mainstream education. We're also excited to see the continued focus on early years interventions, where lifelong financial habits often take root. This shift reflects the growing recognition that teaching young people how to manage money is key to setting them up for success in the future.

2268

students supported with qualifications in 2024





Roots & Roofs

Colleagues from across our business were thrilled to be part of Newport Live’s Arts Engagement Project, a vibrant community initiative aimed at bringing people together through creativity.

The project united schools, community groups, and local businesses to create a stunning exhibition and trail throughout Newport city centre, hosted by the Riverfront Theatre & Arts Centre. Participants were invited to express their thoughts and feelings on what home and community meant to them, showcasing the diverse perspectives of Newport’s residents.



Throughout the project, 12 tutor led workshops were held in various locations across Newport, including Principality House and Tŷ Hafan Hospice. These sessions offered an accessible and enjoyable arts experience, promoting mental wellbeing, community engagement, and cohesion. The initiative highlighted Newport’s diversity and its welcoming, inclusive nature, making it clear that the city is a place where everyone can feel at home.

The exhibition ran from 30 November 2023 to 12 January 2024, culminating in a meeting with the MS for Newport East to showcase our hyperlocal community impact work, and we were invited to the Senedd to explore further collaboration.

Newport Live also nominated the Roots and Roofs project, in partnership with Principality, for an Arts & Business Award, an exciting recognition of the positive impact this project has had on the community.

Home is at the heart





➔ **Schools and after school clubs across Newport and Cardiff**

Pupils designed flags from Syria, Afghanistan, Slovakia, Romania, Bangladesh, Poland, Nigeria, Italy, Japan, England and Wales with words and colours representing, love, peace and family and their home community.

➔ **Community groups**

Young people from the Romani community focussed on developing the construction of houses.

➔ **Our customers and colleagues**

Conversations around food, roast Sunday dinner and the family always being together; how important relationships are and creating fond memories.

➔ **Newport Youth Council/ Pride in the Port**

A buzz of creativity and conversation focussed on the celebration of identity.

➔ **Crafty Saturday**

Newport families added their vision of what home means with conversations about home, community, culture, heritage and languages.

➔ **Tŷ Hafan**

For the children, carers, volunteers and staff members, home was described as their happy place filled with love and support. Words such as compassion, caring, love, hugs and cwtches were all used to decorate the house.

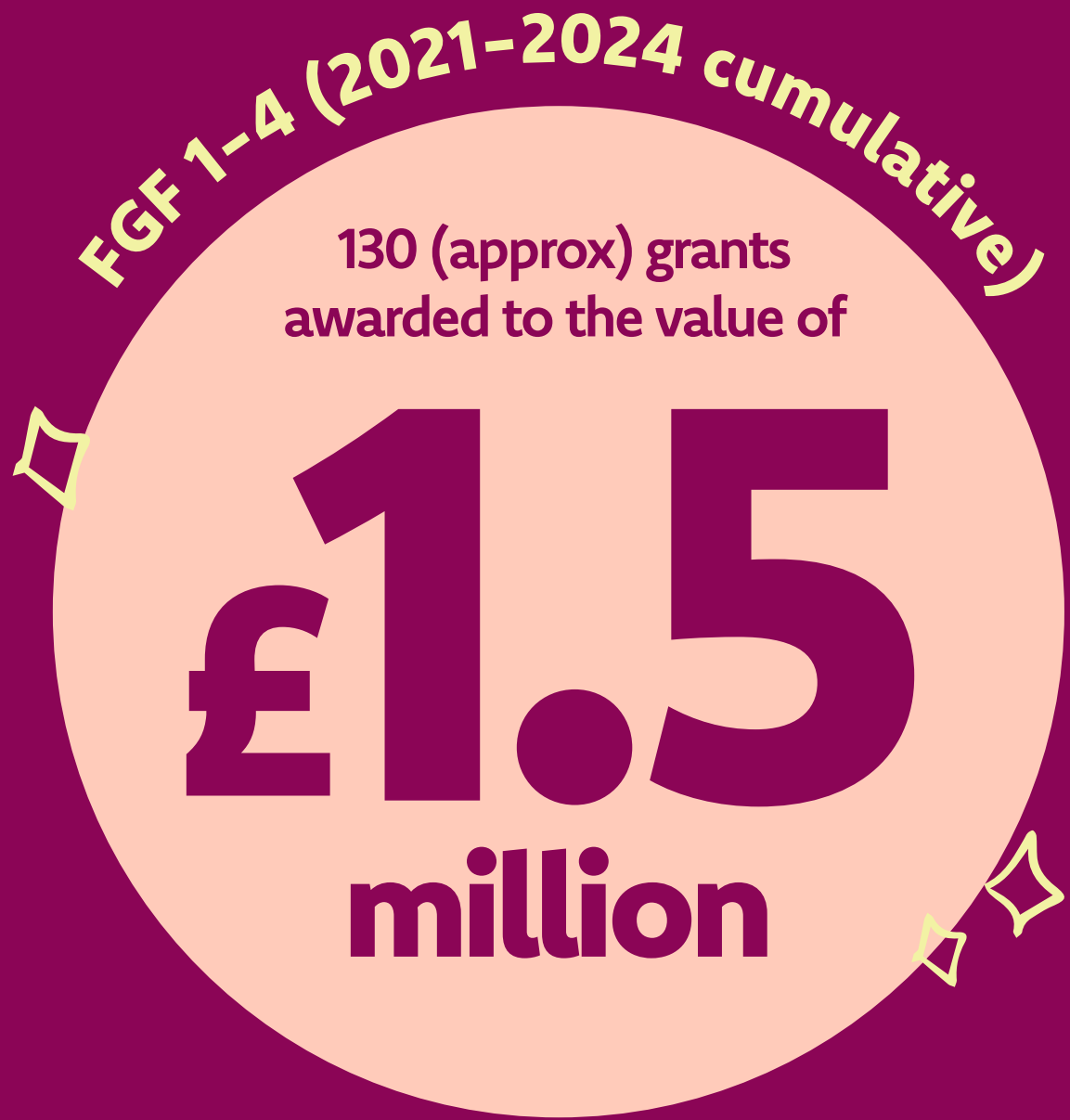
“We became a **community of creatives** through drawing, collage, weaving and writing. We also became storytellers, sharing our **memories**, our current and future **dreams**, as well as our wishes for our family and friends and even the world, through creative making. Each piece of paper became a **personal** miniature storyboard of our lives and these houses represent a small snapshot of the diverse and **rich culture and heritage** of Newport.”

Heidi Mehta, Artist and Tutor





Future Generations Fund



We created our Future Generations Fund in collaboration with Community Foundation Wales with the aim of having a positive impact on society and the lives of young people in Wales and this year will see us pass the £1.5m funding mark, supporting around 130 youth and community groups and charities across Wales.

In FGF 1, grants of between **£5,000 and £10,000** per year were awarded to third sector third sector and community organisations across Wales to help/encourage:

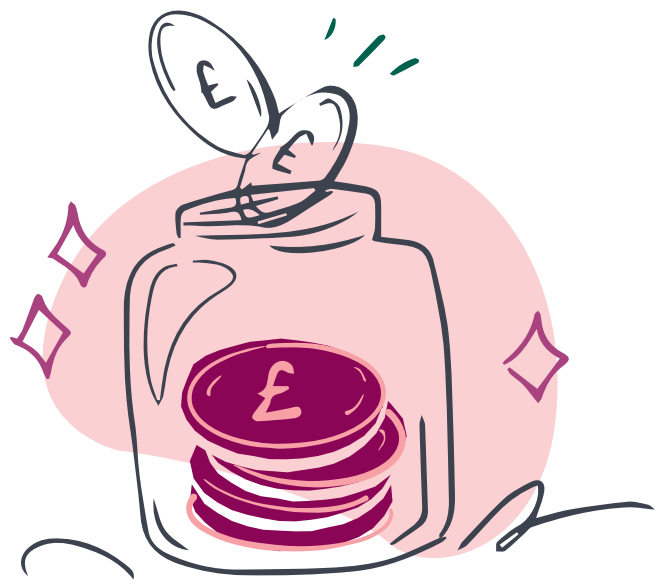
- £ More young people building financial resilience for life's uncertainties
- £ More young people preparing for the future and world of work (including building skills)
- £ More young people living sustainably and being involved in protecting our natural environment
- £ More young people getting the mental health support they need

Themes:

Developing training and/or employability skills 	Environmental and/or social awareness and conservation 
Supporting mental health and wellbeing 	Delivering workshops across any of the above themes e.g. cooking healthily on a budget. smart shopping 
Learning financial skills (e.g. saving and budgeting) 	Supporting interventions that help pupils/students with school life 

Future Generations Fund continued..

Our first fund was launched post-pandemic and selection criteria reflected the issues young people were facing at that time. Whilst some of these criteria have been tweaked to reflect our increasing focus on social mobility, the principles remain the same.



2022 FGF 1

- £ 100 applications received totalling £477,758
- £ 24 grants awarded to the value of £117,011
- £ 13,367 young people supported
- £ 20% of grants awarded to diverse communities
- £ 21% of grants awarded to projects located in areas that are in the lower 10% of the Welsh Index of Multiple Deprivation*
- £ Involved the work of over 1,000 volunteers

2023 FGF 2

£ 56 grants awarded to the value of £575,000

2024 FGF 3

£ 18 grants awarded to the value of £330,462

[Source: Community Foundation Wales 2022 – information is based on completed end of grant reports from funded groups and charities within the previous year].

We prioritise organisations and projects that are increasing accessibility to those who are underserved or vulnerable. This includes projects supporting individuals from protected characteristic backgrounds [2010 Equalities Act] and individuals from the most deprived communities in Wales. Prioritising applications from these groups is key to ensuring the fund is working towards addressing the Wales Well-being of Future Generations goals to ensure a more equal Wales.

*The Welsh Index of Multiple Deprivation (WIMD) is the Welsh Government’s official measure of relative deprivation for small areas in Wales. It identifies areas with the highest concentrations of several different types of deprivation. WIMD ranks all small areas in Wales from 1 (most deprived) to 1,909 (least deprived). The full index is updated every 4 to 5 years. The most recent index was published in 2019.

Grants available

Each round of funding has steadily increased, starting at £100,000 for FGF 1 and reaching £500,000 for Fund 4, with grants awarded in December 2024. With more funding available, we’ve been able to raise individual grant sizes from £5,000 to £15,000 and offer multi-year funding. This increase means groups can now create part-time or sessional roles, allowing them to reach more people and run projects that last longer than just a few weeks.

By increasing the grant size, we’re showing that we’re listening to the needs of community groups and responding to the wider challenges in the sector. In the second round of funding, a few two-year grants were awarded, which was a welcome and exciting surprise for the successful applicants.

Our colleagues also volunteer to visit the groups we support, aiming to collaborate and offer further help. Many groups have told us that these visits have helped them make valuable connections with their local branches, offering benefits beyond just the funding. These interactions turn the fund into more

than just financial support—it becomes a catalyst for future growth for both the organisations and us. In September 2024, our Chief Impact and Governance Officer, Tony Smith, and Non-Executive Director Debra Williams, visited the Sirhowy Valley Hub to meet with volunteers and see firsthand the difference our funding is making. These visits help us better understand the impact and strengthen the relationships that make these projects truly meaningful.



New for 2024

Our new environmentally focussed £100,00 fund will provide large grants of up to £25,000 per year for one year to social enterprises, registered charities, community groups and small companies as a building block to bring places and spaces back to life that exist at the heart of communities, particularly those facing challenges. These buildings simply haven’t had the investment they need to make them viable, accessible and environmentally sustainable and the grants can go towards upgrades such as solar panels, heat pumps, battery storage, insulation and energy efficient lighting. As part of the selection process, groups will need to show what energy savings will be made.

Retrofit for the Future Fund launch (part of FGF 4)

The fund has been influenced by the sustainable development principle of the Well-being of Future Generations (Wales) Act, which play a large part in the formation of the eligibility criteria of this fund. By addressing persistent issues like environmental, poverty and health inequalities, as well as looking at projects that support young people into education and training, our Future Generations Fund overall is championing the goals, particularly ‘A prosperous Wales; ‘A more equal Wales’ and ‘A Wales of cohesive communities.

“Principality Building Society’s commitment to support third sector and community organisations for the betterment of young people across Wales has yielded remarkable results, and we wish to express our gratitude for your invaluable contribution. The Future Generations Fund has made a significant impact by reaching and empowering vulnerable groups of young people in Wales. These individuals, often living in relative poverty, have been given opportunities to enhance their training skills, improve employability prospects, support their mental health and wellbeing, and learn responsible financial management.”



Richard Williams, CEO, Community Foundation Wales



Impact Stories: FGF 1



Autistic Minds

Actively empowering people with autism to reach their full potential and build more independent lives. They used their grant to purchase equipment for their Safe Shred Enterprise proving employment for seven autistic adults and skills training for another two autistic adult volunteers.



“It’s definitely changed my life. It’s about friendship, teamwork and cooperation and helping each other to build on each other’s skills.” Participant





Impact Stories: FGF 1



Valleys Kids

Strengthening individuals, families and communities in the Rhondda Valley through a variety of activities, initiatives and social enterprises. They received funding towards their Bright Future Sessions at Valleys Kids Community and Family Hubs for disadvantaged young people between the ages of 14 and 20 years old.

“This space gives us the opportunity to talk to people, especially those who suffer from anxiety, depression or disabilities. It keeps us sane and feeling whole and warm.”

Participant



Arts Factory

Supporting people who are disadvantaged, have a learning disability or mental health issues, through various projects and activities in their community hub in the Rhondda Fach. They received a grant towards providing activities to help improve confidence, skills and self-esteem of young people who have experienced adverse childhood experiences and trauma.

“Attendance doubled to 50 people during these sessions as a result of extra funding from Principality.”

Team Leader



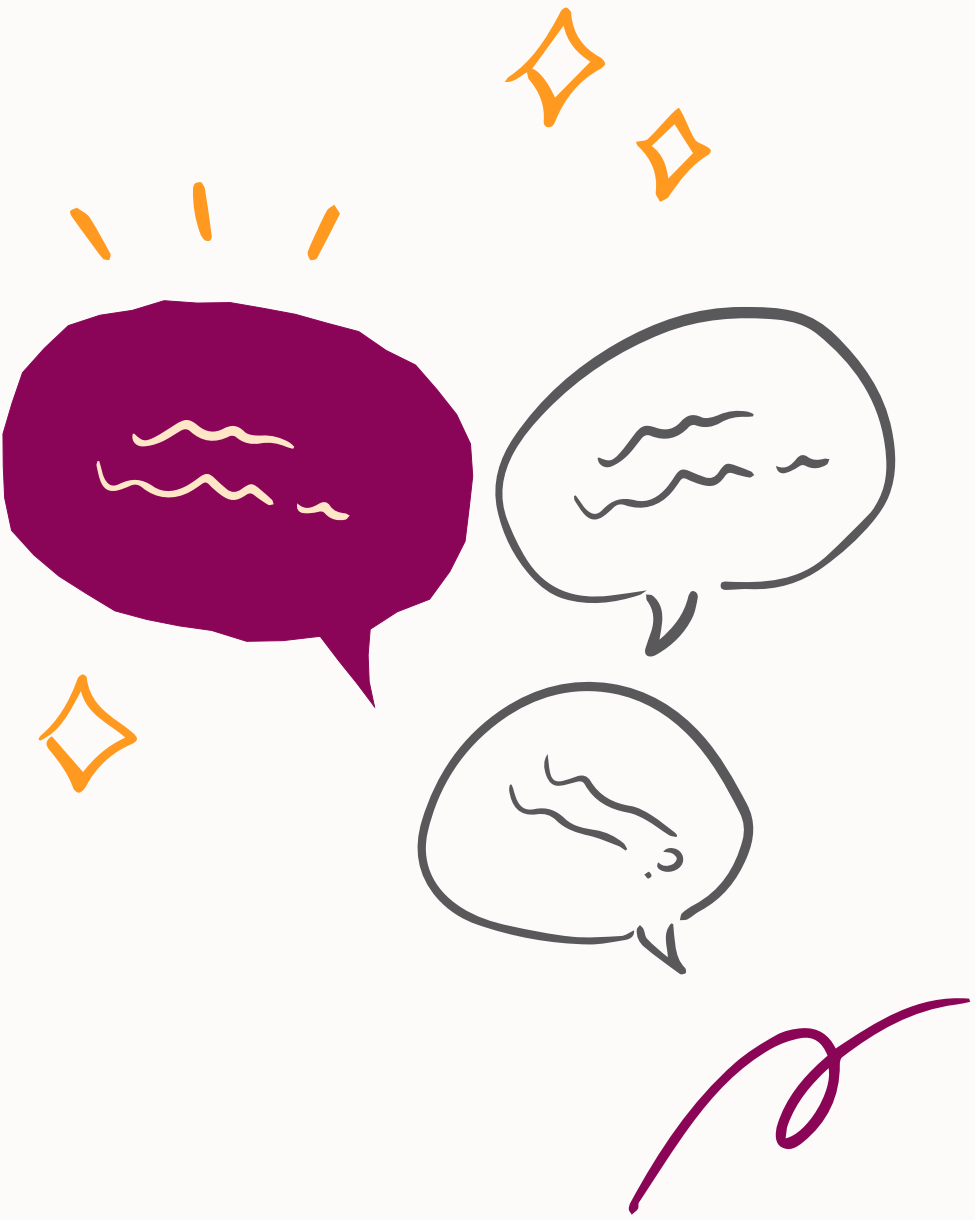
Abergele Community Action

Developing the wellbeing and skills of young people in the local community. They used their grant towards a programme of practical activities to support young people to prepare for further education, training or employment.



“I wanted to join and make friends and now feel more confident leaving the house and meeting others and am considering a voluntary placement to continue to build my social skills.”

Participant





Impact Stories: FGF 1



Groundwork North Wales

Improving social, economic, environmental and cultural wellbeing for communities across North Wales. Working with young people on improving mental health, confidence, motivation, self-esteem, resilience and wellbeing. Participants include young care-leavers, those who have experienced homelessness, turbulent home lives, mental health issues or disengagement with education or other mainstream sources of support.

“Parents tell us how their children have ‘come alive’ again and how amazing it is to see them happy and looking forward to something.”

Volunteer



Outdoor Partnership

Motivating young people to take up outdoor activities as a life-long pursuit to improve their physical and mental health, make connections with the natural environment and gain a work-related qualification. The Pathways to Employment programme in the Gwent region, targeted ‘NEETs’ (not in education, employment or training) or at risk of being NEET.

“Our young people have recognised that they are not unique in their struggles in life which has helped their mental wellbeing and confidence”

Team Leader





Impact Stories: FGF 2

Impact
Stories
FGF 2 & 3

Swansea
Community
Farm

This community-led city farm improves mental and physical wellbeing, builds skills and creates a sense of belonging through their Farm Clwb project aimed at young people, including those with ADHD, ASD and anxiety. They have a safe space to build confidence, increase skills and cultivate relationships. They run working farm, care for animals and do gardening for food production and conservation. Young people are with others facing similar challenges and are free just to be themselves.

“She loves animals, and they help her to be able to talk to other children, they have something in common. The farm helps her interact with others and helps her feel ‘normal’.”

Parent of a 13-year-old young person with a severe eating disorder





Impact Stories: FGF 2 & 3



Operasonic

Delivering creative workshops with young people from marginalised communities (predominantly Roma youth).

“We’ve seen how the project can better serve the needs of Roma teenagers to foster a more inclusive, supportive, and empowering environment, ultimately improving the end outcomes for participants and their communities.”

Participatory Arts Practitioner



Ready Steady Go

(RSG Youth Club)

Activities funded through this grant include autistic-friendly football, farm trips, accessible swimming, and one-off external trips to help build confidence, independence and social skills. They’ve provided 188 weekly activity places to their members and 119 sibling places.

“Two years ago we were beginning to drown (due to an education system and external influences which has broken our eldest son irreparably) until a beacon of light peeked through the darkness. RSG youth club is my son’s (and, therefore, our family’s) lifeline.”

Parent

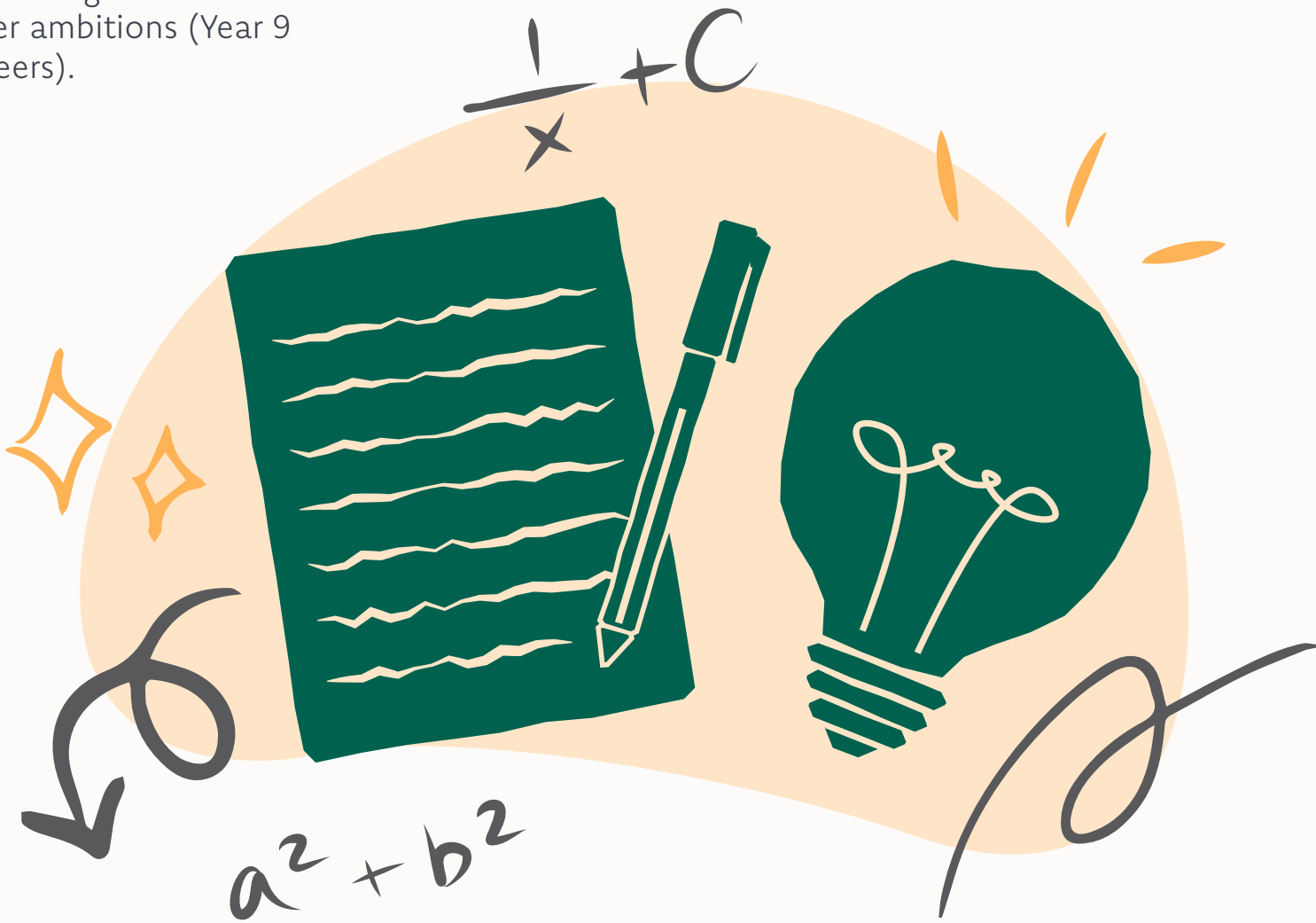


The Mullany Fund

The e-Mentoring project was created to address a lack of social mobility for young people experiencing disadvantage and to raise aspirations, increasing knowledge and skills in their pursuit of their career ambitions (Year 9 with a focus on STEM careers).

“86% of their students agreed that the project helped them to understand steps needed to reach their career goal. 87% of their students agreed it has developed understanding about the range of jobs available that involved STEM or life sciences. 81% agreed that they now have the tools to help manage their studies better, to support future goals.”

Mullany research data





Impact Stories: FGF 2 & 3



The Community Impact Initiative

This funding has allowed the group to deliver a programme of work placements through their commercial arm, Cii Construction. This had a direct and significant impact on the lives of their participants.



- 57 participants were offered the opportunity to progress against a competency framework and undertake a short placement
- 24 met the competency framework and completed a short placement
- Of the 57 participants who were offered the chance to undertake a placement, 39 progressed into employment, education or training

“Tutors have been great at helping me speak up and come out of my shell. I am really happy with the support I have had throughout the project and have enjoyed the working environment.”

Student



Spokesperson

The group works with members of the LGBTQ+ community who don't know how to cycle or lack the confidence to cycle independently. LGBTQ+ people of the global majority are doubly marginalised within cycling. While this project is removing some of the barriers to entry into cycling experienced by LGBTQ+ people of colour, it's also hopefully going some way to address the representation gap.



“Over the months they went from learning to balance a bike and pedalling, all the way to learning the rules of the highway code as they apply to cyclists, and navigating safe routes, on cycle paths or traffic calmed streets.”

Instructor

Hyper local

Over the last year, we've started to boost access to cash in Welsh communities hit by high street bank closures, via a cash kiosk pilot in partnership with shared-banking innovator OneBanx.

This access to cash service, hosted initially in our Cowbridge branch, was the first of its kind to be installed in Wales. It enables individuals and business customers of major banks and building societies to deposit and withdraw cash without needing to use a card. There's no charge for the service and the money is received immediately by the customer, and the service is also available in the Welsh language.

The service is available during branch opening hours six days a week, and customers needing assistance to use the service will be supported by branch colleagues.

"The partnership with Principality Building reinforces how the building society sector as a whole can play a significant role in the continued provision of shared banking infrastructure on the high street. Innovation is needed to ensure solutions can be deployed into communities on a timely basis as branches continue to close. We look forward to further announcements in the near future as we bring our flexible, cost-effective shared branch banking solution to many more high streets, shopping centres, and other convenient locations in partnership with our customers."



Duncan Cockburn,
CEO of OneBanx



Creating connections in the community

Branches



Our high street branches are at the very heart of their communities. More than simply providing mortgages and savings products, they're vital, contemporary hubs for personal support, local engagement, and social connection.

Far from being traditional, our branch network services blend seamlessly with our digital services, ensuring a much-needed, dedicated hyperlocal approach where we get to know people, their families and their lives. We're here to make their hopes and aspirations possible at every stage of life. And to do that and to have meaningful impact, we need to listen, to tune into the community and deepen connections, which our colleagues do by getting out and about, actively and enthusiastically supporting local community groups, schools, projects, businesses and events in a variety of ways.





Swansea Bay Health Board



In 2023, we proudly sponsored the Swansea Bay Health Board's internal staff awards, 'Living Our Values', a collaboration that marked the beginning of a meaningful partnership that continues to grow, bringing tangible benefits to both the Health Board and the communities we serve. One of the standout initiatives from this partnership has been the financial workshops we've delivered directly to NHS staff at hospital sites, connecting with over 13,500 NHS employees, offering valuable financial guidance where it's needed most.

By hosting drop-in sessions across four hospital sites; Baglan, Singleton, Morriston, and Neath Port Talbot; our branch colleagues have brought their expertise right into the heart of the healthcare community, supporting NHS staff and strengthening our presence within these local communities, making full use of our branch network in the process.

This commitment extends beyond financial services. We're also proud supporters of the Swansea Health Charity's Cwtsh Clos campaign, which aims to raise £160,000 to refurbish five houses where families of premature or critically ill babies can stay close to the Neonatal Intensive Care Unit (NICU) at Singleton Hospital. It's a lifeline for families who often travel hours to be near their babies, and we contributed by donating 30 fundraising spaces in the 2024 Cardiff Half Marathon. The efforts of these runners have helped ensure that these families have a comfortable place to stay during incredibly challenging times.

The NICU at Singleton Hospital cares for nearly 500 babies annually, drawing families from all over South Wales. This makes the need for Cwtsh Clos even more vital, and our partnership plays a key role in helping the Health Board reach their fundraising target.

Extending our partnership for an additional 18 months will continue to build on our success:

- ➔ **Offering on-site account opening for NHS staff through our Connected Appointments, particularly relevant given recent NHS research indicating that 52% of staff are struggling with work-life balance, and financial wellbeing plays a critical role in this**
- ➔ **Expanding our community engagement efforts by having our Dylan the Dragon mascot visit children in the paediatric ward to lift their spirits**
- ➔ **Partnering with Experian to deliver Money Management Workshops to NHS colleagues, helping them manage their financial health more effectively**
- ➔ **Using our local branch network to raise awareness of this partnership and support the NICU House appeal through community-driven fundraising**
- ➔ **Organising a fundraising walk through our Mumbles and Swansea branches to further support the Cwtsh Clos Appeal**



Charities

Our new charity partner for 25/26 is



Across 2022-2024 we've been actively supporting Tŷ Hafan and Hope House Tŷ Gobaith children's charities. These incredible organisations support children with life-shortening conditions, and their families, with the compassion and specialist care they, to ensure they can lead fulfilling lives. They offer a lifeline throughout the child's short life, at end of life, through bereavement and beyond.

This year we focussed our fundraising and volunteering on the co-created 'Closer to Home' campaign, to raise money to develop and support outreach services for the charities across Wales.

Our colleagues go above and beyond to find great ways to get involved in supporting our charities, from running cake stalls to running in the Principality sponsored Cardiff Half Marathon, actively building support in our local communities especially around our branches, and coming together to take on challenges to increase fundraising and friendraising.

In 2024 we donated free running places to both charities so their supporters could raise money directly.

Tŷ Hafan runners	Hope House Tŷ Gobaith runners	Total
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£112k	£47k	£159k
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Teams across the business also work together to support, and this year for example the Commercial team and its customers have raised over £50,000 for our charity partners.

Since 2014, we've raised over

£1.7m for charities across Wales

"In our 25th Anniversary year, Closer to Home gave us the chance to build on the amazing amount you have already raised for us and will help us to deliver our mission to support every child and family who needs our support."

Jenna Lewis, Director of Income Generation, Tŷ Hafan



"We've really enjoyed working together on projects that will create a lasting legacy and ensure we're able to reach everyone who needs us, now and in the future. This would simply not be possible without the passion and drive of your team, and we could not be more grateful."

Simi Epstein, Director of Fundraising, Hope House / Tŷ Gobaith





2 days x 1200 colleagues =

2400

days worth of
volunteering
every year

Volunteering

As a business, we gift two days (16 hours) every year to everyone in the business to volunteer and to spend time helping to improve the lives of others.

This year we refreshed our Volunteering Policy to make it easier and quicker for colleagues to sign up and log their hours. We've seen improvements and are continuing to encourage colleagues to support our charities and community projects, mentor and empower the next generation, or put their unique talents to good use helping the under-resourced groups we work with through our Future Generations Fund. It's their opportunity to shine, lead with empathy, and drive impactful change using professional and personal skills.



→ Action-oriented volunteering

- Stewarding at events
- Environmental conservation, building, painting, gardening, beach cleaning

→ Educational support

- Helping deliver our social mobility programmes (2Benterprising, Careers Wales, Young Enterprise and other Impact partners) and be part of a 'learning for life' journey that supports future generations

→ Enhancing employability

- Mentoring and coaching
- Delivering lifeskills guidance for disadvantaged young people and in harder to reach communities, leveraging business experience

→ Professional services

- Role modelling jobs and careers at Principality and sharing expertise in marketing, legal advice, financial planning, IT support, communications, and leadership training

→ Support through sport

- Raising money through three Strava Groups (running, walking and cycling) through which we're donate £1 per every km logged (to support our charity partners) up to a maximum donation of £100,000



Future Generations Leadership Academy

We're a powerful advocate and sponsor of the Future Generations Leadership Academy, established by the Future Generations Commissioner's Office to support 18–30 year olds in developing leadership skills.

Running every September to March this ambitious and innovative programme brings together partners from Wales' public, private and voluntary sectors, collaborating to develop participants' understanding of the Wales Well-being of Future Generations Act and supporting them to deliver their plans back in the workplace.



Academy cohort 3 (2023)

- Recruited 34 young people, aged 18–30, from a variety of roles, sectors, backgrounds, skill sets
- 20% from a minority ethnic background
- 3 people with disabilities
- 2 people with caring responsibilities
- 35% from North and West Wales
- 70% identify as women (inc trans women)
- 30% identify as LGBTQIA+
- 18% are Welsh speakers



“A big thank you to Principality for their support this year and for funding six young potential leaders who were all selected after a thorough recruitment process to join the Academy and who would not have been able to join if not for your funding. This is an opportunity they deserve and they make the most of. They’ve all made wonderful contributions on the online and residential sessions so far, and have shared they enjoy and learn a lot through this experience.”



Sophie Howe, Academy Leader, Future Generations Leadership Academy



Our Environment

03. Our Environment

- **Optimise inputs**
- **Reduce outputs**
- **Advocate for sustainability**



Our journey to net zero Leading with action not words

At the heart of everything we do is a deep commitment to driving change, not just within our own operations, but alongside our customers, colleagues and communities. We know that real progress isn't about intentions or promises; it's about measurable, meaningful action. That's why we've set clear carbon reduction targets for the short, medium, and long term. These are driven by our own values and align with what the world needs to tackle climate change head-on.

We've already started laying the groundwork, and this year, we've taken significant steps to improve how we track and manage our emissions. The results speak for themselves:

Setting ambitious targets

Our sustainability journey began in 2021 when we teamed up with the experts at ClimatePartner to calculate our carbon footprint. This partnership has been invaluable in helping us set targets, track progress, and take bold steps to lower our emissions. But this isn't just about keeping score, it's about real, sustainable change.

Our net zero modelling tool

ClimatePartner has developed a cutting-edge tool for us that helps quantify the impact of every action we take, whether it's removing gas from branches or shifting colleagues to greener commuting options. We're using this tool to pinpoint exactly what needs to happen to reach net zero, and working hard to find the best, most efficient ways to get there.

One of our biggest challenges? Reducing emissions from purchased goods and services. The tool shows that by 2030, 67% of these emissions need to come from suppliers with their own net zero targets. In 2023, only 18% of those emissions were covered by these suppliers, but we've already increased that to 64%. We're pushing hard to close the gap over the next five years.

Our commitments

Here's what we're aiming for:

 **Scopes 1 & 2**
Net zero by 2030

 **Scope 3**
Net zero (excluding the mortgage book) by 2040, with at least 50% by 2030

Scope breakdown:



Scope 1

Direct emissions from our heat generation and fleet vehicles.



Scope 2

Indirect emissions from electricity we purchase.



Scope 3

All other indirect emissions, including those from our operations and supply chain.

We're not a massive emitter by any means, but we believe in leading by example. We want to inspire our peers, empower our customers, and collaborate with suppliers who share our vision for a low-carbon future. Some of these efforts may take years to yield results, but that's no excuse to sit back. We're committed to driving (sustainably) forward.

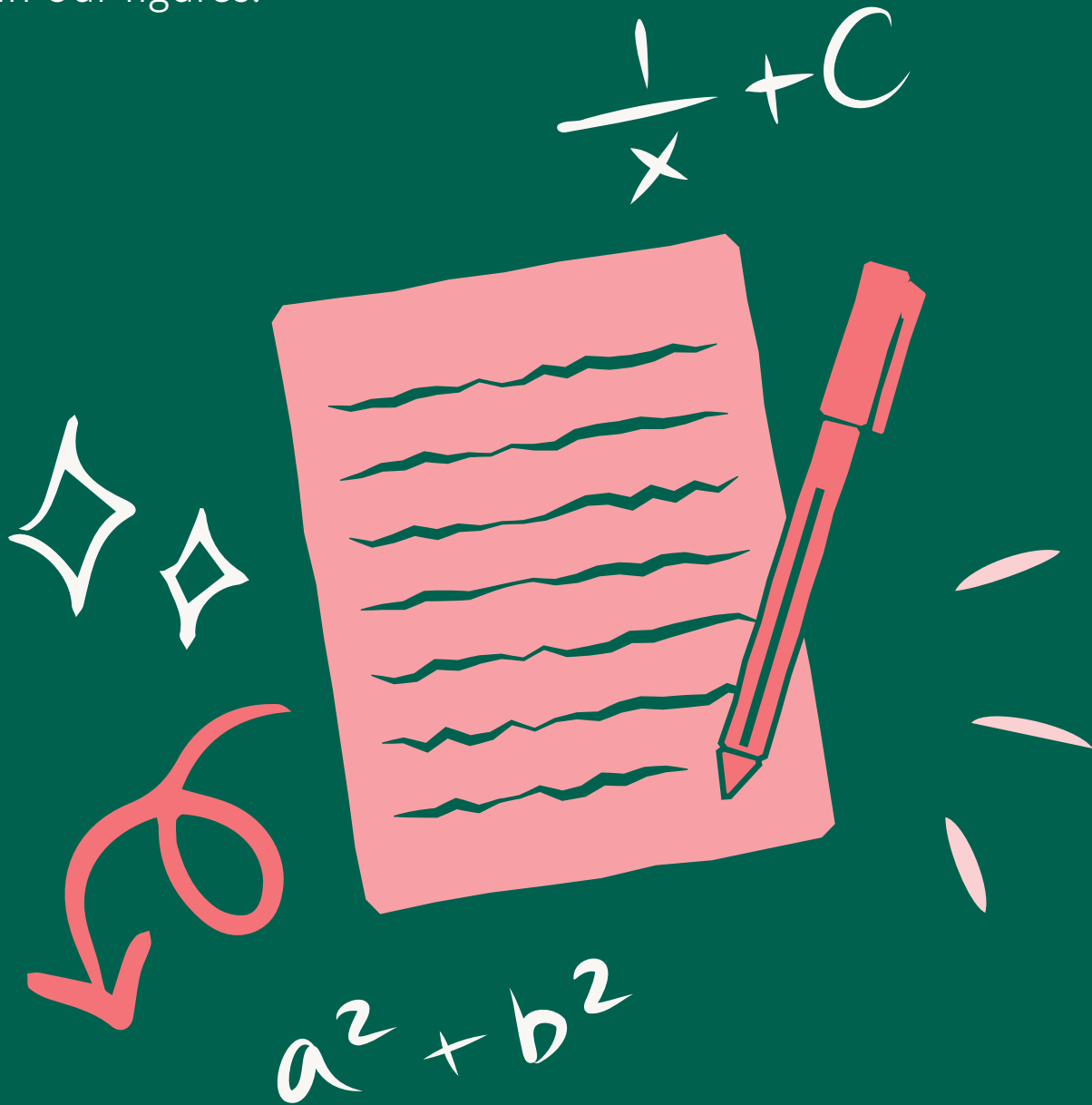


Data matters

Accurate data is crucial for tracking progress and understanding the climate risks we face. In 2023, we enhanced our data collection processes to improve the quality of our emissions reporting.

While this has led to some adjustments in our figures, it also means we’re getting a clearer picture of where we stand and where we need to go.

We are continuing to enhance our data collection processes and we’ll be transparent about this, always explaining reasons for any changes in our figures.



2023/24 emissions summary

Emission Source	2024		2023	
	Emissions (t CO ₂)	Share %	Emissions (t CO ₂)	Share %
Heat (self generated)	236.8	7.1	255.2	8.6
Combustion	1.4	-	2.2	0.1
Refrigerant leakage	1.2	-	-	-
Direct emissions from company facilities	239.4	7.1	257.4	8.7
Vehicle fleet	5.6	0.2	7.9	0.3
Direct emissions from company vehicles	5.6	0.2	7.9	0.3
Scope 1	245.0	7.3	265.3	9.0
Electricity (charging vehicle fleet)	1.1	-	1.4	-
Purchased electricity for own use	1.1	-	1.4	-
Scope 2	1.1	-	1.4	-
Operational expenditure (all other)	1,777.1	53.0	1,492.0	50.4
Print products	97.9	2.9	108.3	3.7
Office paper	0.3	-	3.8	0.1
Water	1.3	-	1.7	0.1
External data centre	0.3	-	0.3	-
Purchased goods and services	1,876.9	56.0	1,606.0	
Capital expenditure	385.5	11.5	342.7	11.6
Electronic devices	32.9	1.0	9.1	0.3
Capital Goods	418.4	12.5	351.8	11.9
Upstream emissions – heat and combustion	39.4	1.2	42.3	1.4
Upstream emissions – electricity	40.3	1.2	42.0	1.4
Upstream emissions – vehicle fleet	1.8	0.1	2.5	0.1
Fuel and energy-related activities	81.6	2.4	86.7	2.9
Delivery of letters, leaflets and cheques	30.9	0.9	50.3	1.7
Upstream transportation	30.9	0.9	50.3	1.7
Operational waste	18.3	0.5	8.7	0.3
Transport to disposal facility	1.9	0.1	0.1	-
Waste generated in operations	20.2	0.6	8.8	0.3
Rental and private vehicles	51.8	1.5	44.1	1.5
Rail	22.6	0.7	14.0	0.5
Hotel nights	13.9	0.4	15.5	0.5
Flights	5.3	0.2	4.0	0.1
Business travel	93.5	2.8	77.6	2.6
Employee commuting	437.9	13.1	299.2	10.1
Home office	147.7	4.4	215.5	7.3
Employee commuting	585.6	17.5	514.7	17.4
Scope 3	3,107.0	92.7	2,696.0	91.0
Overall Results	3,353.0	100.0	2,962.6	100.0



✓

✓

✓

✓

✓

✓

Aligning strategy with sustainability

Since 2021, we’ve worked to align our impact strategy with our business strategy. Climate change is a core consideration in everything we do, embedded in our governance model and future planning. Our Executive Committee and Board are fully engaged in shaping our climate strategy, proposition development and disclosures and have ultimate oversight of our approach to considering, evaluating, and integrating climate-related risks and opportunities throughout the business on a day-to-day basis.

To comply with the Prudential Regulation Authority’s Supervisory Statement 3/19 (SS3/19), intended to enhance approaches from banks and insurers to managing the financial risks from climate change, we’ve

obtained and analysed data relating to both the potential physical and transition risks arising from the portfolio of residential property mortgaged by the Society.

As our work evolves, and the impact of different scenarios is considered, we’ll assess financial risks by reference to our risk appetite and determine the most appropriate measures and targets to put in place. SS3/19 requires specific disclosures to be made regarding these risks, and these will be included within our Annual Report & Accounts.

We’ve produced a Taskforce for Climate-Related Financial Disclosures report for the past three years. It underscores our commitment to integrating climate risk awareness into our day-to-day operations, corporate governance, and risk management. The figures referenced in this report are from our 2023 report. Moving forward, we will provide a summary of key data in our Annual Report & Accounts.

Governance at the core

Managing the financial risks associated with climate change is essential to our strategy, and governance of these commitments sits at the Board level. The Board Risk Committee (BRC) and Executive Risk Committee (ERC) play a key role in overseeing our progress, while our Impact Working Group, formed in 2023, ensures that we stay on track with our Impact Strategy.

Engaging colleagues

We know that real change starts from within, which is why we’ve made climate education and engagement a top priority for our colleagues. From mandatory carbon awareness training to informal Lunch & Learn sessions with climate experts, we’re ensuring that everyone understands how they can make more conscious decisions, change behaviour and contribute to reducing emissions both at work and at home.

...It’s working!

Our carbon footprint per colleague continues to reduce:

Year	Footprint per colleague (tonnes CO ₂ e)
2024	2.72
2023	4.20
2022	6.75
2021	11.12



Since 2023, we’ve linked carbon reduction targets to our variable pay award, so everyone has a stake in the outcomes.

Measure	Weighting	Threshold	Target	Stretch
CO2 reduction	10%	50 t CO2e	80 t CO2e	110t CO2e

Making a difference, one step at a time

In every aspect of our operations, we’re finding ways to reduce our environmental impact. From switching to hybrid and electric vehicles in our fleet, to reducing waste collections in branches and improving energy efficiency, every small action contributes to a bigger change.

Across our estate:

Branches

- ✓ Switched to LED lighting.
- ✓ Switching gas heating for electric heating as and when our gas boilers reach end of life.
- ✓ Insulation to reduce our energy consumption and keep our colleagues warmer. A tender for this work is currently underway.
- ✓ Waste is now collected fortnightly rather than weekly, reducing the emissions from the collection vehicles. Most of our external bins have been removed, preventing others from using Principality’s bins and collection services.

Principality House

- ✓ Reducing set temperatures in Principality House and the Friary.
- ✓ Standardising air con times to minimise risk of units being left on inadvertently. Work being carried out during half year visits to avoid excess travel and carbon contribution. Completion by the end of October.
- ✓ Changes to waste recycling. New bins installed to encourage segregation at source, making segregation to collection bins more efficient. Collections halved to reduce the carbon footprint from collection lorries.
- ✓ Achieved ISO14001 in 2025.

Third Party

- ✓ Encouraging contractors and suppliers to reduce their carbon footprint and review/develop their carbon reduction aspirations.
- ✓ Working with our procurement partner to align our suppliers with our environmental strategy. Selection of low energy components, minimising travel by bulking up and scheduling jobs where applicable.



As we continue on our journey towards net zero, we'll keep pushing the boundaries of what's possible. Whether it's innovating within our supply chain, actively supporting sustainable development, or staying accountable through transparent reporting, we're determined to create lasting, meaningful change.

We're not just reducing our footprint—we're taking positive steps into a more sustainable future.

Risk management

Delivered

- Assessed physical and transitional risks.
- Amended current risk appetite statements.
- Developed climate change risk appetite statement.
- Developed suite of Key Risk Indicators (KRIs) for climate change risk.
- Provided training and awareness to the Society's senior leadership team on our carbon footprint and key areas of emissions.

Focus

- Monitor climate change risk through current risk framework.
- Annual reporting of KRIs to Board Risk Committee.

To do list

- Continue analysis of transition risks.

Strategy

Delivered

- Developed approach to climate change scenario analysis and reporting.
- Developed relationships with third parties to supply climate-related data.
- Used physical and transition risk analysis to inform decision making.
- Guidance notes on Mortgage Market Review lending updated.
- Designed and delivered carbon awareness digital training modules for onboarding colleagues and as mandatory refreshers across the whole Principality team.

Focus

- Continue to use physical and transition risk analysis to inform strategic decision making.

To do list

- Explore further risks and opportunities.
 - Monitor and enhance understanding of physical and transition risks.
 - Develop our net zero modelling.
- Play a key role as a business on the BSA Green Taskforce, advocating for industry-wide sustainability practices.

Governance

Delivered

- Included a carbon reduction target in our variable pay scheme with oversight provided by the Remuneration Committee. This forms part of the Society's Strategic Key Performance Indicators (SKPIs)
- Impact Working Group established.
- Developed Principality's first Sustainability Strategy, aligning sustainability initiatives with business objectives to drive long-term value.
- Climate disclosures made through our TCFD report since 2021, ensuring adherence to evolving regulatory requirements.
- Gathered and measured the relevant data following the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol).
- Refresher training for Board.

Focus

- Supporting carbon reduction initiatives and the production of a net zero transition plan.
- Continue to provide oversight, through ERC and BRC, on the agreed suite of Key Risk Indicators to monitor the financial risk of climate change.

To do list

- Design and deliver ongoing climate risk training for the Executive Committee and Board, fostering a culture of environmental awareness and strategic risk management.

Metrics and targets

Delivered

- Data quality continued to improve.
- Annual reduction target for 2023 achieved.
- Developed an enterprise-wide Paperless by Design test and learn pilot to identify where emissions savings could be made and help prioritise moving forward.
- Continued to recognise the importance of climate change to the Society's colleagues through regular climate-related communication. A colleague-led network continues to draw strong representation across the Society.
- Developed bespoke supplier toolkit and delivered training to our Supplier Performance Managers to enable them to support suppliers in their carbon reduction journey.

Focus

- Continued improvement of data quality for carbon footprint.
- Continue to support our suppliers on their carbon reduction journey.
- Continued focus on reducing paper-based customer communications.

To do list

- Continue to work with ClimatePartner and others to develop and improve climate change data collection and reporting.
- Future system enhancements to reduce reliance on paper communications to customers.



Our story

Paperless by design

Paperless by Design was a pilot feasibility project in 2023–24 to assess where we could make potential energy and cost savings by reducing the amount of paper we use. Projects like this continue to help us prioritise where we can potentially make the most sustainable impact in the business.

The move to mini passbooks for low transaction accounts has yielded positive results in terms of carbon, as well as costs. The number of passbooks used should roughly halve, but a small amount of paper was added in to the process for the mini passbooks and letters provided instead. But the net result will be a positive reduction.

We have a plan to review all leaflets and letters by the end of 2025 and where possible will try to reduce the size of these documents.

Our 2024 carbon reduction target was 80 t CO2e.

Results up to H2 2024:

Item	Reduction (t CO2e)	Comments
AGM packs	13.158	Packs reduced in size and more sent via email.
Savings maturity packs	10.877	Pack contents reduced in size and members encouraged to self-serve information online. Will also save £116,000 Feb to Dec.
Registry waste	0.36	Stopping the automatic printing of items not needed.
FSCS reminders	0.811	23K reminders sent via email. Also saved £13,000.



Natural innovation

Rather than just simply decreasing our footprint, we’re taking responsibility for our emissions by purchasing carbon credits in an enhanced rock weathering solution – to remove carbon for good. In 2024, we put £98k into this to demonstrate the size of our commitment.

Through this partnership with UNDO, we’ll be removing 339 tonnes of CO2 as part of our long-term commitment to reaching net zero status. The solution also aligns with our focus on broader community impact. We’ll be enriching the soil of approximately 125 hectares of UK farmland and supporting green jobs in rural communities, which aligns with our social mobility through employability ambitions.

Enhanced rock weathering is nature-based carbon removal technology.



Locking away carbon – unlocking lasting benefits

- Improved soil fertility
- Operational efficiency
- Increased crop yield
- Rural jobs
- Community empowerment
- Ocean health
- Circular efficiency



This partnership means we’re able to contribute to making a real change in supporting global climate initiatives in line with UN SDG 13 (Climate Action) and the Wales Wellbeing of Future Generations goal of being a Globally Responsible Wales. Enhanced rock weathering is also aligned to the Science Based Targets initiative (SBTi) and Core Carbon Principles.

“It’s encouraging to see established organisations like Principality on the front foot of corporate sustainability. By engaging with the voluntary carbon market and trusted entities like ClimatePartner, they are modelling how to responsibly make the net zero transition while prioritising projects like ours that are going beyond simple offsetting.”

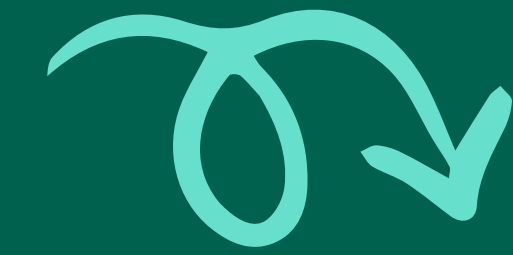


Jim Mann, Founder and CEO of UNDO



Commercial

04. Commercial



The Mill represents our commitment to making life's **hopes and aspirations possible**, in a way that works for all.

The Mill

In September 2024, we celebrated a major milestone: the completion of The Mill’s final phase. Over the past decade, through a creative collaboration with partners like the Welsh Government, Tirion Homes, Lovell, and Cadwyn Housing Association, we’ve not just built 800 new homes, we’ve built a community and a future.

We’ve invested £75 million into this project on the once-derelict site, home to the old Arjo Wiggins paper mill. At the heart of this project are the 400 homes dedicated to affordable rent. While the original plan required 25% of the homes to be affordable, the project delivered much more:



“I am pleased that through our loan investment we’ve been able to provide £8m worth of funding support towards the Mill development. We know that good quality housing is in high demand in the area and it’s fantastic that through our partnerships we’ve been able to give the site a new lease of life and deliver for the community.”



Jane Bryant, Welsh Cabinet Secretary for Housing, Local Government and Planning

These homes are now filled with families who needed a place to call their own, offering them not just a roof over their heads but the foundation for a better, more secure future. And that’s exactly what we set out to achieve – helping people access quality, affordable housing. The other 400 homes were either sold or rented on the open market, showing how we can balance both affordable and private housing to meet the needs of Cardiff’s growing population.

The final phase wrapped up with 141 affordable homes plus 16 open market homes, rented by Tirion and managed by Cadwyn Housing Association. Housing Association. It’s been amazing to see the impact this has had on people’s lives, but The Mill isn’t just about houses. It’s about creating a place where people can thrive, surrounded by everything they need to live sustainably. We’ve helped fund new roads, a viaduct, flood defences, and commercial spaces that will bring jobs and opportunities to the area. Add to that the green spaces, a beautiful riverside park, children’s play areas and cycle paths, and you’ve got a community that’s truly come to life.

This isn’t just another housing development. It’s the largest affordable housing project Cardiff has seen in decades. It’s proof of what can be achieved when the government, private sector, and housing associations join forces to solve real problems. The Welsh Government’s investment of £8 million played a key role in making this vision a reality, showing just how committed everyone is to providing quality homes for the people of Cardiff.

But even though the project is finished, it doesn’t feel like the end. We’ve laid the groundwork for so much more, with plans for a community centre, bus routes to the city, and ongoing improvements to the surrounding green spaces. The Mill is a blueprint for urban regeneration and sustainable and inclusive living that will serve as a model for years to come. It’s about building communities that will thrive for generations.

What we’ve been up to

Improvement to the flood defences in the area

400 of the 800 open market homes

Riverside Park offering green land and paths

Enabling members of our community to get into housing

Commercial units due to be released shortly

“By helping people into their own property, funding sustainable and affordable housing, and supporting the creation of homes that meet the needs of future generations, we are contributing to a brighter future for local communities.”



Richard Wales, Commercial Lending Director, Principality Building Society



Partners:



Llywodraeth Cymru
Welsh Government



Tirion
Homes

LOVELL
HOMES



Cadwyn
Housing Association



The Green Development Fund



Our initial £20m Green Fund launched in 2021 has all been allocated, but we continue to allocate funds under the Green Fund terms when developments meet the criteria. This is an evolving market, with new technologies and new methods for measuring sustainability, so we're undertaking a review of the criteria and are looking to launch a revised Green Fund in 2025 to further drive the sustainability of the properties we fund.

This is proving popular with housing associations in Wales, an example of this being an ESG-linked loan of £50m to Pobl Group in 2023, which is being used to build new affordable and accessible homes, using the latest sustainable building materials and technologies, offering more people in Wales the opportunity to own and rent their own home.

The Commercial team specialises in delivering tailored development and investment funding solutions across the buy-to-let, retail, office, and industrial sectors, with a strong focus on supporting Welsh Housing Associations and sustainable property developers. Our reputation is built on quick decision making, deep expertise, and exceptional service. We understand that each client has unique needs, so we tailor our funding solutions accordingly. Our team works tirelessly to provide personalised funding that helps communities and businesses to grow and thrive.

Performance highlights January 2023 – September 2024



We're looking ahead to build
on the success of our first

£20m green fund

to support the
development
of low-carbon
housing
in Wales.



Our commercial team is committed to funding projects that make housing both affordable and sustainable. We're especially proud of our 25-year ESG-linked loan, designed specifically for Welsh Housing Associations. This helps make homes more affordable and accessible for people who need them most.

Our initial £20m Green Fund launched in 2021 has all been allocated, but we continue to allocate funds under the Green Fund terms when developments meet the criteria. This is an evolving market, with new technologies and new methods for measuring

sustainability, so we're undertaking a review of the criteria and are looking to launch a revised Green Fund in 2025 to further drive the sustainability of the properties we fund.

We're reinvesting profits into the community to make a real difference. Through the 'Get into Housing' scheme, we've teamed up with seven Welsh Housing Associations to bring more diversity into the housing sector.

In its first year, the scheme welcomed 40 participants from the Cardiff area, and we're proud that 75% of them secured permanent roles in housing. With mentorship and support, many

others improved their job prospects. This year, we're expanding across South Wales, offering opportunities to those over 18, unemployed, and from diverse backgrounds. It's all about reaching more people and creating positive change.

We're just as invested in our own team. Through our Commercial Academy, we offer tailored training and development to help colleagues grow in their careers. By nurturing the next generation of commercial experts, we're ensuring that sustainable thinking stays at the heart of everything we do.



Hafod Housing Association

In 2023, we provided a £25 million loan to Hafod Housing Association, a socially conscious, not-for-profit Welsh organisation committed to improving lives by building strong communities.

With operations across nine South Wales local authorities, Hafod plays a vital role in supporting over 20,000 individuals each year across three priority areas of operation: housing, support and care.

Our funding will fuel Hafod’s ambitious housing development strategy, aiming to build over 450 new affordable homes over the next three years. This includes the redevelopment of the former Lansdowne Hospital site in Cardiff.



Westacres Homes



We’re proud to provide funding to Westacres Home Limited to deliver their 101-unit residential scheme on the former site of Olchfa School’s playing fields in Sketty, Swansea.

The development offers a mix of 66 open market homes and 35 affordable homes, the latter managed by Pobl Housing Association, providing diverse housing options for the community. All properties will achieve an EPC B rating or higher. This development aligns with our purpose of supporting communities and helping people prosper in their homes, by offering affordable housing options, upgrading public amenities and fostering a sense of community.

This is the fourth development that the Society has funded for Westacres Homes Limited, solidifying a strong relationship built on shared values and an appreciation of our purpose-led approach.

RHA Wales

We’re providing RHA Wales, one of the oldest Associations in Wales, with a £10,000,000 sustainability linked loan.

Fforde Llanerch – Llanharry:

→ 22 new homes



Cwrt Tafarn – Llantrisant:

→ 26 new homes

Abertonllywdd House – Treherbert:

→ 8 new homes

→ Regeneration scheme



Cwrt Tafarn

England

Principality Commercial also funds sustainable development in England and are providing just under £6 million to support with a new project of six houses and two office units in a waterfront location in Kingston Upon Thames. The buildings feature green roofs to enhance biodiversity, as well as PV panels for power generation and high-efficiency space heating and are equipped with electric car charging points.

Nun St (St Davids)

We are delighted to be providing a £3.975 million loan through our Green Development Fund to support Nun Street (St Davids) Limited with the construction of 11 eco-friendly homes in the heart of St Davids, Pembrokeshire.

These homes are located within a 5-minute walk of the city centre, offering convenient access to all amenities. Built using a sustainable timber frame construction method, they will boast several energy-saving features including:

- Air source heat pumps for efficient heating and hot water
- Solar panels for renewable energy
- Mechanical Ventilation with Heat Recovery (MVHR) for improved air quality
- Electric car charging points in each home
- Optional domestic battery installations



Nun St





05. People Power

Living well.
Giving back.

We believe people flourish when they are happy, healthy, part of something bigger, and when they feel a sense of belonging.

We’re committed to creating a workplace where human and business interests overlap, ensuring colleagues feel respected, challenged, and supported every day.

With policies rooted in our values, and a Board and Executive Committee that role models and drives purpose, behaviours and culture, there’s a clear direction for the business and clear expectations of how we wish our people to behave.

We monitor our culture in a number of ways, such as through customer feedback (customer satisfaction surveys), colleague surveys (Peakon) and reviews. We provide the tools for our people to thrive, while living out our purpose as a mutual building society that always puts its people and communities first.

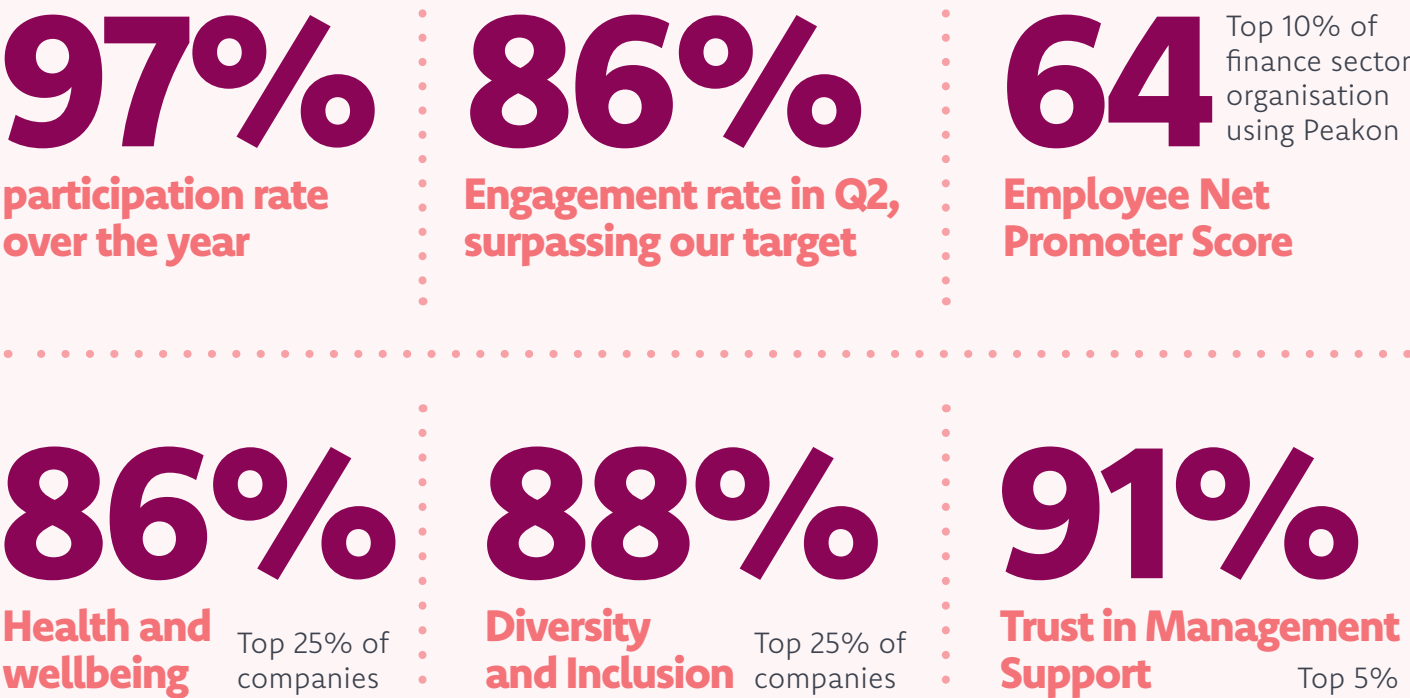
Here’s how we make it happen...



Listening to our colleagues

Engagement is key to happy and productive teams. That’s why we actively track and respond to colleague feedback through Peakon, our engagement platform. With 99% of our managers using the platform, we can swiftly address concerns and continue improving the workplace for everyone.

Key engagement metrics (July 2024):



Flexible working tailored to colleague needs

Keeping it flexible is at the heart of our approach. Whether colleagues work from home, in the office, or a combination of both, we empower them to choose what works best for their role and life. This open approach to hybrid working has earned us the CIPD Best Hybrid/Flexible Working Initiative for 2023.

- Colleagues can work in another European country for up to four weeks a year
- 42% of colleagues benefit from formal flexible working patterns
- We’ve seen a 14.6% increase in full-time flexible working for women since 2019

We’ve also transformed Principality House into a dynamic, contemporary workspace designed by colleagues, for colleagues, with bright collaboration spaces, quiet pods, and meeting rooms to suit every need.

Wellbeing at heart



Colleague health and wellbeing matter to us, and we’re proud to put people first in everything we do. Our proactive Employee Assistance Programme (EAP) offers resources for colleagues and their families, from online seminars to financial advice and counselling sessions.

We prioritise the health and wellbeing of our colleagues through a range of initiatives designed to ensure everyone has the support they need to thrive.

Key wellbeing initiatives:

- Employee Assistance Programme (EAP)
Providing access to counselling, financial advice, and wellbeing resources for colleagues and their families.
- Daily wellbeing hour
Encouraging colleagues to step away from the day-to-day to recharge and focus on their mental health.
- Mental health first aiders
Offering immediate support to colleagues in need.
- Menopause Policy
Supporting colleagues through challenging life transitions with tailored policies

We’re proud to be Real Living Wage certified, ensuring that all colleagues are paid above the Minimum Wage and National Living Wage. This reflects our commitment to ensuring everyone can live and work with dignity.





Getting better together:

Learning and development

We're committed to the personal and professional growth of everyone on our team. From day one, colleagues are empowered to explore opportunities to learn and grow through our digital onboarding and ongoing learning programmes. Our Principality Academy selects 60 colleagues annually to participate in a tailored 7-month programme offering a deep dive into all departments and culminating in a presentation to senior leaders.

We'll always trust colleagues to work in the way that works best for them. Whether that's empowering them to choose how, when, and where they work or creating a workplace environment designed to help them collaborate, connect, or concentrate – we'll do our best to make everyone feel right at home.



Fair recruitment and progression for all

We believe in an open and inclusive approach to recruitment, offering roles based on merit and potential, regardless of background. Through our partnership with the Social Mobility Foundation, we're building understanding of how to make job opportunities more inclusive and reaching and engaging with young people from less privileged backgrounds.

We've worked closely with *Jobs Growth Wales+ to open up opportunities for two young people to work at Principality in Facilities and Estates and also with **Code First Girls, through the Chwarae Teg charity, to onboard two young women into IT roles in the business. Our aim is to develop partnerships to ensure we improve the diversity of our talent pipeline.

To support progression, our evolving Social Mobility Network encourages colleagues to share experiences and provide insights into career development, helping us shape policies that promote fairness and equality for all.

Enhanced parental leave:

Supporting every family

Starting in July 2023, we introduced enhanced parental leave, recognising that families come in all forms. Whether through adoption, surrogacy or fostering, we offer comprehensive support to all parents.

- ➔ **Fertility treatment:**
10 days leave per cycle (up to 3 cycles)
- ➔ **Maternity/adoption leave:**
39 weeks full pay, 13 weeks unpaid
- ➔ **Partner leave:**
20 weeks full pay
- ➔ **Fostering:**
5 days paid leave

*Jobs Growth Wales is a training and development programme for 16-19 year olds that supports them in gaining the skills, qualifications and experience they need to get a job or further training. It's a Welsh Government programme included in the Young Person's Guarantee.

**Code First Girls is one of the largest providers of free coding courses for women globally, on a mission to close the gender gap in the tech industry by providing employment through free education. They have already helped more than 200,000 women learn to code and by working with companies globally are boosting employability, diversity and social mobility, transforming local economies and communities.



Giving back



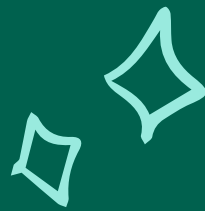
We're proud of our roots as a mutual building society. Community is at the heart of everything we do. From empowering our colleagues to give back to causes they care about, to actively supporting our charity partners, we're committed to making a positive difference in the lives of our 500,000 members and the communities we serve.

We encourage colleagues throughout the branches and working hybridly or from home to become part of a community that brings people together for the greater good, whether through volunteering or participation in our colleague networks.

Our Colleague Forum ensures everyone's voices and viewpoints can be heard, from across all areas of the business, allowing real feedback to shape the way we work.

As we continue to grow, we remain committed to building a fairer, more inclusive society. Through our support for social mobility, mental and physical wellbeing, and community-focussed initiatives, we are creating a future where everyone can live well and give back.

We're committed to fostering and maintaining good communications with our members. We have an online community of members called Member Pulse that helps us reach members and openly listen to their views.



Colleague Networks

Our colleague-led networks are at the heart of inclusion, driving diverse thinking, innovation, and creating spaces where everyone feels welcome and valued. These networks aren't just about shared interests – they're vital to fostering a sense of belonging, encouraging colleagues to express their passions, and helping shape a workplace that reflects the diversity of everyone who works here. By celebrating these communities, we empower colleagues to connect, grow, and contribute to making our business more inclusive and vibrant.



Our networks don't just make a difference – they inspire it! Whether it's shaping inclusive policies like our Family Friendly, Domestic Abuse, and Carers Leave policies, advocating for gender-neutral restrooms and Multi-Faith rooms, or championing wellbeing initiatives like providing free, eco-friendly period products, these groups are actively transforming our workplace for the better.

But it doesn't stop there. Our networks collaborate with businesses and support organisations across the UK, sourcing inspiring speakers, hosting engaging educational sessions, and sharing best practice. Through 'Lunch & Learn' webinars and events, they're building bridges, fostering learning, and encouraging us all to think differently.

Together, we're not just building a workplace – we're building a community where every voice is heard and every colleague feels empowered to thrive.

“Our networks bring together people with shared goals, initiated by colleagues, for colleagues. They embody the best of Principality's spirit. I'm inspired by the passion and dedication from our network members who work to create a supportive and fair environment for all.”

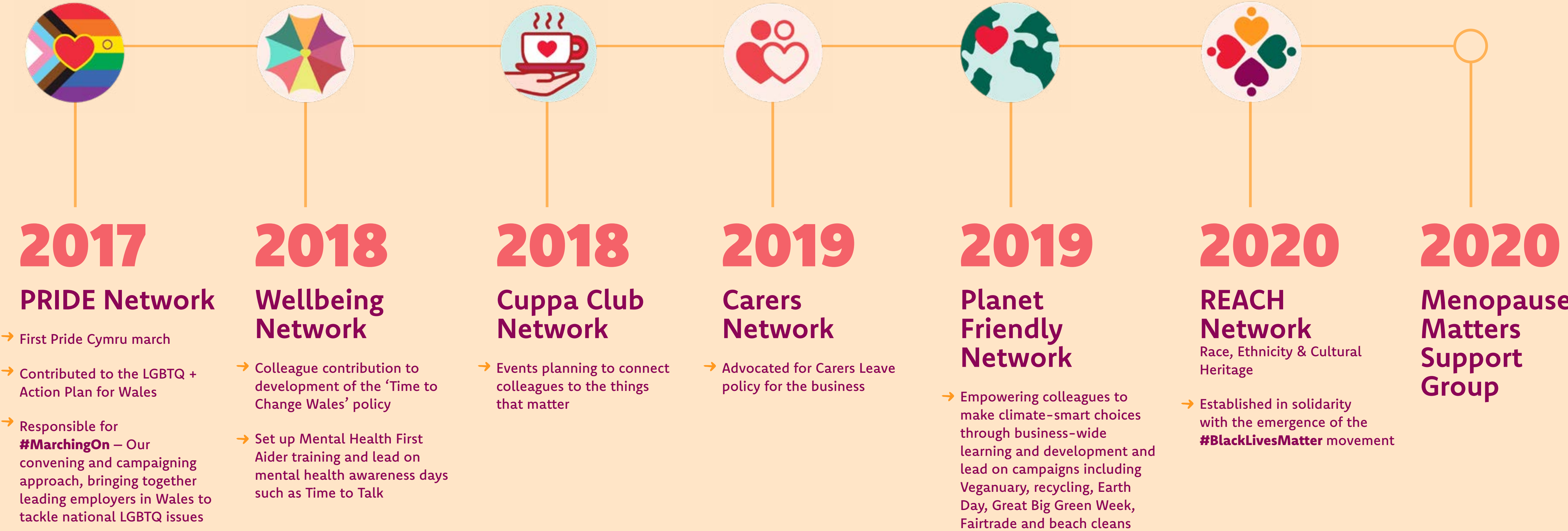


Julie-Ann Haines, CEO,
Principality Building Society



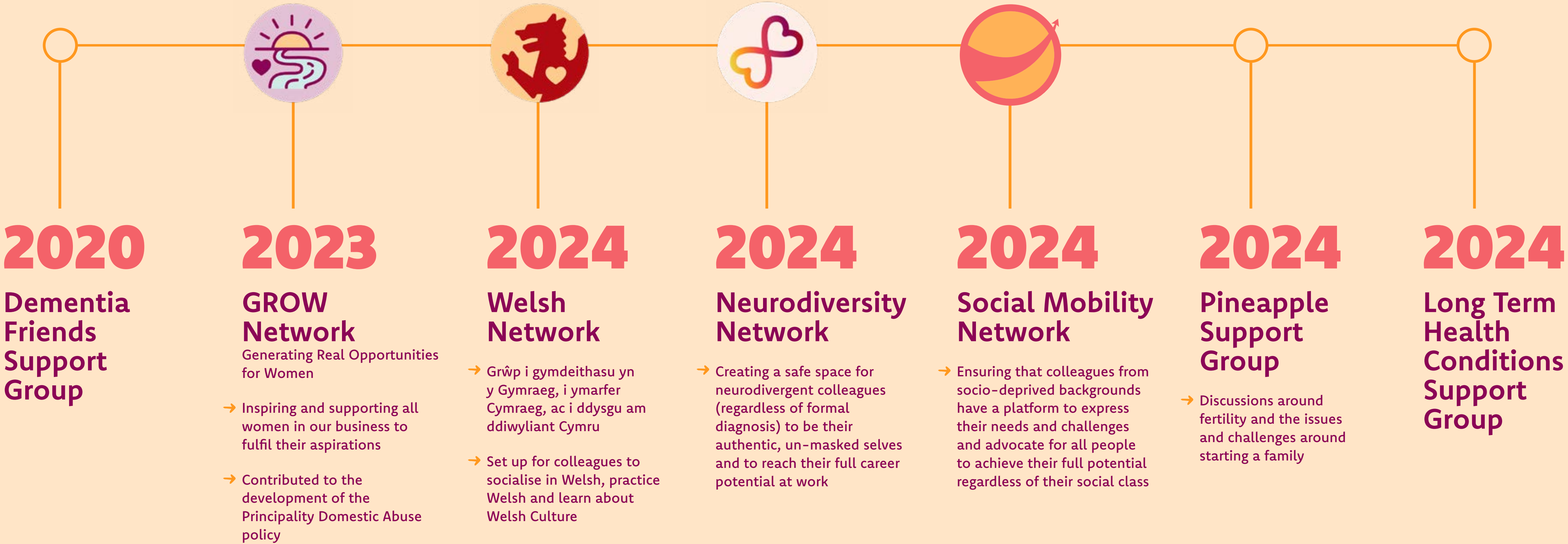


Networks timeline





Networks timeline





Colleague Networks



Neurodiversity Network



The Neurodiversity Network provides a supportive and confidential space where neurodivergent colleagues can connect, share experiences, and feel safe to be their authentic selves. The network aims to promote awareness of neurodivergent conditions, offering resources and training, and advocating for a more inclusive work environment. It also serves as a voice in shaping workplace policies from a neurodivergent perspective.

UK Awareness Days supported:

Neurodiversity Celebration Week



Mental Health Awareness Week



National Inclusion Week



Cuppa Club



Fostering connections across the business through quarterly events and engaging external speakers, the network emphasises collaboration, offering opportunities for colleagues to develop skills, meet new people, and promote intersectionality. It’s a space to socialise, learn, and contribute to a sense of community.

UK Awareness Days supported:

National Inclusion Week

International Friendship Day



GROW

Generating Real Opportunities for Women



The GROW network inspires and supports women in the workplace, offering a safe space for open conversations about gender and career aspirations. The network connects women and allies through regular meetings, communication campaigns, and networking opportunities, encouraging all to join in fostering gender equality.

UK Awareness Days supported:

International Women’s Day



Equal Pay Day





Welsh Network

Rhwydwaith Cymraeg

Who doesn't want to learn Welsh!

The Welsh language is at the heart of our modern Welsh identity. Celebrating and promoting Welsh language and culture, this group offers a warm welcome to anyone interested in learning and practising the Welsh language (connecting with fluent speakers through a buddy system). It also provides opportunities to get involved in heritage events – and eating lots of Welsh cakes.

UK Awareness Days supported:

Welsh Language Music Day



St. David's Day



Celebrating the Welsh language!

We're honoured to have partnered with the Comisiynydd y Gymraeg/Welsh Language Commissioner and Dysgu Cymraeg/Learn Welsh to showcase and celebrate the resources available to private sector organisations for integrating the Welsh Language into their businesses. As proud advocates for the Welsh language, we offer bilingual services to our members and the communities we serve.





Colleague Networks



Planet Friendly Network



Our passionate Planet Friendly champions are devoted to environmental sustainability and to helping the business reduce its carbon footprint. It informs, influences and inspires colleagues with tools and resources to become more eco-conscious and actively promotes environmental initiatives through events, campaigns and mandatory training programmes.

UK Awareness Days supported:

World Environmental Day

The Big Plasic Count

Zero Waste Week

Carers Network



This network offers support to colleagues who are caregivers, providing a space to share experiences, challenges and advice. The Carers Network promotes a workplace culture where carers are valued and supported, with informal monthly meetings and a strong online presence. Their insights and lived experience helped to form the Carers Leave Policy.

UK Awareness Days supported:

Carers Week



Young Carers Action Day



REACH Network



Celebrating the richness of cultural diversity and supporting colleagues from all ethnic backgrounds, the REACH Network is a platform for discussion, peer support, and discovering different heritages. REACH is committed to raising awareness through events and education, especially during Race Equality Week and Black History Month:

UK Awareness Days supported:

Black History Month



RaceEquality Week





Colleague Networks



Wellbeing Matters Network

The mental health and wellbeing of all colleagues is key to a thriving workplace. Wellbeing Matters offer a safe space for sharing experiences and discussing mental health openly. The network organises regular support activities, such as virtual coffee mornings, and provides access to resources aimed at enhancing building resilience and wellbeing.



UK Awareness Days supported:

Mental Health Awareness Week

Stress Awareness Month

World Suicide Prevention Day

PRIDE Network



The Pride Network waves flags of all colours to support and celebrate the LGBTQ+ community within the business, fostering a culture of acceptance and visibility. The network celebrates diversity through events such as Pride Month (actively driving our support for Pride Cymru) and LGBTQ+ History Month, and actively works to shape inclusive policies and strategies at business and national level.



UK Awareness Days supported:

National Inclusion Week

Pride Month





Inclusion by design

Diversity is a reality.
Inclusion is a choice.

Being inclusive is embedded in our DNA. We know that a diverse workforce brings enlightening perspectives and insights to our business, unlocks innovation, drives better decision-making, and creates opportunities for everyone. Inclusion is central to what we do and how we do it, ensuring that every colleague feels respected, valued, and empowered to contribute their unique perspective.

We've had a Diversity and Inclusion strategy in place for three years. Inclusion by Design continually evaluates and adjusts relevant systems, structures and policies to create an environment that recognises, supports, celebrates and respects all colleagues regardless of identity, characteristics, background or life experience.



Race at Work Charter



Committed to change

We're proud to be a signatory of the Race at Work Charter, a set of commitments created by Business in the Community to support underrepresented ethnic groups in the workplace. This reflects our drive to build an environment where Black, Asian, and minority ethnic colleagues have equal opportunities to grow and succeed.

Key initiatives under the Race at Work Charter:



Mentoring circles:
A career development programme that connects employees across the UK, supporting their personal and professional.

"My awareness of unconscious bias has increased tenfold, and I'm committed to ensuring this knowledge shapes my leadership approach."

Principality Colleague

"Diversity means becoming complete as human beings, and that includes all of us. We learn from each other, and this programme has helped me break down barriers and understand the challenges faced by minority groups."

Principality Colleague

Our Race at Work commitments:

- ➔ **Appoint an executive sponsor for race**
Chair of REACH network
- ➔ **Capture ethnicity data and publicise progress**
68% complete. Our ambition is to publish a voluntary ethnicity pay gap. Talent and succession planning will include ethnicity leadership statistics, and progress measures are included in our business measures.
- ➔ **Commit at board level to zero tolerance of harassment and bullying**
We already have a commitment to this as a business for all protected characteristics.
- ➔ **Make clear that supporting equality in the workplace is the responsibility of all leaders and managers**
This is built into our Leadership Promises. We are rolling out inclusive leadership training. Hiring manager and new manager programmes have D&I embedded and have started.
- ➔ **Take action that supports ethnic minority career progression**
Our Talent Strategy will track ethnicity. A cross-mentoring programme delivered by BITC is in place. We are also developing in-house reverse mentoring as a result, and the first relationship has started.
- ➔ **Support race inclusion allies in the workplace**
The REACH Network provides a space for advocates and allies. We have delivered support training for allies, and inclusive leadership training helps allies speak up.
- ➔ **Include black, Asian, mixed Race, and other ethnically diverse-led enterprise owners in supply chains**
We're working across our supply chain to improve diversity more broadly. This requires more focus.

Women in Finance

We're a long-term signatory of the Women in Finance charter and continue to track our progress to ensure that women are positively represented at every level in the business.

	2023	2024	2025
Number of colleagues in total workforce	1250	1238	1157
Number of female colleagues in total workforce	758	753	709
Female colleagues as percentage of total workforce	60.06%	60.82%	61.28
Number of colleagues in senior management population	63	62	55
Senior management as percentage of total workforce	5%	5%	5%
Number of female senior managers	25	26	27
Female senior managers as percentage of total senior management	39.6%	41.94%	49.09%
Number of female senior managers from ethnic minority background	Data unavailable	1	1
Female senior managers from ethnic minority background as percentage of total senior management	Data unavailable	4%	2%
Female representation on Board	62.5% (5/8)	50% (4/8)	55.55% (5/9)
Female representation on Executive Committee	42.8% (3/7)	44.44% (4/9)	50% (4/8)

This data reflects our ongoing commitment to increasing gender diversity across all levels of our organisation, with significant strides made in female representation in senior management and the Board.

We're proud of the progress we've made in gender equality through our involvement with the Women in Finance Charter.

In 2016, we set an ambitious target of 33% female representation in senior management by 2021, and we achieved it. Now, we've raised the bar, aiming for at least 40% of either gender in senior management by 2030.



Key actions

Our diversity and inclusion efforts are supported by several key initiatives designed to drive progress and create real, lasting change. Here's what we're doing:

- Diversity & Inclusion strategy**
- **Embedding inclusion by design** into business planning, ensuring that all decisions reflect our D&I priorities.
 - **Inclusive leadership training:** Senior leaders receive ongoing training to foster inclusive leadership practices across the organisation.

- Talent and resourcing**
- **Objective hiring criteria** to ensure we attract diverse candidates and mitigate biases in recruitment processes.
 - Expanding our **Employee Value Proposition (EVP)** to appeal to candidates from a range of backgrounds.

- People policies**
- **Paid Parental Leave Policy:** We've enhanced our policy to be inclusive of all pathways to parenthood, including adoption, surrogacy, and fostering.

Tracking success

We track our progress through a Diversity Dashboard, updated quarterly, which provides data on all aspects of diversity, including gender representation at all levels of the organisation. This is shared with senior leaders to inform decision making and drive accountability.

We also use engagement surveys and colleague networks to gather qualitative feedback on inclusion, helping us ensure that our actions are making a real difference.

Targets

We don't currently set representation targets for any groups, other than gender (as part of our Women in Finance Charter commitment). In terms of targets for ethnicity we've already started to discuss what this would look like with our race, ethnicity and cultural heritage employee network (REACH), and have been measuring progress against census data during 2024. We're a Welsh based business with approximately 25% of our workforce based in our branches across Wales and a low level of attrition. Both of these considerations will have an impact on the level of the targets that we set.

Meeting our 2030 goal ahead of schedule.

We're continuing our efforts to ensure this progress is sustainable and extended across all senior management levels.



Inclusive Companies

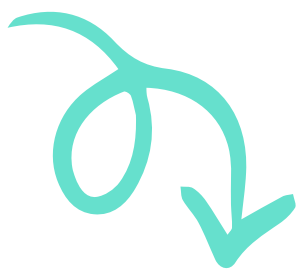
We are currently the only building society to be included in the Inclusive Companies Top 50 Employers List (IT50) achieving a rating of 32 in 2024, up 17 places from 2023. The Index focuses on best practice in inclusion across all strands of diversity including age, disability, gender, LGBTQ+, race, faith and religion.

This revolutionary initiative is the only benchmarking tool in the UK that highlights the efforts of organisations that embed true inclusivity internally and we are extremely proud to be featured.

Armed Forces Covenant

We’re a proud signatory of the Armed Forces Covent, and commit to upholding its key principles:

- No member of the Armed Forces Community should face disadvantage in the provision of public and commercial services compared to any other citizen.
- In some circumstances, special treatment may be appropriate especially for the injured or bereaved.



Monitoring diversity and inclusion

We actively encourage colleagues to complete demographic data and have seen an increase in completion rates to an average of 65%.

We know we can improve this and that this would result in useful data in our reporting. Our current processes need to be adapted to be able to include suppliers in our reporting.





LGBTQ+ 



Supporting Pride Cymru



As the headline sponsor Pride Cymru, Wales’ largest grassroots volunteer-led LGBTQ+ charity, we’re more than just backing a march; it’s about us standing with the LGBTQIA+ community as a reminder that every person, every story, and every colour of the rainbow deserves to be seen, included, accepted, celebrated and supported.

This is about who we are and what we believe in as a business. Championing Pride Cymru demonstrates an unwavering commitment to creating an environment where everyone feels valued for who they are, regardless of identity. It’s a powerful statement of solidarity, showcasing the importance of giving a voice to those who are often marginalised and fostering joy, equality and acceptance in the workplace and beyond.

From **20 colleagues** volunteering in 2019, to **250 in 2024**, we’re going from strength to strength.

“We’re delighted to have Principality as a partner. There is real clear synergy between how we operate: we’re both exclusively for the benefit of the communities we serve. Over the last year, Principality’s vibrant LGBTQ+ Pride network has worked closely with senior management to deliver a series of great events, promoting LGBTQ+ inclusion. We thank everyone at Principality Building Society for their continued commitment and their allyship”.



Gian Molinu, Chair of Pride Cymru

“I’m really grateful to work in an organisation that truly values LGBTQ+ community inclusion and does whatever it can to support that. We’re blessed to have such an amazing core group in our Pride network to help us achieve these inspiring events that colleagues and others so clearly want to attend.”

PBS Colleague

A rainbow of possibilities





Wales' LGBTQ+ action plan

Once ranked as one of the most LGBTQ+ -friendly nations in Europe, the UK finished in 14th place in the most recent European rankings (ILGA-Europe 2022). If we're going to change that, and we must change that, we need to recognise that disadvantage, inequality and discrimination remain a reality for many LGBTQ+ people living in Wales – and do something positive about it.

We were active contributors to developing the Wales' LGBTQ+ Action plan, and following its release, we're fully committed to delivering to the ambitious and inspiring vision to make Wales the most LGBTQ+ friendly nation in Europe,

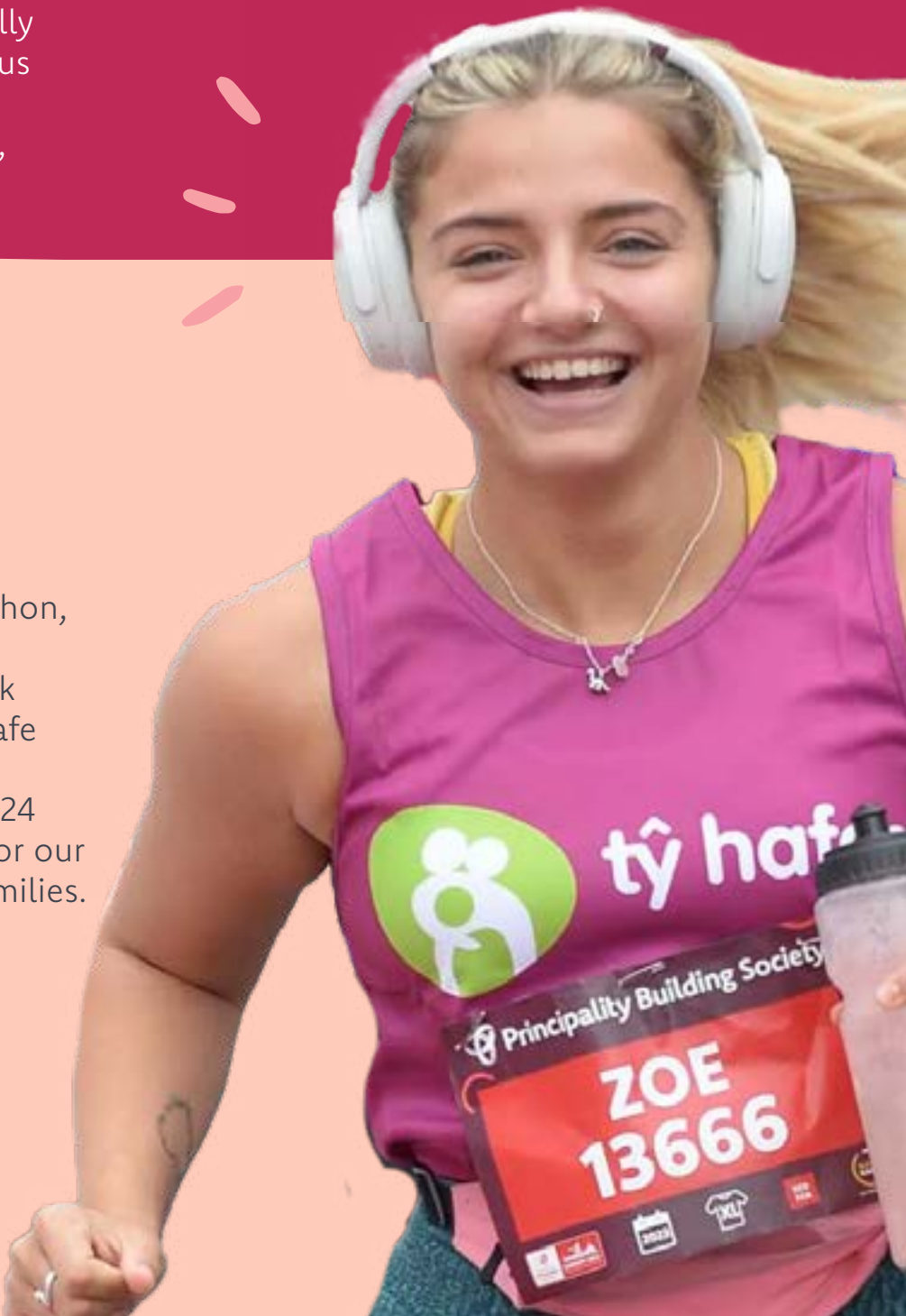
to support all LGBTQ+ people in Wales to live their fullest life: to be healthy, to be happy, and to feel safe.

We're committing to more than just words. Our #MarchingOn initiative ensures that LGBTQ+ issues are at the forefront of our thinking all year round. It's a campaign of conversations, round tables and events with ally employers from across Wales.

We see this work as essential, not only for the wellbeing of our colleagues but for the communities we serve. It's about building bridges, creating opportunities, and leading the way towards a more inclusive future.

Cardiff Half Marathon

As well as sponsoring Pride Cymru, we've sponsored the Cardiff Half Marathon, another of the highest profile events in the Welsh calendar, creating a landmark 'Rainbow Roundabout', a unique and safe performance space and cheer zone for LGBTQ+ spectators and allies and in 2024 we also developed a dedicated space for our neurodivergent colleagues and their families.



National Theatre Wales

As we're proud to wear our LGBTQ+ colours on our sleeve, we were approached by the National Theatre Wales (NTW) to sponsor its production of 'Feral Monster' in 2024. The play is a coming-of-age story about the rollercoaster of adolescence set in rural north Wales and told through the lens of working-class LGBTQ+ characters. One of our goals was to support NTW in attracting audiences who rarely see themselves depicted positively in the arts and media.

NTW engaged

821,463

people across live and digital activities

Feral Monster toured Wales

5 & 15

venues performances

Offered 18 to 28 year olds

emerging and early-career musicians the opportunity to learn to create music and build songwriting skills

Resource pack for GCSE & A Level students

exploring themes and artistic process

Published

300

copies of Bethan Marlow's text with Parthian Books, which were distributed at tour venues and independent/ LGBTQ+-run book shops across Wales

Recruited an

all-queer

creative team who brought their lived experiences to the project and script



“Principality’s support has been hugely valuable in expanding the reach of Feral Monster so we could share this wonderful and important show with the people who would most benefit from seeing it. Everyone working at NTW and on the production was impressed with the genuine enthusiasm Principality had for Feral Monster. They were a pleasure to work with and we look forward to continuing to build our relationship with them.”



Katie Haines, NTW's Director of Audience

A large, stylized illustration of a crown in a muted purple color, centered behind the title. The crown has a large oval opening in the center. To the left of the crown are three small, light blue teardrop shapes. To the right are two light blue curved arrows pointing downwards and two small, light blue diamond shapes. A long, light blue wavy line curves under the word 'Governance'.

Governance



06. Governance

Vision, values & vigilance

Governance is at the heart of our strategy and decision making, ensuring we manage risks, stay compliant, and act with integrity.

Our governance framework ensures we meet the expectations of regulators like the FCA and PRA. By fostering a culture of transparency and accountability, we build credibility and maintain trust across all levels of our operations. This commitment is a catalyst for sustainable growth, creating an innovative business environment in which we can effectively minimise and mitigate risks, drive ethical practices, strengthen market credibility and underpin our long-term financial stability. Strong governance isn't just a safeguard, it's our engine of resilience.

Maintaining clear and transparent communication with clients and stakeholders



Demonstrating a proactive approach to risk management and internal controls

Ensuring a culture of compliance across all areas of the business



Upholding ethical business practices in line with industry standards



Promoting financial stability through robust governance and sound decision-making

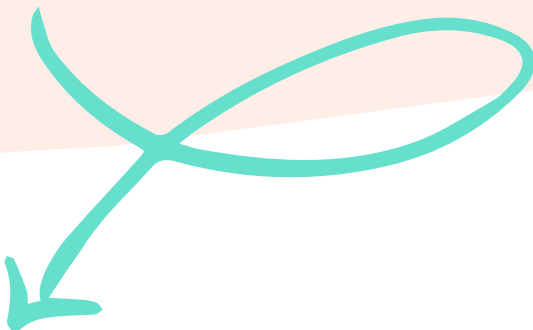


Upholding the law and fully complying with the expectations set by the FCA, PRA and other regulatory bodies

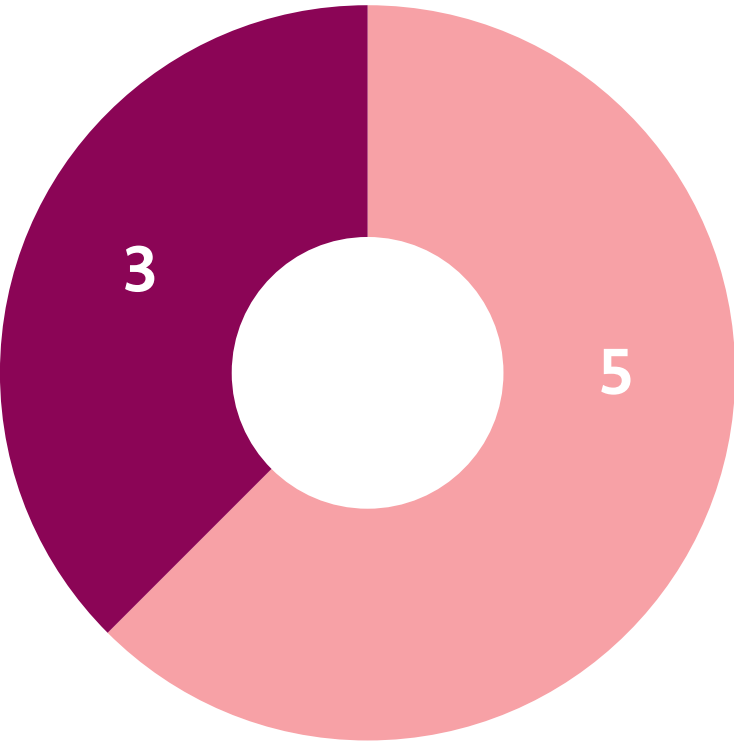
The Society's approach to corporate governance is based on the **Principles and Provisions of the UK Corporate Governance Code** ('UK Code'). Although the UK Code is primarily aimed at listed companies, the Society's Board is committed to operating in line with **best practice** standards of corporate governance. For this reason, and to meet the expectations of the Society's members and other stakeholders, **the Board chooses to comply with the UK Code**, in so far as is possible and relevant to building societies.



Board composition

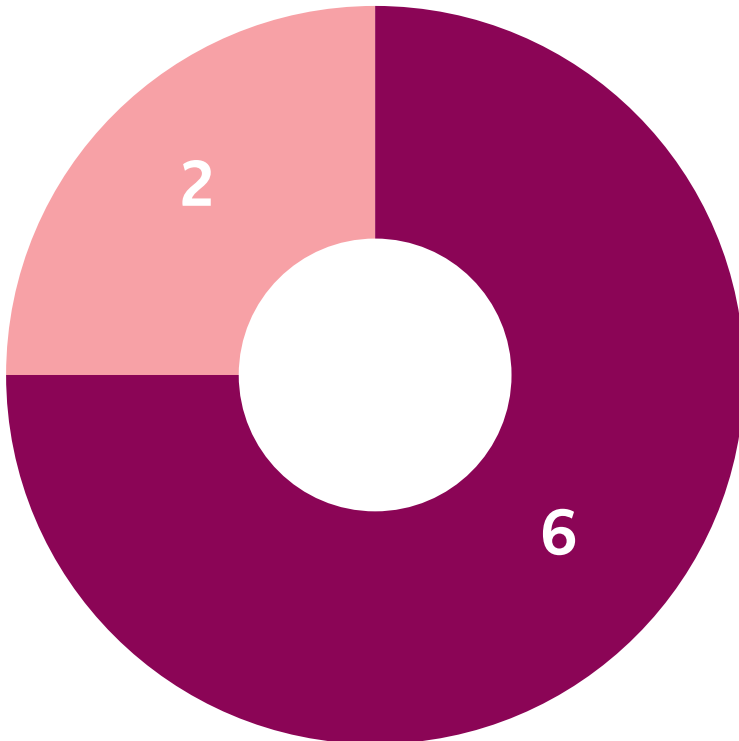


Gender Diversity



Male
Female

Ethnicity Diversity



White British
Minority Ethnicities

Our Board plays a pivotal role in shaping and nurturing the Society’s culture, ensuring it remains inclusive and diverse. By fostering a culture where every colleague feels valued and empowered, we create an environment where individuals from all backgrounds can thrive and perform at their best.

Our Non-Executive Directors actively engage with Members and colleagues across the business, immersing themselves in the Society’s culture. Through branch visits, office meetings, and events such as the Colleague Forum and Annual General Meeting, they listen firsthand to the perspectives of colleagues at all levels, gaining a deeper understanding of the issues that matter most.

The Board also monitors our culture by reviewing insights from colleague surveys and data provided by HR, Compliance, Conduct, and Internal Audit teams. This holistic approach ensures we stay aligned with our values and continuously improve.

As a building society, our Members are at the core of every Board decision, but we also recognise the importance of considering the views of all stakeholders. By listening to and acting on their feedback, we remain committed to fulfilling our purpose and shaping a strategy that delivers long-term value. In 2023, the Board enhanced its stakeholder engagement, adding ESG rating agencies and the Living Wage Foundation to our key relationships, ensuring a comprehensive approach to meeting stakeholder needs.

Our Board:

- Ensures that Board and Executive succession planning is in place and approving any key appointments
- Formulates the Society’s strategy, business model, and monitoring progress against the agreed strategy
- Ensures the sustainability of the Society’s business model
- Approves significant projects with spend over £5m
- Maintains a sound system of control and setting the Society’s appetite for risk
- Ensures that there is an appropriate culture in place across the Society which aligns with its strategy and value
- Fosters transparency and honesty and ensuring that good standards of behaviour permeate throughout all levels of the Society
- Ensures the proper conduct of all aspects of the Society’s affairs
- Approves the Society’s Whistleblowing Policy and its annual statement on the steps being taken to mitigate modern slavery and human trafficking risks to which the Society is exposed
- Approves the Society’s Remuneration Policy, upon the recommendation of the Remuneration Committee

Further details about our Board can be found in our Annual Report & Accounts.



Supply Chains

Working with people like us

Responsible procurement doesn't only focus on compliance, it focuses on building a future where business and environmental priorities align. In today's world, where regulatory demands are increasing and environmental responsibility is non-negotiable, our Procurement team plays a critical role in shaping this future. By choosing the right partners, we're not only securing our success but also driving positive change across the industry.

Our suppliers can be collaborators in our environmental mission. We classify them into four key tiers: critical, important, key, and non-key, ensuring we work with those who align with our values and goals. From operational risk to regulatory compliance, performance and opportunity, every supplier is rigorously assessed to ensure they support our long-term strategy and can offer innovation where it counts. When things change, be it increased spend or shifting risks, we reassess to make sure we're always moving forward together.

For our most crucial partners, we conduct in-depth risk assessments, evaluating them not just on operational factors, but on broader issues like environmental impact, diversity, inclusion, modern slavery and the real living wage. This ensures we're looking beyond the basics and addressing the pressing challenges that define today's responsible business environment.

Our approach doesn't stop at the start of the contract. Through continuous monitoring and relationship management, supported by a third-party state-of-the-art data platform, we track sustainability performance across three ESG pillars. This transparency helps us foster constructive, forward-looking conversations with our suppliers, benchmarking them against industry peers and driving them to improve. By sharing these insights, we help our suppliers see where they stand and encourage meaningful progress.

In 2024, we developed our Sustainable Suppliers Toolkit to further assist our partners on their sustainability journeys. This toolkit helps suppliers identify where they are on their path to net zero, set achievable targets, and measure their progress. Our goal is to collaborate with them in reducing their carbon footprint, and we're already seeing success. 60% of our engaged suppliers have adopted this process and completed their due diligence.

Our procurement process itself is fully paperless, reflecting our commitment to sustainability. All contracts are digitally stored, and every procurement activity is electronically signed off, saving time, reducing waste, and streamlining our operations.

We're also raising the bar on ethical standards with a revised Code of Conduct, which includes a clear stance on Modern Slavery. As we incorporate this into all contracts, we'll continue to track adherence, ensuring our suppliers reflect our commitment to ethical practices.

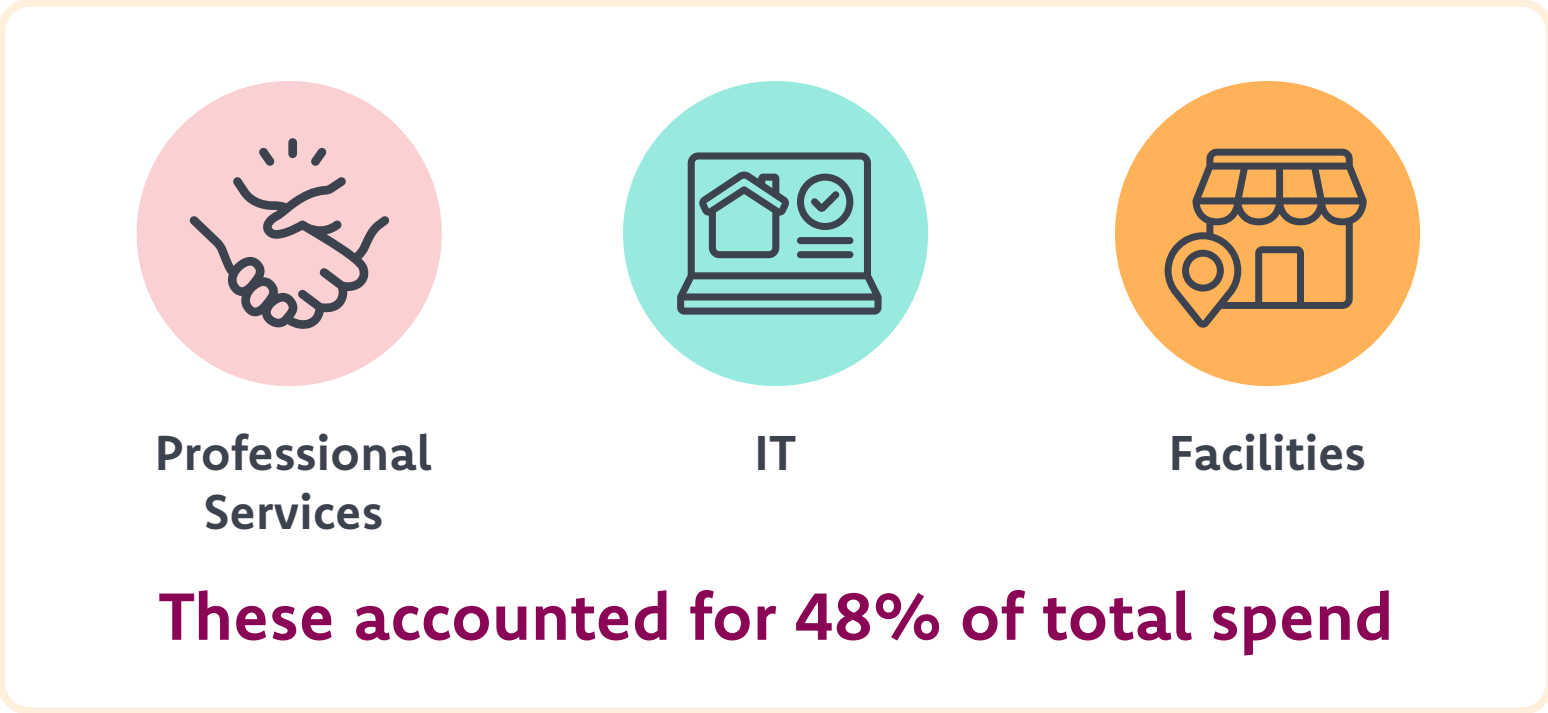
In 2024 and 2025, we're rolling out new sustainability clauses in our contracts, starting with pilots among critical suppliers. This proactive approach ensures we remain leaders in sustainable procurement and continuously refine our practices based on feedback.

Our ongoing supplier collaborations are already delivering tangible benefits. We're working with our cleaning providers to introduce eco-friendly products, partnering with a supplier to bring financial education programmes to new regions, and reducing paper usage with our print partner. We're also introducing more flexible, paperless communication options for our customers.

Procurement is more than just a department, it's a driver of change, ensuring we work with partners who share our values and vision. Together, we're building a supply chain that's good for business and good for the environment.

Our supplier landscape

2023 spend



Sustainable supply chain

Supplier Toolkit



Anti-financial Crime statement

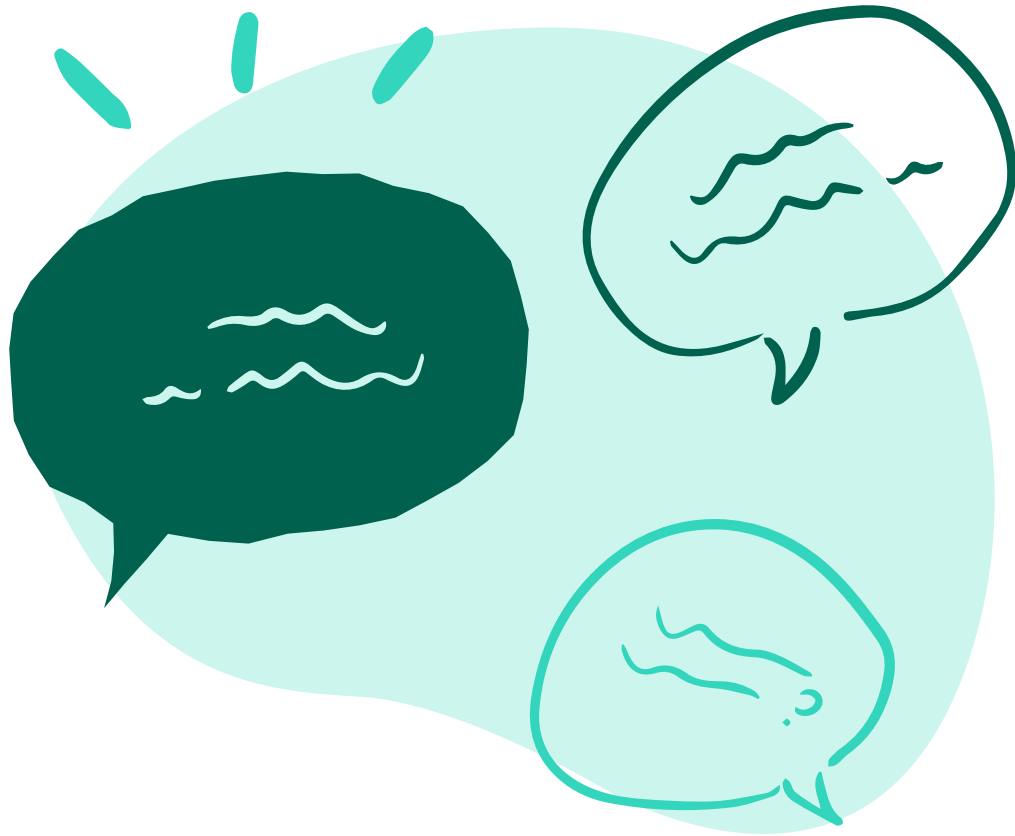
Anti-Financial Crime (AFC) work includes transaction monitoring, internal and external investigations, handling suspicious activity reports, staff training, reporting to authorities like the Police and National Crime Agency, and even providing witness statements or attending court when needed.

Our strategy focuses on key areas to ensure we uphold financial integrity, ethical standards, and compliance with industry best practices:

- We create a secure environment by implementing strong measures to deter criminal activities, with zero tolerance for bribery or corruption from staff or associated individuals.
- We strictly follow UK laws, ensuring all required filings are accurate and timely, supported by documented processes to meet compliance obligations.
- We collaborate with industry bodies and regulators to safeguard the financial services sector and stay in step with regulatory changes through constructive engagement.
- Our policies include customer and payment screening to manage risks, and we thoroughly assess third-party relationships with due diligence and detailed management information.
- We conduct regular risk assessments, overseen by the Board and reviewed annually by the Audit Committee. Our Chief Financial Officer (CFO), supported by a skilled team, ensures robust financial management, and we engage external advisors when needed.
- Mandatory, role-specific training ensures colleagues understand financial crime prevention and legal responsibilities, with clear accountability across the business.
- We offer secure channels for raising concerns, including a whistleblowing process, and ensure timely investigations of potential breaches.
- We manage risk by keeping staff well-trained and our systems up-to-date, regularly reviewing their effectiveness.
- We maintain open and transparent communication with regulators, seeking expert advice when necessary to manage evolving regulatory risks.
- We take a zero-tolerance approach to illegal activities and regularly review our procedures to ensure they comply with the Act, minimising the risk of our services being misused.

“Everyone is vulnerable to scams, and that’s exactly why we take fraud prevention so seriously. It’s about safeguarding our members’ money and supporting their financial wellbeing for the long haul. We have a duty to protect not only what’s in their accounts today but also their financial security in the future.”

Principality colleague



Anti-bribery and corruption statement



We recognise the severe societal and reputational damage caused by bribery and corruption, as well as the serious consequences of failing to prevent such activities. We maintain a zero-tolerance policy towards bribery and corruption and strictly prohibit any form of such criminal behaviour by our colleagues or third parties acting on our behalf.

We have strict anti-bribery policies, requiring all colleagues to declare gifts and hospitality above a certain threshold. Additionally, we conduct regular audits to ensure compliance with the UK Bribery Act 2010. These efforts are integral to maintaining the ethical standards that underpin our broader AFC strategy.

Policy purpose:

- Explanation of relevant laws and our duty to prevent bribery by anyone representing our business.
- Procedures for identifying, assessing, monitoring, and managing bribery and corruption risks, including targeted risk assessments in higher-risk areas.
- Red flag indicators to alert colleagues to potential bribery or corruption risks.
- Clear definition of responsibilities, including senior-level authorisation for certain transactions and third-party engagements.
- Established channels for escalating and reporting concerns, supported by our whistleblowing process.
- Mandatory training for all colleagues, collection of management information, and regular assurance testing.
- Clear communication of prohibited conduct and minimum standards for behaviour
- Robust controls for assessing risks and approving activities prone to bribery, including charitable contributions, sponsorships, gifts, and interactions with public officials.
- Detailed requirements for managing risks in relationships with third-party providers, including due diligence, payment controls, and contractual obligations.
- Active engagement with industry experts and stakeholders to benchmark and strengthen our framework and we review our policies and standards regularly to ensure they remain effective and aligned with best practices.



Modern slavery and human trafficking statement

We're proactive in helping to end modern slavery and human trafficking, ensuring everyone is treated with dignity and respect. We're deeply committed to upholding the principles of the Modern Slavery Act 2015, focussed on creating a safe, respectful environment for our colleagues, customers and the wider community.



Policy purpose:

- We work hard to ensure everyone who works with us feels confident, valued and protected. Our recruitment processes ensure that all colleagues are legally entitled to work in the UK, safeguarding them from any form of exploitation
- While the risk in our supply chain is low, we're always vigilant. We work with trusted suppliers and follow clear guidelines to keep modern slavery out of our operations
- Ongoing awareness training helps colleagues to recognise and address any potential issues and we encourage everyone to speak up if they think something's wrong, knowing they'll be fully supported

GDPR and data privacy

Safeguarding personal data isn't just about ticking a box, it's about respecting the rights of individuals and reinforcing the trust that is the cornerstone of our relationship with our members and the wider community.

Policy purpose:

- We're committed to the responsible use of personal data. This commitment ensures that all personal information under our care is handled with the highest level of security and integrity
- Meeting our statutory obligations under the Data Protection Act and the General Data Protection Regulation (GDPR) and taking proactive steps to mitigate any risks that could potentially impact individuals' privacy and security are at the heart of our work
- We invest in comprehensive training for all colleagues across the business and regularly update our privacy notices and enforce strict policies regarding data protection
- We also conduct Data Protection Impact Assessments (DPIAs) to identify and manage risks proactively and demonstrate ongoing compliance with these regulations
- When necessary, we work closely with the Information Commissioner's Office (ICO) to ensure that our practices meet or exceed the required standards



Whistleblowing

Our whistleblowing policy reflects our commitment to openness, responsibility and strong governance. We're committed to acting in the best interests of our members, customers, and the broader community. The policy ensures that if concerns are raised, they are investigated and resolved in a way that protects the integrity of our business, safeguards our people and reassures the public that we operate with the highest ethical standards.

Policy purpose:

- We ensure that any concerns related to misconduct, unethical behaviour, or legal breaches are reported and addressed promptly. By encouraging openness, we demonstrate our commitment to operating with integrity and accountability
- The policy reassures that anyone raising concerns, whether employees or external parties like contractors and suppliers, will be protected from retaliation under the Public Interest Disclosure Act (PIDA) and supported. This protection is crucial for fostering a culture where people feel safe to report wrongdoing without fear of reprisal
- Strong governance is at the heart of our whistleblowing policy. The policy aligns with regulatory requirements and ensures that we follow all legal and ethical standards. Any reported concerns are rigorously investigated by experienced professionals, ensuring issues are addressed with the highest standards of confidentiality and impartiality



Tax Strategy Overview

Our approach to tax is aligned with our core values and overall strategy of the business. We’re committed to paying the right amount of tax on time, fully complying with all tax rules and regulations, and safeguarding our reputation as a responsible taxpayer. We manage tax liabilities through legitimate tax reliefs, balancing our obligations with the need to protect our members’ interests and our tax strategy fully adheres to HMRC’s Code of Practice on Taxation for Banks (“the Code”) which sets out the principles and behaviours expected of banking groups with regard to tax and we have adopted this code unconditionally, ensuring compliance with expected principles and behaviours.

Key approaches

- We ensure timely and accurate tax payments, fully compliant with UK tax laws.
- We provide accurate information and submit all relevant returns, claims, and elections within statutory deadlines.
- We document processes and controls to support tax payments and ensure correct tax return preparation.
- We strictly avoid participation in any tax avoidance schemes that may contravene tax avoidance legislation.
- We structure colleague remuneration to ensure correct tax and national insurance contributions.
- We engage constructively with contractors about their tax status.
- We participate in government tax consultations to stay ahead of legislative changes.
- Concerns about tax matters can be raised confidentially under our whistleblowing policy.



Governance and risk management

- Our tax policy is owned by the Board and reviewed annually by the Audit Committee.
- The Chief Financial Officer oversees tax management, with day-to-day operations handled by the Head of Financial Reporting and Control.
- We engage external tax advisers when necessary to ensure up-to-date knowledge and compliance.
- We maintain a low-risk appetite for tax matters, focussing on efficient, values-driven tax planning and ensuring resources are available for compliance.

Relationship with HMRC

- We maintain a transparent, cooperative relationship with HMRC, seeking professional advice when necessary.
- We manage and mitigate risks arising from tax legislative changes, considering impacts on both the business and our members.

Criminal Finances Act 2017 Compliance

- We have zero tolerance for tax evasion and its facilitation, regularly reviewing internal policies to prevent misuse of our services for tax evasion.
- We continuously review and strengthen our procedures to prevent the facilitation of tax evasion, ensuring compliance with the Criminal Finances Act 2017.

Investments

We monitor the ESG credentials of our investments on a monthly basis. Compared to other countyparty credit quality, the ESG ratings of counterparties is still very much in its infancy. The purpose of monitoring the ESG credentials of our investments is to develop sufficient understanding of these ratings to incorporate into a future ESG investment policy.

We are providing our colleagues with a platform to invest their funds in, which is consistent with the ethical and climate agenda.





Learn. Grow. Repeat.