ChetwoodBank.



ESG Report

Financial Year

April 2025 – March 2026

Foreword

Financial Year April 2025 - March 2026

Chetwood Bank is a UK digital challenger bank with a focused, specialist approach. Our purpose is clear:

> **To make specialist banking simpler and more accessible by combining technology, expertise and strong partnerships.**

We provide mortgage and wholesale lending solutions, funded by great value retail savings, serving individual savers, professional landlords, borrowers, intermediaries and institutional partners. By concentrating on our core strengths and tailoring our products to distinct audiences, we deliver specialist solutions with discipline, insight and a no nonsense approach.

Our mission guides how we operate: to deliver specialist mortgages, savings and wholesale lending with clarity, speed and certainty, supported by deep expertise, smart technology and rigorous risk management. Our vision looks ahead: to redefine what a UK digital challenger bank can be and become a leading specialist bank, recognised for doing things well and trusted for our expertise.

We are committed to clarity, fairness and responsible growth. We keep things simple, transparent and dependable, building trust and long term value for customers, partners, investors and colleagues. We make the most of every opportunity to deliver the best possible outcome, ensuring every interaction is positive and memorable.

We work as one team, aligned, accountable and collaborative. We break down silos, combine our strengths and recognise that every contribution moves us closer to our shared goals. This culture is fundamental to who we are and central to the progress we continue to make.

Developing and delivering our ESG Plan

At Chetwood, we recognise that our responsibilities extend beyond the products we offer. As a regulated bank, a technology driven organisation and an employer, we have a meaningful role to play in protecting the environment, supporting our communities and ensuring our business is governed with integrity.

Our ESG Framework provides the structure for this commitment. Each year, we build on the progress we have made, setting new goals that reflect both our values and the expectations of our customers, colleagues and regulators. Our April 2025 - March 2026 ESG Plan has been reviewed and approved by our Board, and delivery of the plan is supported by our cross functional ESG Working Group. ESG commitments form part of the performance objectives for our leadership team, and progress will be monitored and reported throughout the year.

Our role in building a more sustainable financial system

The past year has once again highlighted the urgency of environmental action, with extreme weather patterns becoming increasingly common across the UK and beyond. As a digital bank, our direct environmental footprint is relatively small, but that does not diminish our responsibility to act.

Chetwood does not lend directly to carbon intensive sectors such as oil and gas. Our lending is focused on mortgages and wholesale funding, where we can make a meaningful difference by supporting professional landlords to improve the quality and energy efficiency of rental properties, offering responsible mortgage solutions that help customers achieve long term financial stability, and partnering with institutions that share our commitment to sustainable finance.

A key part of this commitment is helping to improve the energy performance of the UK's housing stock. Our bridging loan products can be used to refurbish properties and bring them up to an EPC rating of C or above, supporting landlords and investors to upgrade insulation, heating systems and overall energy efficiency.

We continue to reduce our operational footprint by minimising paper use, optimising our cloud based infrastructure and working with partners who prioritise sustainability. As a digital-first bank, we also avoid the environmental impact associated with operating a large physical branch network, reducing energy use, cutting travel requirements and lowering the carbon footprint linked to traditional banking operations. As we grow, we will keep challenging ourselves to operate in a way that is both efficient and environmentally responsible.

Our commitment to our people and our communities

Chetwood is proud to be headquartered in Wrexham, and as we continue to grow, our presence has expanded across the UK with offices in Manchester, Fleet and London. This broader footprint allows us to draw on a diverse range of skills, perspectives and regional strengths, while our digital-first model enables us to serve customers nationwide without the need for multiple branches.

Many of our colleagues live and work in these communities, and we want Chetwood to be a place where people can build meaningful careers while contributing to thriving local economies. Across all our locations, we support initiatives that matter to our colleagues and customers, from digital inclusion and skills development programmes to community events that bring people together. Our teams regularly volunteer their time, and we continue to explore new ways to support organisations making a positive social impact in the regions we serve.

Looking ahead

As we look to March 2026 - April 2027 and beyond, I am proud of the progress we have made on our ESG journey, but I am equally aware that there is more to do. Expectations are rising, and rightly so. Our customers, colleagues and partners deserve a bank that is transparent, responsible and ambitious in its approach to sustainability.

I am confident that everyone at Chetwood shares this commitment. Together, we will continue to build a bank that delivers better outcomes for customers while contributing positively to society and the environment. I look forward to reviewing our progress and setting new goals as we move forward.



Paul Noble
Chief Executive Officer

Environmental

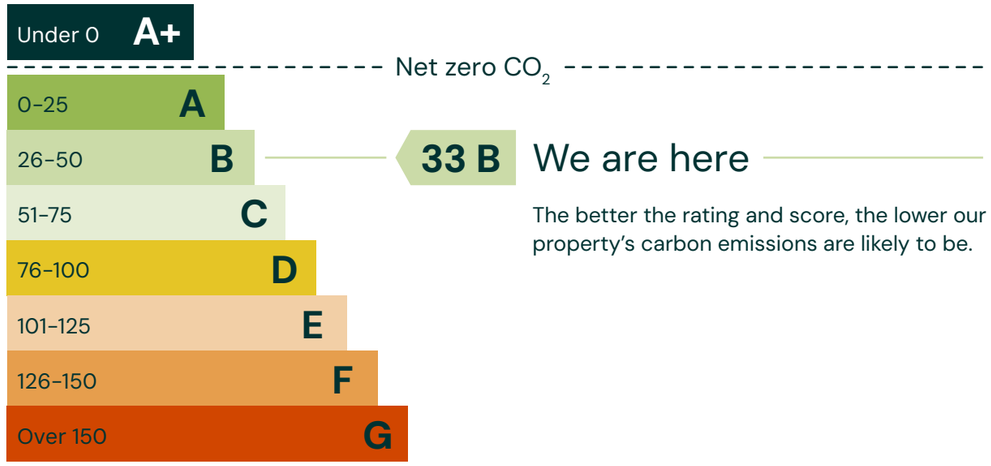
The ‘E’ in ESG makes the workspace safer, healthier and more attractive for staff. It also makes the company financially efficient and resilient, more accountable within its neighbourhood and demonstrably ethical to increasingly environmentally conscious buyers.



Our Energy Performace Certificate (EPC) rating

Energy rating and score

Chetwood Bank, Wrexham LL13 7YT



The better the rating and score, the lower our property’s carbon emissions are likely to be.

How this property compares to others

16 A If newly built

74 C If typical of the existing stock

Breakdown of this property’s energy performance	
Main heating fuel	Grid supplied electricity
Building environment	Air conditioning
Assessment level	3
Building emission rate ($kgCO_2/m^2$ per year)	9.23
Primary energy use (kWh/m^2 per year)	100

Primary energy use is a measure of the energy required for lighting, heating and hot water in a property. The calculation includes the efficiency of the property’s heating system, power station efficiency for electricity and the energy used to produce the fuel and deliver it to the property.

An Energy Performance Certificate (EPC) improving from a C rating to a B rating typically reflects targeted upgrades that have increased the building's energy efficiency and reduce its carbon emissions.

The improvement is usually the result of energy efficiency enhancements such as upgraded insulation, installation of more efficient heating systems and improved glazing.

These measures reduce the amount of energy required to heat, cool and power the building, which in turn lowers running costs and environmental impact. As a result, the property's calculated energy efficiency score improves, moving it into a higher EPC band (from mid-range C into the more efficient B category).

The rating increase demonstrates that the building now performs significantly better in terms of energy use and carbon efficiency due to recent improvements or upgrades.

Carbon reduction

The implementation of electric vehicle (EV) charging infrastructure supports our sustainability and carbon reduction goals. Installing workplace EV chargers helps shift commuting practices away from fossil fuels to lower-carbon alternatives, directly reducing greenhouse gas emissions associated with transportation.

Air conditioning timer control management in our offices optimises energy use, reduces environmental impact and lowers costs, by limiting unnecessary electricity consumption and supporting climate goals.

Enabled energy-saving modes on lighting and automated shut-down of electronics/ appliances helps us to reduce our energy consumption.

Waste control

Everyday waste control, whether general, plastic, paper or cans, is critical for Chetwood in minimising the environmental impact and achieving ESG standards. It involves reducing waste at source, proper segregation and recycling strategies tailored to each material type, underpinned by regulation and circular economy principles.

Implementation of WEEE (Waste Electrical and Electronic Equipment) management at Chetwood along with reselling/recycling through approved suppliers is essential for reducing pollution, enabling resource circularity, and enhancing corporate sustainability performance.

Installation of efficient toilet flushing systems helps us to reduce our water consumption.

Responsible sourcing and local engagement

Sourcing where possible from eco-friendly suppliers, supporting green local businesses and engaging in environmental community initiatives where appropriate.

Source catering from local suppliers and utilising reusable or biodegradable kitchenware to avoid single use plastics.

Building trust with the local population through transparent sustainability and visible actions.



Social

The ‘S’ in ESG stands for Social and refers to how a company manages its relationships with people and society. This includes how we treat colleagues, interact with local communities, maintain customer relationships and operate within our broader social and ethical obligations.

Community partnerships

Our partnership with Coleg Cambria, in North East Wales, has continued to strengthen throughout the year. We’ve delivered an additional series of mock interviews with students enrolled on the Pearson BTEC Level 3 Extended Diploma in Information Technology programme.

Following these sessions, the highest-performing candidates from both the October interview cohort and the most recent round were invited to participate in a dedicated “Day in Industry” experience.

The event featured a series of career insight presentations delivered by Jason Conway, Patrice Ellis and Gareth Penrose, who shared their educational pathways, professional experience and current roles within the industry. The programme also included collaborative team-building activities and group presentations designed to develop communication, confidence and workplace skills.

This activity concludes our partnership programme with Coleg Cambria for the 2025/2026 academic year.



Charitable impact

Following a successful two-year partnership with Hope House Children’s Hospice, we concluded our support activities having raised a total of £47,713 for the charity.

£47,713

Raised in total for Hope House Children’s Hospice

As part of our partnership with Hope House, we planned and delivered a wide range of fundraisers to support our efforts.

Some of the key highlights include:

- The Great Chetwood Bake Off
- The Liverpool Half Marathon
- Charity Netball Match
- Charity Football Match
- Sponsored Walks



Supporting social housing

Within CHL Mortgages, we've recently expanded our proposition around corporate lets to help us support more landlords who are looking to partner with social housing providers to provide safe accommodation for those in need. We acknowledge the challenges surrounding social housing waiting lists and the schemes which have been created to help landlords use their properties for positive contributions to society. In 2026 we are planning to widen our criteria to enable our proposition to support these initiatives.

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Mortgage Industry Mental Health Charter

Since its inception in 2024, we've participated in the annual Mortgage Industry Mental Health Charter Walk and Talk, with our ModaMortgages and CHL Mortgages brands sponsoring the event in 2025 and officially becoming a signatory to the charter later that year.

The aim of the event is to improve mental health in the sector and spark open conversations about wellbeing, while championing the benefits of movement and connection.

We've been proud to extend our sponsorship for another year, meaning we've supported this event every year since inception. This year, we sponsored the fuel for the walkers, providing food and snacks as well as energy and sports drinks for those participating. We also had three members of our senior leadership team taking part in two legs of the walk, with each leg being approximately a marathon distance.



Employee wellbeing

In January, we held our second annual Wellbeing Week where we reinforced the importance of looking after your wellbeing and used the opportunity to announce some upgrades to our benefits, including our pension offering. The week was also filled with useful lunch and learn sessions from our benefit partners, including AXA Private Healthcare.

These weeks are important and meaningful to remind colleagues what Chetwood offers to support the health and wellbeing of all colleagues by identifying the different elements of wellbeing that can impact an individual and delivering initiatives to provide the support required.



Supporting colleagues through key moments

Following increased focus on family support within the Employment Rights Act 2025, Chetwood has continued to strengthen its commitment to colleague wellbeing through a comprehensive Family Friendly Policy designed to support employees during significant life events.

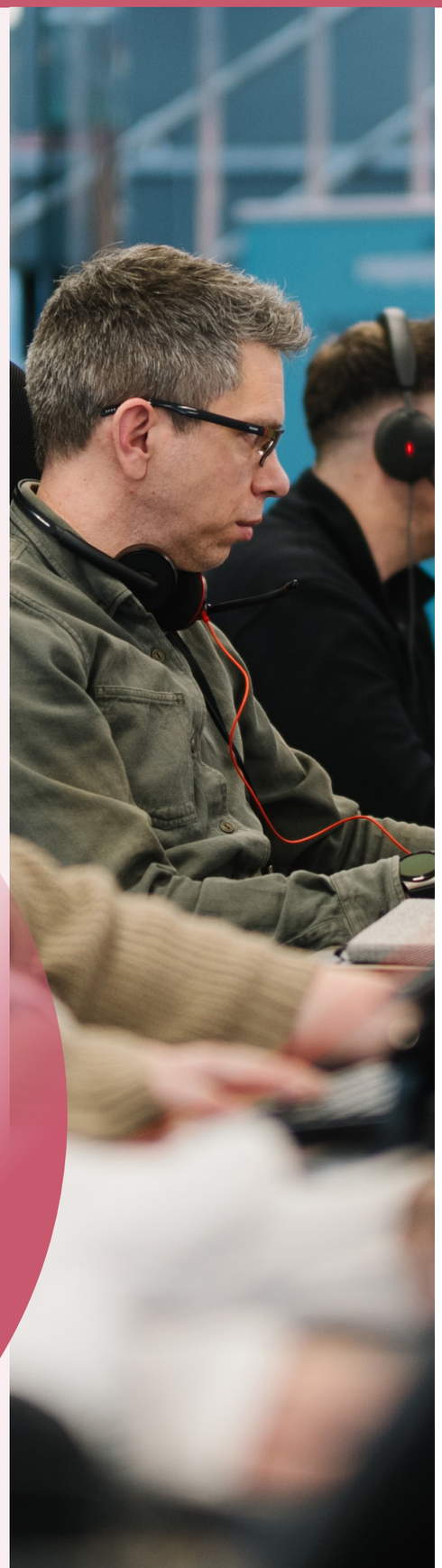
Recognising that personal and family responsibilities continue alongside professional commitments, our approach aims to create an inclusive and supportive working environment where colleagues can balance both with confidence.

Key provisions within our policy include:	
Neonatal leave	Up to 12 weeks' fully paid leave, enabling parents to prioritise family care during particularly challenging circumstances.
Maternity and adoption leave	26 weeks of paid leave to support colleagues as they welcome and settle in with a new child.
Compassionate and dependant leave	Paid leave provisions to support colleagues through unforeseen personal or family circumstances.
Paternity leave	Up to four weeks' leave to support growing families, with flexible pay options including: • Three weeks at full pay; or • Two weeks at full pay, plus two weeks at half pay.
Bereaved Partners Paternity Leave (BPPL)	While statutory BPPL provisions are currently unpaid, Chetwood offers up to 12 weeks of paid leave to provide meaningful support during bereavement, including: • Eight weeks at full pay; and • Four weeks at half pay.

Governance

The ‘G’ in ESG stands for Governance and is embedded in every aspect of our operations. It provides the framework through which we set our strategic direction, manage risks and ensure regulatory compliance.





Board effectiveness

The Board Chair has commissioned an independent review of governance arrangements which commented positively on capability, control and culture across the Group. The composition of the Board has evolved through the year with the recruitment of two new Non-Executive Directors who bring a depth of skill and experience in both retail and commercial banking, which will support the Group’s strategy for future growth.

As an outcome of the review, the Bank’s governance committee structure was refreshed to ensure that it continued to provide appropriate oversight of the Bank’s evolving business model and that terms of reference enabled individuals to discharge their Duties of Responsibility under the Senior Managers and Certification Regime (SMCR) regime.

Board oversight

The Board-approved ESG Framework has continued to embed across the business, with regular ESG Committee meetings held throughout the year. The Committee is chaired by the CEO and includes senior individuals from across the Group. Through the ESG Framework, Chetwood aims to continue to build a community focused and sustainable bank, committed to the financial success and growth of every customer.

Consumer Duty

The Bank’s Consumer Duty framework supports the delivery of good customer outcomes across the customer journey, with a focus on products and services, price and value, consumer understanding and consumer support. Oversight is provided by senior management and relevant governance forums, with monitoring used to assess customer outcomes and support action where improvement is required. Relevant matters are reported to the Board to help ensure that Consumer Duty remains embedded in the Bank’s culture and decision-making.

Data automation

The Bank has continued to strengthen its governance processes through the use of Power BI, supporting more timely, efficient and effective reporting.

ESG working group

Our ESG Working Group was established in 2025 and is comprised of colleagues from across the business who are passionate about delivering our ESG aspirations. They have set out their calendar of events for this year, shifting to a smaller number of higher-focused events, and are excited to support the Bank's ongoing ESG plans.

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Third party onboarding

We apply a risk-based approach to supplier due diligence, with a strong focus on identifying and assessing supplier risks. All suppliers complete a structured onboarding process, incorporating assessments across service management, information security, data protection, business continuity, artificial intelligence, and operational risk, which are reviewed by subject matter experts to ensure risks are appropriately managed prior to engagement. From May 2026, this has been enhanced through the introduction of an ESG assessment via the Hellios FSQS platform (subject to supplier completion of the annual questionnaire) and the OneTrust Plan B process, providing deeper insight into suppliers' policies, controls and practices to support evaluation of ESG and broader ethical risks. Higher risk suppliers are subject to enhanced due diligence, including additional evidence requests and targeted engagement to ensure alignment with the Bank's risk appetite. In addition, we are developing enhanced integration between Hellios and Power BI, to improve visibility and analysis of questionnaire data across a range of topics, enabling all teams to perform on demand thematic analysis at the push of a button.

Vulnerable customers governance and oversight

The Bank's vulnerable customer policy supports fair and appropriate outcomes for customers who may be at greater risk of harm. Oversight is provided by senior management and embedded across customer-facing and control functions, with the policy setting out how vulnerability is identified and how appropriate support is provided across the customer journey. Customer outcomes, emerging risks and any resulting actions are reported to relevant governance forums and the Board.



Whistleblowing policy

The Bank's whistleblowing framework supports a strong speak-up culture by providing colleagues and relevant third parties with clear routes to raise concerns relating to misconduct, regulatory breaches, financial crime, customer harm or control weaknesses. The policy reinforces confidentiality, fair treatment and protection from retaliation, with oversight provided by whistleblowing champions and senior management to maintain effective and trusted arrangements. Concerns are assessed and investigated through appropriate governance channels, with any resulting actions, control enhancements or thematic findings reported to relevant governance forums and the Board.

Financial crime governance and oversight

The Bank's financial crime framework supports the management of risks relating to money laundering, fraud, sanctions and other financial crime matters. Oversight is provided by the Director of Financial Crime and Fraud (MLRO) and the second-line Financial Crime Team, with the policy setting out the controls and monitoring required to support effective risk management across the business.

ESG accounting and disclosures

The Bank has continued to strengthen its approach to ESG accounting and disclosures through defined governance, clear data ownership and a structured review process to support accurate and consistent reporting.



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