



An introduction to
Castle Trust Bank
and our 2023 Environment, Social
and Governance (ESG) Plan

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By Chief Executive Officer, Martin Bischoff

Castle Trust Bank is a specialist bank with a simple purpose: to help customers achieve their financial goals. Our purpose is particularly significant because many of our customers are not well served by mainstream financial services.

We are here to help customers by:

- providing property investors and landlords with specialist solutions to match their individual financial needs, including loans to improve and upgrade the quality of rental stock;
- working with retailers and their customers to provide finance that enables both businesses to thrive and people to access valued goods and services; and
- providing a secure home for people's savings.

Developing and delivering our ESG plan

Castle Trust Bank recognises it plays an important role in helping to protect the environment and support social initiatives whilst making sure our business is well governed. That is why we have developed our ESG plan. Our plan aims to preserve the measures we already have in place and set ambitious targets for the next year and beyond.

Castle Trust Bank takes its ESG responsibilities very seriously. Our latest ESG plan was once again developed with input from a specialist firm, Sancroft, which is a leader in sustainability.

Our ESG Plan was reviewed and approved by our Board in spring 2023 and progress against the plan will be reported to the Board on a regular basis. Our colleague led ESG Committee will help progress the initiatives, and delivery of the ESG plan is in the performance agreements of all of our executives.

Our role as a leader in sustainability

As once again demonstrated at COP27 in Sharm el-Sheikh last year, the window for action is closing rapidly and it is everyone's responsibility to expedite the transition to net zero. Castle Trust Bank does not provide financing to carbon intensive industries such as oil and gas. Our lending is in two areas, property and consumer finance.

Our property lending is focused on tenanted residential properties in the UK. Carbon emissions from heating homes is a key contributor to the UK's carbon footprint and we will be helping our borrowers improve the energy efficiency of their properties as part of our ESG plan.

Our consumer finance business, Omni, partners with a network of more than 2,200 retailers to provide goods and services to customers. This includes helping consumers to finance home improvements to upgrade the energy efficiency of their properties - an area of the business we intend to grow.

We recognise that our operations also impact the environment and have introduced a range of initiatives to help reduce our footprint such as reducing paper whether through internal use or in correspondence with customers.

We belong in Basingstoke

The majority of our operations are in Basingstoke. Most of our c.200 colleagues live and work in the district of Basingstoke and Deane. We want Castle Trust Bank to be a great place to work and we know colleagues want to live in a vibrant community.

We are proud of our partnership with a not-for-profit community events company, Destination Basingstoke, who deliver a range of cultural events in Basingstoke. Some of our colleagues took part in last year's Basingstoke 5k and the Basingstoke Half Marathon, and we were delighted to sponsor a Place to Be Proud Of Award to recognise individuals who go above and beyond for their community - something we're happy to be doing again this year.



Looking ahead

I am pleased with the start we made on this journey in 2022, and the further progress we aim to achieve in 2023. As was the case last year, we recognise that there will always be more that we can and must do. I know that there are high expectations from our colleagues and our customers, and I am committed to meeting them. I know this commitment is shared with everyone at Castle Trust Bank and I look forward to reviewing our progress and setting further challenging goals.



Martin Bischoff
Chief Executive Officer

Our Heritage

Castle Trust launched in 2012 providing a range of specialist mortgages and investment products.

In 2017, as the business grew, we acquired Omni, a consumer finance business.

In 2018 we were delighted to be invited to pursue an application for a banking licence, and in June 2020 we became Castle Trust Bank - a fully authorised bank.

Ownership

Castle Trust has been backed by its principal shareholder, J.C. Flowers & Co., since it was launched.

Founded in 1998 by J. Christopher Flowers, J.C. Flowers & Co. (JCF) is led by an experienced team of senior professionals noted for their financial services expertise.

Since inception, JCF has invested nearly \$16 billion, including co-investment, in 60 portfolio companies across 18 countries.

Scale

As at 30 September 2022:

- 200 employees
- 175,000 customers
- £458m Property Assets
- £210m Omni consumer finance assets
- £724.5m savings balances

Purpose

We have a simple and clear purpose: to help customers achieve their financial goals.

Operations

Our main operations are in Basingstoke.

We also have an office in Tower 42, London.

Business Lines

Property: we are a leading specialist UK property lender. Full spectrum of lending covering: bridging, development, bridge to let exit, buy-to-let.

Omni: we are becoming the first choice point of sale finance provider for the UK's mid-sized retailers. We work with more than 2,200 retailers to provide goods and services to consumers.

Savings: we have a market leading digital proposition. We provide a range of fixed term savings accounts and ISAs accessible via our mobile app and self service portal.

Did you know?

In 2022 Castle Trust Bank:



Supported more than 2,200 small and medium sized businesses to help them grow



Helped more than 160,000 customers finance the goods and services they needed ranging from musical instruments to dentistry work



Provided a safe and secure home for the savings of almost 19,000 savers

Values

Our five values were developed by our colleagues.

We put customers first

Customers at the heart of everything we do

We are forward thinking

Investing in our people, our business and our future

We take professional pride

We treat people the way we want to be treated and we take pride in everything we do

We achieve together

One team, making a difference

We are open & transparent

We're approachable, authentic and open-minded

Environment

Progress so far

“The electricity in both our Basingstoke and London offices is from renewable sources.”

Environment: Progress so far

We take our environmental responsibilities seriously, and recognise that we can take action both as a company, and on an individual basis, to help protect our environment.

Initiative	Progress
Renewable Electricity	Both our Basingstoke and London offices source their electricity from renewable sources.
Electronic Recycling	We divert electronic waste from landfill by recycling it. Over the last two years we donated almost 500 electronic items, such as decommissioned computers, for recycling.
Electric Vehicle Salary Sacrifice	In 2022 we launched a scheme where colleagues could access electric vehicles (EVs) through salary sacrifice. We will continue to make EVs available to colleagues through salary sacrifice in 2023.
Sustainable Finance - Omni	Through our Omni business we help customers finance the purchase of energy efficient products and make it more affordable by allowing them to spread the cost. We currently help finance products such as A-rated efficient windows and doors, new hydrogen blend ready boilers and A-rated household appliances.
Capturing EPCs	We are now capturing EPCs as part of our lending process and are developing reports to help us harness this insight. We will continue to develop our range of products that are aimed at improving the energy performance of the properties we lend on.

Environment

Planned for 2023



“We have pledged to plant a minimum of 10,000 trees by the end of 2023.”

Environment: Planned for 2023

Initiative	Progress
Move towards paperless communications	<p>Our total paper usage in 2022 was c1.4m, which was higher than in 2021, but was predominantly driven by an increase in transactional volumes. We will make our business more sustainable by looking at ways to reduce paper usage across our three business lines:</p> <p>Savings – Our Savings business is pivoting to products that are paperless. However, we will retain paper for customers who really need it. Where possible, we will now provide our T&Cs digitally. This will save paper and emissions from postal deliveries. We will enhance our ISA Transfer process to make it easier and quicker by enabling customers to request transfers digitally. We will enable customers to provide maturity instructions via our app reducing postal forms.</p> <p>Property – We are making a significant investment in our Property systems in 2023. This will include redesigning customer journeys, which will make the customer experience even better, whilst looking for ways to reduce paper usage. For example, the new platform has electronic signatures (DocuSign) embedded into it.</p> <p>Omni – Our Omni business has a self-service portal that enables customers to manage their loans digitally. Where we can, we have taken paper out of virtually all of our processes except for some statutory information that is required to be provided in a paper format. One area where we believe we can reduce paper further is by providing annual statements digitally, which we will explore in 2023.</p>
Plant-a-tree initiative	<p>We have teamed up with an environmental partner, Ecologi, for our new initiative in Savings. We will start by planting a tree for every re-investment into our online ISA savings account, and expect to expand the scheme during the year. We have already planted 2,500 trees as a thank you to customers who responded to our survey, and have pledged to plant a minimum of 10,000 trees by the end of 2023.</p>
Electronic Signatures	<p>We are adopting electronic signatures across the business by using tools from Adobe and DocuSign. In 2022, we signed c.500 documents using these tools. We will expand our usage further to remove more paper and postal delivery emissions from our processes.</p>
Procurement	<p>We already incorporate some ESG considerations into our decision making process when selecting which suppliers we work with. We will engage further with suppliers to determine their ESG strategy, approach and plan. FSQS is used on all new suppliers (and existing on renewal) to do a full evaluation of our partners including accessing their ESG credentials such as adherence to Modern Slavery rules. By the end of 2023 the majority of our material suppliers will have been assessed.</p>
Sustainable Finance - Property	<p>Emissions from heating UK homes is one of the biggest contributors to the UK's carbon footprint. We have designed and launched a product (Bridging Refurbishment) that is focused on improving the energy efficiency of residential properties and plan to grow our lending in this space.</p>
Sustainable Finance - Omni	<p>Through our Omni business we help customers finance the purchase of energy efficient products and make it more affordable by allowing them to spread the cost. We currently help finance products such as A-rated efficient windows and doors, new hydrogen blend ready boilers and A-rated household appliances.</p>
Office EPC	<p>We have two offices based in London and Basingstoke. We will work with our landlord in London to raise the EPC of our office from D to C and map out a path to a B rating. We will achieve a C rating by the end of 2023 by insulating the building and also switch from gas boilers to low carbon air source heat pumps. We will work with our landlord in Basingstoke to create a plan to get to a B rating before 2030.</p>
Electric charging	<p>Following the launch of our electric car scheme, there is increasing demand for electric charging points in our Basingstoke office. We will work with our landlord to create more charging spaces for electric cars.</p>
Expert engagement	<p>We will invite an expert on climate change / ESG to speak with our Executive Committee on how they can enhance their actions in the ESG sphere.</p>

Social

Progress so far

“We recognise that the working world has changed and enable most colleagues to work from home a couple of days a week if they wish to.”



Social: Progress so far

The social health of our staff, business partners and our local community is a key consideration for Castle Trust Bank. We believe in a fair and supportive society, and want to contribute to that where we are able to do so.

Initiative	Progress
Modern Day Slavery Prevention	Castle Trust Bank has a zero tolerance approach to any form of slavery. We have a number of policies and measures in place to make sure we conduct our business in an ethical and transparent manner. Our full statement is on our website.
Women In Finance Charter	We are a signatory to HM Treasury's Women in Finance Charter, which aims to improve gender balance in senior management. We set specific targets and report our progress against these. Our latest performance can be found on our website.
National Living Wage Employer	We are a national living wage employer, which helps make sure colleagues are able to enjoy a reasonable standard of living.
Responsible Lending	Our consumer finance business, Omni, and Property carefully assess the affordability of each loan for each customer's circumstances making sure it is appropriate for their budget. This has become even more important during the cost of living crisis and we have adjusted our affordability assessments accordingly. We contact customers to help prevent them falling into arrears and give them breathing space if they get into financial difficulty. We put customers in contact with debt advice charities when it is suitable to do so.
Helping SMEs with Cashflow	We know that many of our suppliers are small and medium enterprises that need invoices to be paid swiftly to help with cashflow. Payment statistics are publicly available from the gov.uk website. Castle Trust Bank is in the top 15% fastest payers in the UK. We plan to maintain this position to help our SME partners with their cashflow. We are proud that our Omni business supports 2,200 SMEs spread across the UK.
Family-friendly Employer	Castle Trust Bank is proud of the family friendly policies it has in place including our enhanced maternity pay and policies relating to adoption / paternity / shared parental leave.
Low Cost Access to Credit	Around 70% of our Omni lending is interest free giving consumers access to finance without having to pay interest. In addition, we do not apply a vast array of fees like some of our competitors. Omni only applies a late payment fee of £12 to cover the cost of administration.
Data Privacy	We have a dedicated Data Protection Officer and Data Protection Policy that makes sure we handle customer, colleague and supplier data appropriately. We are compliant with the UK General Data Protection Regulations and the Data Protection Act 2018.
Responsible Marketing	We have a robust Financial Promotion process, overseen by our Compliance department, which ensures that all promotional material relating to our products and services adheres to the relevant requirements, and that the customers' understanding is considered in every instance.
Financial Inclusion	Castle Trust Bank strives to make sure our products are accessible for all. This includes making information available in large print and braille.
Helping Customers in Financial Hardship	We are sensitive to the rising cost of living that our customers face. If a Savings customer is in financial hardship and is in a fixed term product, we enable them to access their savings early. For our borrowers, we give our customers breathing space and work with them to restructure their borrowing if they get into difficulty. We only work with reputable Debt Collection Agencies and closely monitor their performance against our high standards.
Working From Home	We recognise that the working world has changed and enable most colleagues to work from home a couple of days a week if they wish to. There are some operational roles where colleagues are required to be in the office five days a week in order to best serve our customers.

Social Planned for 2023



"We know that many of our suppliers are small and medium enterprises, that need invoices to be paid swiftly to help with cashflow. We pay invoices weekly and will explore opportunities to see if we can pay them even faster."

Social: Planned for 2023

Initiative	Progress
Apprenticeship	In 2022 we worked with one apprentice to help him complete his qualification successfully. In 2023 we will expand our work with apprentices.
Mental Health	We have a dedicated colleague wellbeing programme and mental health first aiders. We will continue to support our colleagues' mental health through new initiatives in 2023. In 2022 we Launched "Lifeworks" a new Employee Assistance Programme that gives colleagues access to a wide range of advice and support.
Colleague Engagement	We have a vibrant culture where all colleagues join a regular Townhall and can ask the CEO any question they wish. We undertake regular colleague surveys and develop action plans to deliver workplace enhancements for colleagues. Our colleague engagement score has risen over the last three surveys and we are above the benchmark for a high performing firm. We supplement this with seasonal events such as all colleagues barbeques.
Charity and Good Causes	Over the last three years, we have donated almost £20,000 to charities and good causes. We have supported St Michael's Hospice, Basingstoke Foodbank, Age UK and Shelter From The Storm. Our work to support charities is overseen by our colleague led ESG Committee.
Anti-discrimination	Castle Trust Bank has a zero tolerance approach to discrimination. This is documented in our equality and diversity procedure. This is also supported by our bullying and harassment procedure which are there to make sure colleagues have enjoyable and dignified working lives. We remain vigilant and ready to address any discrimination that may arise.
Colleague Development	We are very proud of the investment we make in helping our colleagues develop themselves and their careers including: <ul style="list-style-type: none"> • Leadership training has been completed for more than 30 colleagues. Graduates received a recognised qualification independently assessed through City and Guilds. We have started to take a cohort of another dozen colleagues through this training which will continue in 2023. • Colleagues can study for a range of professional qualifications including, for example, CFA, ACCA, ACT and FEMA. • Dedicated in house training resource that delivers almost 1,000 hours of training and coaching a year. • Formal performance management processes are in place and communicated internally with talent management, succession planning and development metrics reviewed by the management team.
Community Partner	In 2022, we became a core partner of a not for profit community partner, Destination Basingstoke. We increased our contribution to the local community through our support of community awards and other community events. We will continue to support Destination Basingstoke and community events in 2023.
Colleague and Industry Awards	In 2022, our Head of Corporate Development and Investor Relations, won Banker Of The Year at the Women In Finance UK Awards. Castle Trust Bank also won a range of awards for its Savings accounts. We will look to recognise our colleagues, teams and customer centric products by winning more awards in 2023.
Gender Pay Monitoring	We monitor our gender pay and report it internally. The gender pay gap is the difference between the actual earnings and actual bonus payments of colleagues that identify as men and women, throughout an organisation and across all roles. This is reviewed quarterly in ExCo and annually in Remco and will be reviewed by our Board in 2023.
Payroll Giving / Matched Funding	We have donated £20,000 to good causes over the last three years. We will explore payroll giving linked to a charity partner.
Property Training	We will review the training needs of colleagues as we launch our new property platform, for example by offering CeMap training.
Ethical Lender	Omni helps to power purchases to improve lives. Examples of this include helping customers finance medical procedures, upgrade the energy efficient of their homes and complete training to enable them to grow their careers.

Governance

Progress so far



“All the products we offer are carefully assessed against our product governance criteria to make sure they are suitable for the target customer group and deliver good customer outcomes.”

Governance: Progress so far

We recognise the importance and value of strong governance in all areas of our business, and will continue to ensure that all areas continue to have appropriate controls.

Initiative	Progress
ESG Accounting Disclosures	Our CFO, working with our auditors, is responsible for making sure we meet and exceed the disclosures we must make in our annual accounts. We continue to share information on our carbon emissions and details of our ESG plan in a way that is proportionate to a growing bank of our size.
Anti-Bribery & Corruption	Castle Trust Bank is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. There is a documented policy with strict rules relating to hospitality and gifts that all colleagues must adhere to. This is overseen by our Chief Compliance Officer.
Whistleblowing Policy	All organisations face the risk of things going wrong from time to time. Our open culture helps to make sure any issues are promptly addressed. Colleagues are encouraged to speak to their Executive Committee member if they have concerns of wrongdoing and also have the ability to escalate concerns to our independent Chair of Audit Committee. We will continue to regularly train colleagues with a key role in our whistleblowing processes.
Product Governance	All the products we offer are carefully assessed against our product governance criteria to make sure they are suitable for the target customer group and deliver good customer outcomes.
Financial Crime Prevention	We have a Money Laundering Reporting Officer and a Deputy who own our financial crime policy. The policy articulates principles and minimum standards for countering the risk that Castle Trust Bank might be used either as a conduit for financial crime or be party to (knowingly or otherwise) fraud or corruption.
Vulnerable Customers	We have a dedicated policy detailing how customers with vulnerabilities should be supported. This incorporates a series of tools for handling vulnerability disclosure and contact details for a number of charities and external organisations who might provide additional support to customers.
Board Effectiveness	The Board carries out regular effectiveness reviews to make sure that it has the right range of skills and expertise to govern a growing bank. We will undertake another review this year supported by an independent facilitator.

Governance

Planned for 2023

“Our Board oversees the development and execution of our ESG Plan. Our latest plan was reviewed, challenged and approved by the Board in February 2023.”

Governance: Planned for 2023

Initiative	Progress
ESG in Executive Performance Plans	All Executives have ESG deliverables included in their Executive Performance Plans. This provides a strong incentive for senior management to deliver against our ESG plan in 2023.
ESG Regulatory Compliance	Our Chief Risk Officer and our Chief Compliance Officer are responsible for making sure we are compliant with all regulations including ESG regulations from the PRA, FCA and other relevant bodies. Some of the key regulations we meet are set out above and below.
Board Oversight of ESG	Our Board oversees the development and execution of our ESG Plan. Our latest plan was reviewed, challenged and approved by the Board in February 2023.
ESG Colleague Committee	In 2022, we launched our ESG Committee which brings together colleagues from across the business who are passionate about delivering our ESG plan. We will enhance the Governance around our ESG plan including creating greater Board level oversight.
Board Effectiveness	The Board carries out regular effectiveness reviews to make sure that it has the right range of skills and expertise to govern a growing bank. We will undertake another review this year supported by an independent facilitator.
Hampton Alexander Board Targets	The Hampton Alexander review includes the target of increasing female representation on boards to 33%. Currently 2/7 of Castle Trust bank NEDs are women. This metric will be kept under review as the Board evolves.
Consumer Duty	In 2023, the FCA will introduce a Consumer Duty that will require companies to focus on supporting and empowering their customers to make good financial decisions. We have asked our Chief Compliance Officer to lead the implementation of this across Castle Trust Bank and to make sure we continue to put our customers first.
Data Automation and Reporting	We are investing in our data management platform and tools to increase automation. This will transform how easily we can access information to make informed decisions about our bank and also make our regulatory reporting more efficient.
Auditing our ESG plans	Our Internal Audit team will carry out a review of our ESG plans in 2023 and consider the oversight it will provide in future years.



Belvedere House

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