



An introduction to
Castle Trust Bank
and our 2024 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 introduced our ESG plan in 2022, and have published an updated plan each year since. Our plan aims to preserve the measures we have already implemented, and continue to set ambitious targets for the following year and beyond.

Our latest ESG Plan was reviewed and approved by our Board in spring 2024, and progress against the plan will be reported to the Board on a regular basis. Our colleague-led ESG Working Group will help implement and progress the initiatives, and the delivery of the ESG plan forms part of the performance agreement for all of our executives.

Our role as a leader in sustainability

In March 2024, we saw the unwelcome record for warmest temperatures across the world extend to 10 consecutive months. Additionally, the well-quoted red line of a 1.5°C increase over pre-industrial temperatures was breached that month, with an increase of 1.68°C. We believe that businesses of all sizes can play their part in managing, and reversing this unwelcome trend. Castle Trust Bank does not provide financing to carbon intensive industries such as oil and gas; our lending is concentrated on two areas – property, and consumer finance.

Our property lending is focused on tenanted residential properties, and holiday lets in the UK. Carbon emissions from heating homes is a key contributor to the UK's carbon footprint, and we help our borrowers improve the energy efficiency of their properties via our property refurbishment lending.

Our consumer finance business, Omni, partners with a network of more than 2,200 retailers and healthcare providers to supply goods and services to customers. This includes helping consumers to finance home improvements to upgrade the energy efficiency of their properties. As part of our ongoing commitment to minimise our ESG impact, our Omni business will look to introduce ESG assessments for all retailers we partner with.

We recognise that our operations also impact the environment and continue to progress a range of initiatives to help reduce our footprint, such as reducing the use of paper through internal use and in correspondence with customers, and offsetting the carbon emissions produced from running our website through the planting of trees.

We belong in Basingstoke

Most of our operations are in Basingstoke, with the majority our c.200 colleagues living and working 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. As a result, we're proud to partner with a not-for-profit community events company, Destination Basingstoke, who deliver a range of cultural events in Basingstoke. Each year, some of our colleagues take part in the Basingstoke 5k and the Basingstoke Half Marathon, and we are a regular sponsor of the Place to Be Proud Of Awards which recognise individuals who go above and beyond for their community - something we're proud to be doing again this year. We are also a member of Destination Basingstoke's Ambassador Community, which promotes ESG-driven activity across the local business community.

Looking ahead

Having started our ESG journey in 2022, I am pleased with the progress we made during 2023 and the plans we have to continue to advance our achievements in 2024, and beyond. There will always be more that we can and must do – and I am committed to meeting the high expectations that our colleagues and customers can rightly expect from us. I know this commitment continues to be shared by everyone at Castle Trust Bank and I look forward to reviewing our progress, and setting further challenging goals in the future.



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 \$17 billion, including co-investment, in 66 portfolio companies across 18 countries.

Scale

As at 30 September 2023:

- 200 employees
- 187,000 customers
- £549m Property Assets
- £226m Omni consumer finance assets
- £827m 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, 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 2023 Castle Trust Bank:



Supported more than 2,000 small and medium sized businesses to help them grow, reducing the time to onboard a new retailer from a month to less than five days



Provided a safe and secure home for the savings of 22,000 customers with approximately £570m being deposited into our e-Saver accounts



Planted over 10,000 trees as part of our plant-a-tree Savings initiative

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

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 so far, and plans for 2024 and beyond
Electronic Recycling	<p>We divert electronic waste from landfill by recycling it. Over the last two years, we donated over 500 electronic items, such as decommissioned computers, for recycling. We will continue to recycle all of our decommissioned electronic devices, using reputable external providers, as well as carrying out our own internal recycling efforts..</p> 
Electric Vehicles	<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 during 2024 to create more charging spaces for electric cars.</p> 
Move towards paperless communications	<p>Savings – Our Savings business is pivoting towards products that are paperless with two new digital-only products launched in the last year. While we retain paper for customers who really need it, we now provide our T&Cs digitally. This saved around 500,000 pieces of paper in 2023, and the associated emissions from printing and postal deliveries. We continue to invest in our communication strategies and by the end of 2025, all of our eSaver annual statements will transition to paperless.</p> <p>Property – We have been making a significant investment in our Property systems during 2023 and have redesigned our customer journeys, which will make the customer experience even better. We have been looking for ways to reduce paper usage and our new originations platform has electronic signatures (DocuSign) embedded into it, removing the need for customers or their representatives to wet-sign paper documents.</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 target to introduce by the end of 2025.</p>
Office EPC	<p>We have two offices based in London and Basingstoke. Both offices source their electricity from renewable sources, and during 2023, our London office replaced the original chillers and gas boiler that served the tower with a combination of air and water sourced heat pumps and the entire office tower does not use any natural gas.</p> <p>We will continue working 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.</p> <p>We will work with our landlord in Basingstoke to create a plan to get to a B rating before 2030.</p> 

Initiative	Progress so far, and plans for 2024 and beyond
Plant-a-tree initiative	<p>During 2023, we teamed up with an environmental partner, Ecologi, and planted a tree for every re-investment into our online ISA savings account. We expanded the scheme shortly afterwards, to plant a tree for every new online e-Saver account that was opened.</p> <p>We exceeded our 2023 target of 10,000 trees, with 12,300 trees being planted by the end of 2023.</p> <p>Our target for the end of 2024 is to have planted 25,000 trees.</p> 
Procurement	<p>FSQS is now used on all new suppliers (and existing on renewal) to do a full evaluation of our partners including assessing their ESG credentials, such as adherence to Modern Slavery rules. During 2023, we reviewed over 50 of our suppliers' ESG arrangements.</p> <p>As the ESG assessment embeds into our procurement and supplier management process, during 2024, we will continue to assess our supplier's ESG strategies as part of our onboarding process to ensure that their policies align with our own.</p> 

Social

The social wellbeing 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 can do so.

Initiative	Progress so far, and plans for 2024 and beyond
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.
Basingstoke Community Partner	<p>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.</p> <p>We are proud to continue working with Destination Basingstoke again during 2024, with many of our colleagues supporting local events. We are also sponsoring the Above and Beyond award at the Place to Be Proud of Awards for the third year running, recognising individuals in the Basingstoke community who go above and beyond.</p> 
Charity and Good Causes	<p>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.</p> <p>Our Property team are hosting the second annual charity golf day in June 2024, raising funds for Just4Children.</p> <p>We have also introduced a fully paid volunteering day for every colleague and will support the National Volunteering Week to encourage people to use their days.</p> 
Colleague development & Apprenticeships	<p>We are very proud of the investment we make in helping our colleagues develop themselves and their careers. Colleagues can study for a range of professional qualifications including, for example, CFA, ACCA, ACT and FEMA. We also have dedicated in house training resource that delivers almost 1,000 hours of training and coaching a year.</p> <p>Since we launched our commitment to apprenticeships, three colleagues have successfully completed their qualification with a fourth in flight. In 2024, we will welcome three new apprentices to the bank, joining us in our Technology, Finance and Omni Customer Service teams.</p>
Colleague Engagement	<p>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.</p> <p>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-colleague barbeques.</p> 

Initiative	Progress so far, and plans for 2024 and beyond
Diversity and Employer of Choice	<p>Castle Trust Bank continues to develop its Equality, Diversity and Inclusion (EDI) strategy, and have established our LGBTQ+ network, Rainbow which has supported on Pride related initiatives.</p> <p>Our HR team has worked towards accreditation as a Disability Confident Tier 1 workplace and intend to complete further initiatives in this space. We are a member of Neuro Diversity In Business with the aim to recruit and retain a neuro diverse colleague base. Building on the success in 2023, we are working towards Disability Confident Tier 2 workplace by the end of 2025. We are focusing on education and line manager training, recognising that around 1 in 4 people are neurodivergent.</p> <p>We also 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.</p> 
Enabling purchases	<p>We provide customers an affordable way to spread the cost of items they wish to purchase.</p> <p>Around 70% of our Omni lending is interest free giving consumers access to simple 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 and does not apply default interest for those customers who are in arrears.</p> 
Family-friendly Employer	<p>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. We continue to monitor our policies to remain competitive from an employer perspective.</p>
Gender Pay Monitoring	<p>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 is reviewed annually by our Board.</p> <p>We will continue to publish this in the interests of transparency, share with ExCo and Board to ensure visibility and we will continue to agree actions to improve the Gender Pay gap over time.</p> 

Initiative **Progress so far, and plans for 2024 and beyond**

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.

During 2024, Castle Trust Bank will become a signatory to the Prompt Payment Code (PPC) which is a voluntary code of practice for businesses and sets standards for payment practices between organisations of any size and their suppliers.

Mental Health

We have a dedicated colleague wellbeing programme and mental health first aiders and now have 13 colleagues fully trained as Mental Health First Aiders and we support national and international events that bring awareness to mental health topics. Our colleagues also have access to an Employee Assistance Programme, offering a wide range of advice and support 24/7 365 days a year.



MHFA England

Responsible Lending

Our lending businesses, Omni, and Property, carefully assess the affordability of each loan for each customer's circumstances making sure it is appropriate for their budget. During 2023, we continued to review our affordability criteria in response to the changes in the external economy, but also based on what we saw from the information about our own customers.

We are committed to lending responsibly and ensuring customers who need support are aware of the help they can access at the earliest opportunity. For our borrowers, we give our customers breathing space and work with them to restructure their borrowing if they get into difficulty, and we have added a Money Worries page to our Omni website to provide help and guidance for customers should they need it. Where we have to take action as a last resort, we only work with reputable agencies and closely monitor their performance against our high standards.

Our implementation of the FCA's Consumer Duty requirements has enhanced our ongoing monitoring of customer outcomes, and our assessments of how effective our processes are.

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. We recognise that providing flexibility is a highly valued benefit for our colleagues and we continue to support hybrid working and ensure our colleagues have appropriate arrangements in place to ensure they are safely working remotely.



“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.”



Governance

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 so far, and plans for 2024 and beyond
Board Effectiveness	<p>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.</p> 
Board Oversight of ESG	<p>In 2023, we established a Customer and Social Responsibility Committee, chaired by our Consumer Duty Champion. This is a Board sub-committee responsible for overseeing the development and execution of our ESG Plan.</p> <p>Our latest ESG plan was reviewed, challenged and approved by the CSRC in January 2024, and the full Board in February 2024.</p>
Consumer Duty	<p>In 2023, the FCA introduced Consumer Duty that requires regulated firms and their employees to act to provide retail customers with good outcomes. We delivered Phase 1 of our programme, led by our Chief Compliance Officer, meeting the FCA's first deadline of 31 July 2023. Phase 2 of our programme of work continues to meet the 31 July 2024 deadline and also to provide our Board with an annual summary of how we are performing.</p> <p>We are also continuing to embed the processes that we have introduced to make sure we are monitoring outcomes and taking action where necessary.</p>
Cyber Security	<p>We have adopted the NIST standard and have a clear roadmap and investment plan for strengthening our Cyber Security even further, updating our framework to reflect incremental changes that NIST introduce over time.</p> <p>As part of that work, we successfully achieved Cyber Essentials accreditation and have reviewed against regulatory obligations. We are also working towards achieving Cyber Essentials Plus accreditation by the end of 2025.</p> 
Data Automation and Reporting	<p>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. In addition to our ongoing investment in our data management platforms, during 2024, we are introducing three different AI initiatives across fraud, customer engagement and colleague engagement.</p>
ESG Accounting Disclosures	<p>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.</p>

Initiative	Progress so far, and plans for 2024 and beyond
ESG in Executive Performance Plans	<p>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 2024. This links to the annual assessments and bonus awards.</p> 
Regulatory Compliance	<p>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. We continually monitor the regulatory horizon for any changes that we will need to implement.</p>
ESG Working Group	<p>Our ESG Working Group was established in 2022 and is comprised colleagues from across the business who are passionate about delivering our ESG plan. They have set out their calendar of events for this year and are excited to support the bank's 2024 ESG plan.</p>
Financial Crime Prevention	<p>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.</p>
Product Governance	<p>As part of our programme to introduce Consumer Duty, we redesigned and reestablished our Product Governance process to ensure that we are putting ourselves in our customers' shoes throughout the whole product lifecycle. The process is now embedding through an annual cycle and we will continue to monitor its effectiveness throughout 2024.</p>
Retailer Onboarding	<p>In our Omni business, we are selective about the sectors and retailers we do business with. Currently, this includes reputation, financial soundness, and conduct assessments. As part of our longer-term strategy in Omni and set for delivery in 2025, we plan to introduce ESG assessment on retailers, developing our onboarding criteria to have regard for a retailer's impact on ESG matters.</p>
Whistleblowing Policy	<p>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.</p>



Belvedere House

Castle Trust Bank means Castle Trust Capital plc, a company incorporated in England and Wales with company number 07454474 and registered office at 10 Norwich Street, London, EC4A 1BD. Castle Trust Capital plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, under reference number 541910.