

A photograph of a man with a beard and glasses, smiling broadly. He is wearing a light blue polo shirt and a purple lanyard with the HTB logo. He is sitting in a meeting, with his hands clasped. The background is a blurred office environment with circular lights.

GROUP
SUSTAINABILITY
REPORT
2025

Contents

- 01** **Our ESG approach** 3
- 02** **Our ESG framework** 3
- 03** **Pillar 1: Environment** 4
 Climate-related financial disclosure 4
 Governance 4
 Strategy 5
 Risk management 8
 Metrics and targets 8
 Energy and Greenhouse Gas Report 10
- 04** **Pillar 2: Customers** 15
- 05** **Pillar 3: Colleagues** 16
 Diversity 16
 Learning & development 18
 Rewards 18
 Wellbeing 18
- 06** **Pillar 4: Community** 19
 Social impact 19
 Volunteering 19
 Carbon offsetting 19
 Suppliers 19
- 07** **Pillar 5: Governance** 20

Our ESG approach

For HTB, sustainability is about ensuring the long-term success of the Group; behaving with integrity towards our clients, intermediaries and suppliers; offering our employees a great place to work; supporting our community; respecting our environment; and being transparent about the actions we are taking around this.



Our ESG framework

Our ESG framework is embedded across five pillars that guide how we manage risks, pursue opportunities and report progress:



Pillar 1: Environment

Climate-related financial disclosure

Governance

The Board sets the strategic goals and promotes the long-term sustainable success of the Group, including providing oversight of our approach and response to climate change. ESG, including climate change, is a standing agenda item at Board meetings, with an update provided quarterly.

Board agenda items in 2025 included reviewing and approving the updated Net Zero Strategy Framework; approving the launch of an electric vehicle scheme for employees; and reviewing results from climate change stress testing. The Board Risk Committee has oversight of climate risk management, with oversight of financial reporting and climate-related financial disclosures resting with HTB Audit Committee.

The Board delegates responsibility for assessing and managing climate-related risks and opportunities to the Chief Executive Officer, supported by the Group Executive Committee (GEC). The ESG Committee, chaired by the Chief Executive Officer with the Chief Risk Officer, Chief Commercial Officer, Chief People Officer and General Counsel, meets quarterly to provide functional oversight of climate risk integration, including embedding climate considerations into the Risk Management Framework, proposing changes to risk appetite and monitoring key metrics. For more information on the role and responsibilities of the ESG Committee, please see Pillar 5 Governance.



The Board sets the strategic goals and promotes the long-term sustainable success of the Group, including providing oversight of our approach and response to climate change. ESG, including climate change, is a standing agenda item at Board meetings, with an update provided quarterly.

Strategy

We have identified the following climate-related risks and opportunities relevant to our operations over the short-, medium- and long-term, which correspond to the following time horizons:

Table 1: Climate-related risks and opportunities

Time horizons	Rationale
Short-term (0-1 years)	Aligns with annual financial reporting
Medium-term (1-5 years)	Aligns with strategic and financial planning
Long-term (>5 years)	Timeframe used for scenario analysis

Risk type	Risk category	Description	Transmission channel	Time horizon
Transition risk	Policy and legal	Continued tightening of energy efficiency measures in private rental sector	Could lead to reduced property values for properties that don't meet the regulations and require expensive retrofits, increasing the risk of defaults and potential of holding stranded assets	S, M, L
		Carbon tax	A carbon tax could raise both operating and lending costs, pressure high-emission borrowers, shift portfolios toward greener assets and increase transition risk management demands across HTB's business model	M, L
		Policy reversal	Policy reversal amplifies regulatory uncertainty, weakens the credibility of long term signals from policymakers, delays counterparties' transition and investment decisions, and increases HTB's exposure to transition related credit, market and reputational risks	S, M
Physical risk	Acute	Extreme weather events	Asset prices are depressed due to sustaining damage during extreme weather events, or due to the potential risk of this occurring, leading to increased probability of default	S, M, L

Opportunities

Opportunity type	Description	Time horizon
Energy efficiency	Reduce operating expense through improved energy efficiency and use of renewables	S, M, L
Green finance	Growing demand for HTB's products and services to help finance customers' net zero transitions	M
Competitive advantage	Brand and reputational benefits of executing ESG and Net Zero Strategy successfully improves the Group's competitive position relative to peers and leads to increased demand	S, M

HTB supports the Paris Agreement goal of limiting global average temperature increases to 1.5°C, including the UK Government's commitment to Net Zero 2050. We understand that this will require us to reduce our greenhouse gas (GHG) emissions as far as we can and have already taken steps to reduce our operational emissions by moving to more energy efficient premises.

Over the longer term, we understand that meeting net zero will also require addressing financed emissions, which are the emissions of our customers. This is not something that we can do alone, and a successful outcome will be dependent on government policies, grid decarbonisation, supply chain transformation and shifts in consumer behaviour. These shifts all represent potential sources of risks and opportunities, and our strategy for responding to climate change will evolve and become more detailed as these crystallise.

Our strategy for responding to climate change is built around a net zero framework based on five key action areas. This is an evolving programme of work which sets out how we will mitigate climate-related risks and embed climate considerations into our wider strategy, processes and products; establish processes to monitor progress and an agreed decarbonisation pathway; and ensure employees have the relevant climate and ESG-related skills and training to deliver these. We will continue to evolve our approach in response to changes in the external environment and emerging industry practices.

Figure 1: Net zero framework



In line with the PRA's guidance, HTB carries out scenario analysis as required by the firm's risk management and business planning processes to test the resilience of its strategy against climate change. We use macroeconomic models to estimate the impact of the climate scenarios on expected credit losses (ECLs) across the portfolio, based on the Network for Greening the Financial System (NGFS) scenarios.

NGFS scenarios bring together a global, harmonised set of transition pathways to show a range of higher and lower risk outcomes that explore a different set of assumptions about the evolution of climate policy, emissions and temperatures. The scenario transforms the impact of climate change policies into a set of macroeconomic factors and provides forecasts for variables such as GDP, unemployment, inflation and the Bank of England base rate to 2050. We have chosen three scenarios to analyse, including a 2°C or lower scenario, to ensure a wide range of plausible physical and transition risks were covered.

The results of our climate scenario analysis conclude that climate change is likely to have a limited impact on the portfolio to 2050, with a delayed transition scenario posing the highest risk. Net Zero 2050 would have a moderate but orderly impact. In contrast current policies leads to the highest level of damages from long-term physical risk, but lower total expected credit losses than the other two scenarios, where transition risk is elevated. There are, however, limitations to the NGFS scenarios, which do not capture some non-linear risks, such as tipping points and sea-level rises, as well as complex societal changes, such as migration, leading to the potential understatement of both physical and transition risk. We will continue to refine our approach to climate scenario analysis and stress testing, as well as how we disclose the results, in line with the PRA's updated climate-related expectations, outlined in Supervisory Statement 5/25.

Table 2: Results of climate scenario analysis

Scenario name	Description	Average warming (end of century peak)	Average impact on ECL across the portfolio 2025-2050
Current policies	Only currently implemented policies are preserved, leading to high physical risks but low transition risks	+2.9°C	Very low (<0.05%)
Delayed transition	Annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C	+1.8°C	Low (<1%)
Net Zero 2050	Global warming is limited to 1.5°C (with a 50% chance) through stringent climate policies and innovation, reaching global net zero emissions around 2050	+1.5°C	Low (<0.3%)

Risk management

HTB incorporates climate-related risk assessment into its broader Environmental, Social and Governance (ESG) framework, embedding climate considerations across strategy, governance and business operations. HTB identifies and assesses climate-related risks through:

- Integration of climate considerations into strategy and ESG governance, with Board oversight.
- Systematic measurement of environmental impacts, via scenario stress testing.
- Assessment of borrower and property related transition and physical risks, through sustainability focused lending decisions.

Climate risk is also monitored as a key Emerging Risk and is integrated into the risk identification process of HTB's Risk Management Framework.

The Group has a comprehensive range of management techniques and mitigants in place to ensure that climate risk is managed within appetite. The Group has articulated a Risk Appetite Statement and set limits that are monitored via the use of specific risk appetite metrics and key risk indicators (KRIs), reviewed annually.

Table 3: Climate risk metrics

Risk type	Metric	2025	2024
Physical	- % of properties situated within flood risk/coastal erosion areas in Specialist Mortgages (>1% risk of flood) ¹	3%	6%
Transition	- % of units where 'EPC A-C' status was achieved in Development Finance	95%	96%
	- % of units where 'EPC D' status was achieved in Development Finance	3%	4%
Data Quality	- % of portfolio with up-to-date EPC ratings held in Specialist Mortgages	98%	98%
	- % of units where EPC status is unknown in Development Finance	1%	0%

¹ Flood risk is assessed via a postcode matching tool laid across the Specialist Mortgage portfolio, including Buy to Let properties. Currently, 97% of the SM book is located in areas where the flood risk is <1%

The Board has noted what factors exist, or what measures could be put in place to mitigate the risk, when setting risk appetite as outlined in the Risk Appetite Framework and may consider adjustment of the strategy if the risks cannot be adequately mitigated.

HTB's overarching Risk Management Framework (RMF) lays out the Group's approach to risk management, including climate risk, which is considered one of eight principal risks the Group faces to its operations.

Please see the Risk Management Framework on page 17 of the Group Annual Report and Accounts 2025 for further details.

Metrics and targets

To monitor progress against our climate-related objectives and manage associated risks, HTB tracks a set of quantitative indicators across physical, transition and data quality dimensions. These metrics provide insight into portfolio exposure, operational performance and data completeness, and are reviewed annually to inform risk appetite and strategic planning.

EPC ratings

The Group uses an internal-based assessment of Energy Performance Certificate (EPC) ratings to monitor the energy efficiency of the mortgage portfolio. The internal-based assessment is subject to some data limitations and, while up to three quarters of the portfolio is matched to the EPC register, work is ongoing to improve the data quality in the rest of the portfolio. Using EPC ratings at origination and other manual processes, we have an internal assessment for 99% of the portfolio, which indicates that c. 51% of the mortgage portfolio has an EPC rating of C or better.

Table 4: Mortgage portfolio by EPC rating

Current Energy Rating	Balances Proportion		Balances Proportion	
	(£m) 2025	of balance 2025%	(£m) 2024	of balance 2024%
A	13	0.4	9	0.3
B	481	15.3	411	15.8
C	1,180	37.6	911	35.1
D	938	29.9	796	30.7
E	459	14.6	381	14.7
F	14	0.5	17	0.7
G	8	0.2	14	0.5
Total matched	3,093	98.6	2,539	97.8
Not matched	43	1.4	55	2.2
	3,136	100	2,594	100





Energy and Greenhouse Gas Report

Hampshire Trust Bank PLC has appointed Carbon Footprint Ltd, a leading carbon and energy management company, to independently assess its greenhouse gas (GHG) emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting (SECR) Guidance'.

The GHG emissions have been assessed following the Greenhouse Gas Corporate Reporting standard using the 2025 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Energy Security and Net Zero (DESNZ). The assessment follows the dual-reporting approach for assessing Scope 2 emissions from electricity usage. The operational control approach has been used.

Table 5 summarises the SECR-compliant GHG emissions for reporting year 1 January 2025 to 31 December 2025 and compares them to the previous financial year's, which have been restated. This includes mandatory SECR elements only (UK electricity, natural gas, employee car mileage and hire cars).

Activity-based data has been used where available. For the London office, where most of our staff are located, electricity usage is based on consumption recorded on purchase invoices, and the waste produced by each floor is monitored by the landlord. Gas and water usage is estimated based on a proportion of the building total according to floor space.

Estimates for the Leeds office are based on a proportion of the building total according to floor space for electricity and water. The office does not use gas.

There was no data available for our Birmingham office, which was estimated using data from 2022.

Vehicle fuel usage is based upon expense claims and recorded mileage.

Table 5: Streamlined Energy and Carbon Report (SECR) 2025

	2025	2024 restated
Scope 1 - Gas & fuel (tCO ₂ e)	16	19
Scope 1 - Gas & fuel (kWh)	78,853	91,351
Scope 2 - Purchased electricity: location-based (tCO ₂ e)	43	53
Scope 2 - Purchased electricity: market-based (tCO ₂ e)	12	107
Scope 2 - Purchased electricity (kWh)	240,509	257,992
Scope 3.6 - Business travel in employee-owned cars (grey fleet) ex WTT (tCO ₂ e)	57	78
Scope 3.6 - Business travel in employee-owned cars (grey fleet) ex WTT (kWh)	235,453	321,508
Scope 1-3: location-based (tCO ₂ e)	115	150
Scope 1-3: market-based (tCO ₂ e)	84	204
Scope 1-3 (kWh)	554,815	670,851
Revenue (£m)	406	366
Intensity ratio: location-based (tonnes of CO ₂ per £m)	0.28	0.41
Intensity ratio: market-based (tonnes of CO ₂ per £m)	0.21	0.56

The following measures were taken in 2025 to improve energy efficiency:

- Introduction of an EV Cash Allowance Scheme for employees (estimated to save 68,458 kWh of energy annually based on a 5-year forecast of uptake)
- Introduction of a Vehicle Mileage Tracking System (estimated to save 2,715 kWh of energy annually)
- Our London office moved to a renewable energy tariff. This eliminated 97 tCO₂e of market-based Scope 2 emissions compared to 2024.

Restatement of 2024 results

Emissions related to business travel in employee-owned, or grey fleet, vehicles in 2024 were revised downwards after a unit conversion error was corrected. Excluding well-to-tank (WTT) emissions, the restated total is 78 tCO₂e, down from 125 tCO₂e. Total energy usage has also been revised downwards as a result, to 670,851 kWh, from 866,761 kWh.

Remaining Scope 3 emissions

We also measure Scope 3 emissions for the most relevant categories to our operations.

Estimates for emissions related to business travel by rail are expense-based, while those for business travel by air are based on mileage. Emissions for hotel stays are estimated based on the number of nights. Together, with estimations of WTT emissions for grey fleet vehicles, which are excluded from SECR reporting, these make up the total estimate for business travel emissions.

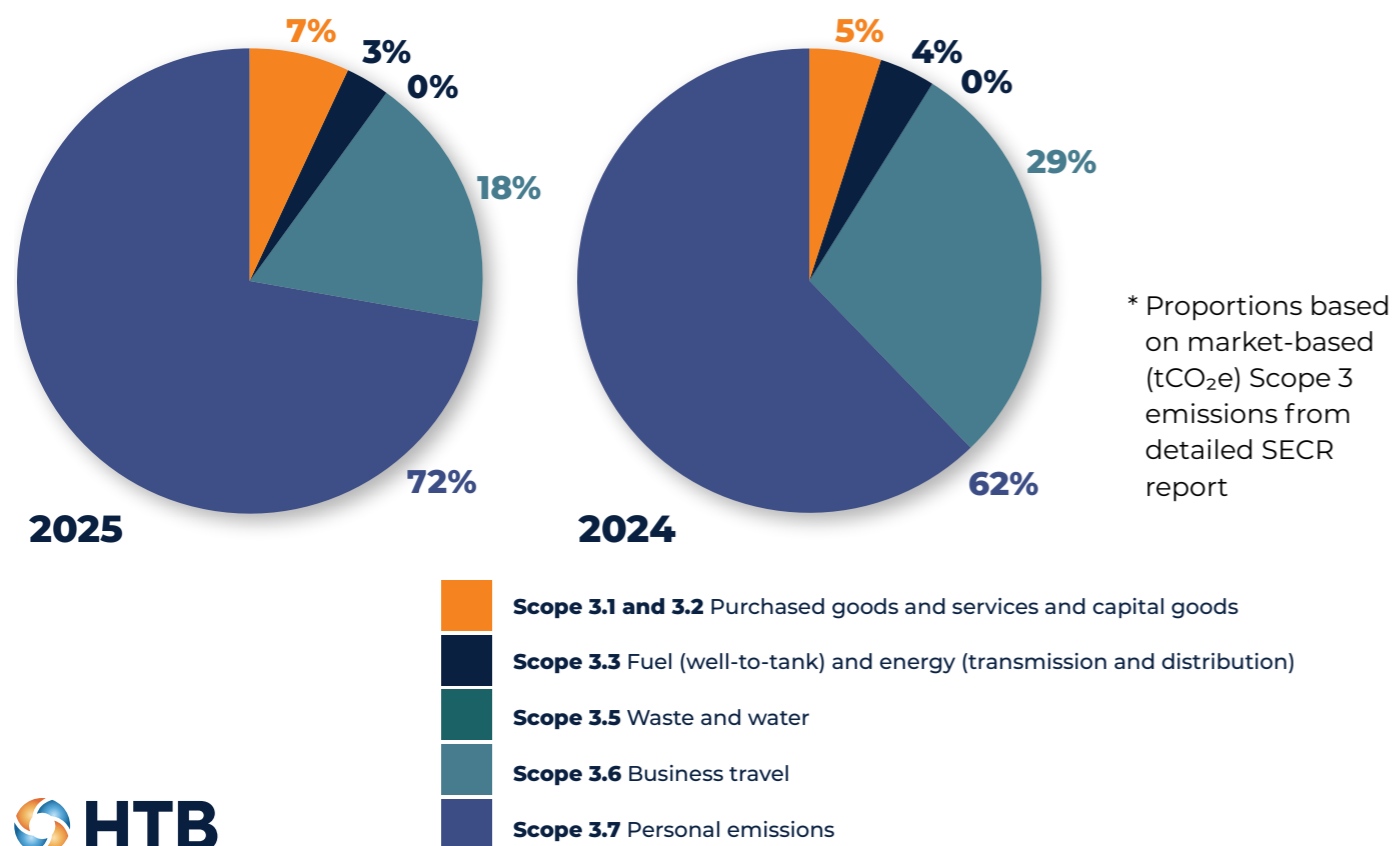
The estimate of emissions for purchased goods and services and capital goods includes the following goods: paper, laptops, monitors and smartphones. Where available, emissions have been estimated using supplier and product-specific emission factors.

Both the 2024 and 2025 estimates of emissions related to homeworking and employee commuting rely on a survey of commuting habits filled out by 311 employees in July-August 2025. The results have been adjusted in 2025 to reflect growth in headcount and more time spent working from the office. Together these make up personal emissions.

The largest contributor to Scope 3 or indirect emissions are personal emissions. These make up 72% of our Scope 3 emissions, up from 62% in 2024. This is due to a rise in the emissions associated with employee commuting as headcount has increased along with increased in-office working. The emissions from business travel have fallen in the meantime, largely down to a reduction in the number of miles driven by diesel-powered vehicles, and as a proportion are down to 18% in 2025, from 29% in 2024. The other categories are broadly stable.

Figure 2 displays Scope 3 emissions by source, as a proportion of the total in 2025 and 2024.

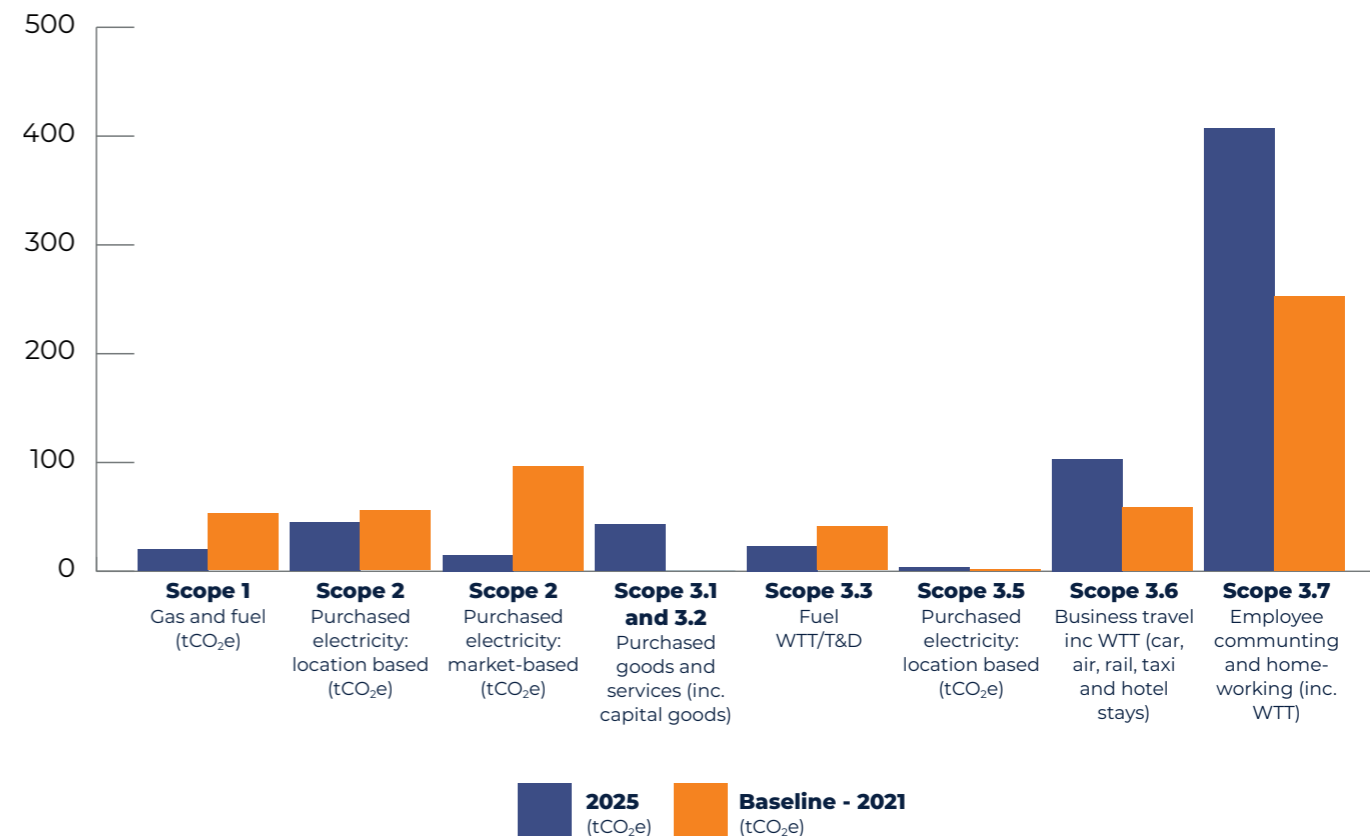
Figure 2: Scope 3 emissions by source as a proportion of Scope 3 total (2025 and 2024)



Emissions relative to baseline

HTB has been measuring its carbon footprint since 2021 and achieved significant reductions in direct (Scope 1 and 2) emissions since then. The chart below shows emissions in 2025 compared to the 2021 baseline.

Figure 3: Current year compared to baseline year emissions, by scope (tCO₂e)



Since 2021, Scope 1 emissions have fallen by 72% following a move to more energy-efficient premises in London in 2023. Location-based Scope 2 emissions have fallen by 32% in this time, down to a mixture of the increased energy efficiency of the new office, using more energy-efficient equipment, and underlying improvements in the carbon intensity of the UK grid. Scope 2 market-based emissions have fallen by 88% due to the London office switching to a renewable energy tariff for electricity in 2024.

Scope 3 emissions have risen by 62% relative to the 2021 baseline, driven primarily by increased emissions from business travel (+67%) and employee commuting and homeworking (+59%). Business travel has increased relative to the 2021 pandemic year, both as travel restrictions were eased and the business has grown, while emissions related to employee commuting have risen in line with growth in headcount.

Next steps

We are working on reducing the emissions over which we have the most control, namely Scope 1 and 2 emissions, as well as those related to business travel in employee-owned vehicles, through the Energy Saving Opportunity Scheme (ESOS).

In the meantime, we continue to offset our entire carbon footprint through Carbon Footprint Ltd's carbon offset marketplace of high-quality, independently verified carbon offset projects.

Financed emissions

Financed emissions are the emissions generated by our customers which are facilitated by the financing we provide. The pre-eminent approach for calculating financed emissions has been put forward by the Partnership for Carbon Accounting Financials (PCAF). Their approach to calculating financed emissions depends on quality of the lending data available, defined in a data quality score. Where available, emissions data is collated and attributed based on the level of financing. If emissions data is not available,

PCAF makes emission conversion factors available for signatories use. These are high-level regional and sector-wide averages approximating the environmental impact of different types of lending and investment.

In 2024, HTB estimated financed emissions related to the mortgage portfolio for the first time as a pilot exercise to understand potential use cases for this data. As HTB does not collect emissions data from its customers, most of whom are not required to measure their emissions, these estimates of financed emissions rely on estimating building energy consumption per floor area based on official building energy labels (EPCs), augmented by emission conversion factors that approximate energy efficiency downloaded from the PCAF database.

The emission factors available for download from the PCAF database lack specificity, covering the UK as one region. As such, there was no use case for this data which wasn't met by other datasets, such as EPC rating, and these numbers were not updated for 2025.

We will continue to monitor the regulatory requirements around measuring and disclosing financed emissions, as well as market best practice and the actions of our peers to ensure our calculation methodologies and disclosures remain commensurate.

Over the long-term, as part of its Net Zero Strategy, HTB is targeting net zero emissions across its operations and financing. Over time, this will be operationalised to include a suite of targets and metrics used to manage climate-related risks and opportunities and performance against targets, as well as long-term and interim targets for emissions reduction.

Currently, HTB is focusing on building its climate capabilities and putting in place the systems and processes to effectively manage and monitor climate-related risks and opportunities, reflected in targets around the proportion of the lending portfolio that has EPC data available.

Pillar 2: Customers

Our customers are at the heart of our business and, as a specialist bank, we use our expertise to develop products which meet their needs and help them achieve their ambitions. Our specialist teams are continually striving to improve, championing our customers at every opportunity. They are well placed to discuss support available to anyone that needs it, and we are committed to delivering good customer outcomes and treating customers fairly across the Group. Recent initiatives include launching a new cloud-based banking platform to bring additional benefits and services to savings customers, such as offering new competitive online savings to UK businesses and charities, increasing competition and choice.

HTB maintains a long-standing customer experience programme designed to deepen our understanding of customers' needs, regularly check their satisfaction with our products and services, and inform our strategy so that we can better meet their requirements and improve their experience. We also regularly monitor customer satisfaction scores by department and customer type. 2025 saw the launch of our savings customer community, allowing us to get real-time input from loyal savings customers. 2025 marked record annual net promoter scores across Savings and our Specialist Mortgages and Bridging Finance brokers, averaging +61 overall, with Q4 customer satisfaction rising to 90% for retail/SME savers and brokers.

We act to deliver good outcomes for all customers, including those with characteristics of vulnerability. Our people who manage customers are guided by a Vulnerable Customers Policy to support the management of customers in financial or other distress. This year, HTB rolled out a three-month in-person training programme to upskill employees in this area, which covered identifying vulnerable customers and communicating with empathy, navigating tricky conversations with customers (including complaints) and call-handling skills to improve first-time resolution. This was designed and delivered in-house and will be delivered throughout the business in 2026.

HTB also aims to improve the ecosystem in which it operates by engaging its online community of clients, brokers and employees using online thought-leadership and educational content. Examples in 2025 include a survey of our Cash ISA savers with 1,250 responses – HTB's Cash ISA Reforms Survey – which provided valuable insights into customer views on proposed Cash ISA allowance changes. The findings were published in national news and via social media, enabling HTB to amplify the voices of savers and inform the broader debate in a way that supports better customer outcomes.

“

Our customers are at the heart of our business and, as a specialist bank, we use our expertise to develop products which meet their needs and help them achieve their ambitions.

Pillar 3: Colleagues

In 2025 HTB achieved Great Place to Work (GPTW) accreditation (Trust Index: 65%). Our Trust Index represents the sentiments of our colleagues' experiences, as an average response rate to all the survey questions asked as part of our annual Engagement Survey.

Diversity

HTB policies relating to equality, diversity and inclusion (EDI) are contained in our Staff Handbook, issued to all employees and new joiners. Our EDI policy is supported by ongoing annual activities to raise awareness of inclusivity in the workplace. Our HR team have worked closely with GEC to drive change across several areas, align EDI with upcoming regulatory changes and systematically improve the employee experience at HTB.

We have taken the following steps and put in place the following measures as of 2025:

- Improved feedback loops: seeking feedback through our annual colleague Engagement Survey, periodic pulse surveys, and putting in place a follow-up process to develop company-wide and divisional action plans with GEC involvement; launched 'CEO Direct' Speak-Up box, a direct channel of access (with the option of anonymity) to our CEO; and set up anonymous 'Reporting boxes' in bathroom areas to facilitate reporting misconduct and in response to focus group feedback on preventing sexual harassment in the workplace, a requirement under the Worker Protection amendment of the Equality Act 2010.
- Women in Finance Charter (WiFC): we became a signatory of the WiFC targeting 31% female senior management in 2025 and are working towards our objectives for our first submission in 2026.

- The HTB Core Values and Behavioural Standards were refreshed in January 2025 to enhance employees' clarity and transparency around how they can contribute to our shared purpose of excellence through specialism in their day-to-day work. They are embedded through our employee life cycle, via the performance management framework. Embedding these values and behavioural standards works to reinforce employee accountability.

- Enhanced internal communication strategy: including regular CEO updates to all staff, quarterly CPO briefing on key staff matters to our management population, creation of a Senior Leadership Team (SLT) group to ensure strategic messaging is cascaded through the business, an internal newsletter, annual colleague awards, Executive Exchange webinar series with GEC members providing updates to staff, and development of an internal EDI calendar to support education, awareness and celebration of diversity at HTB e.g. International Women's Day events, Pride celebrations, and Black History Month.

- Training and awareness: delivered by an annual mandatory EDI and Speak Up e-learning module, preventing sexual harassment in-person training delivered to all GEC, SLT and managers, supported by the inclusion of a risk goal in all employees' personal objectives to embed accountability for risk management as it pertains to their roles.

- KPIs and reporting: report gender balance ratio externally and track KPIs such as headcount by ethnicity and performance of candidate shortlists against targets (such as 90% of shortlists meeting requirement of 50% gender balance) internally to benchmark progress against the EDI action plan. The gender ratio of Senior Management is reported to Board/GEC.

- Gender pay gap reporting: our annual report on 2024 gender pay ratios was released in April 2025. This year we included a more comprehensive review of the key objectives set in 2023, including achieving a greater gender balance across the Bank, tackling under-representation, increasing the number of women in leadership roles and developing female talent; supporting our Women in Leadership apprenticeship programme, and launching the Change Network, to consult on recruitment and development practices relating to EDI. The full Gender Pay Gap Report can be found on our website www.htb.co.uk
- Launch of recruitment training: this supports more inclusive and diverse hiring, with training covering themes such as unconscious bias and more inclusive hiring practices, supporting recruitment and management capabilities.



In 2025 HTB achieved Great Place to Work (GPTW) accreditation (Trust Index: 65%). Our Trust Index represents the sentiments of our colleagues' experiences, as an average response rate to all the survey questions asked as part of our annual Engagement Survey.



Learning & development

HTB is committed to supporting our colleagues in their personal and professional development. During this year, we've expanded the learning development opportunities through training and accessibility of resources. Initiatives currently in place include:

- Study Support Policy: to provide clarity and understanding of the forms of study supported by HTB.
- Internal Jobs Board: increasing transparency of internal vacancies and employee transfers, supporting our career development opportunities at HTB.
- Tailored Management Essentials programme for all our managers to develop capability and confidence in managing our people and driving high performance.
- Line Managers' Hub: to improve accessibility and availability of resources to develop management capabilities, including new toolkits and guidance for recruitment, leaver and transitioning, and a refreshed Line Manager's Newsletter.

Rewards

As part of the employee benefit package, employees have access to a Green Car Scheme, which supports our ESG goals by offering a cost-effective way to choose greener vehicles.

Wellbeing

In addition to medical insurance through our partnership with Bupa, we support our colleagues' wellbeing through several other initiatives. These include the Bank Workers Charity webinar series, which gives colleagues education, awareness and resources to support their mental and physical wellbeing.

Supporting financial wellness has been a key focus, including enhancing financial literacy and pension education across the Group, particularly for our female colleagues, to better equip employees for retirement planning and to foster greater financial awareness and security. This is an agenda to continue into 2026.

We also launched the Menopause Support Pack to support employees experiencing the menopause, driving awareness and education around the symptoms and offering a community of support and resources through a 'Coffee & Chat' networking session with colleagues and Bupa.

Our Wellbeing Champions, a diverse network across the Bank, have been trained and equipped to support colleagues' wellbeing. They identify key employee wellbeing themes and propose solutions to address emerging challenges, working with the Group's HR team to advance the Bank's employee wellbeing agenda. In their roles, they also champion our volunteering programme, through Neighbourly, to link positive mental health and giving back to our communities.

Pillar 4: Community

Social impact

As a specialist Bank, HTB primarily impacts the community it operates in by providing finance to those that have often been overlooked by mainstream banks, offering tailored lending in property-based finance, specialist mortgages, bridging finance, development finance and even offering wholesale finance to other lenders, supporting the UK Government's target to build 1.5 million new homes in England over the current Parliament.

This target was put in place to address a "housing crisis" in England that manifests in a variety of negative societal impacts such as a "shortage of affordable housing, including increasing house prices, households waiting until later in life to purchase their homes and difficulty getting on the housing ladder, longer wait lists for social housing, independent children living with parents for longer, a rise in rough sleeping and families and renters living in overcrowded, substandard and insecure homes"¹.

As of 2025, HTB financed £3.8bn of real estate, representing 82% of the total portfolio. We continue to refine our methodology for assessing and reporting the social outcomes generated by this lending. This includes plans to measure housing units enabled, SME developers supported, energy performance uplift financed, and the broader economic and social value generated in local communities.

Volunteering

Neighbourly is a giving platform which makes it easy for employees to volunteer, reach a network of vetted good causes and get access to regular and flexible volunteering opportunities all year. Neighbourly was one of the UK's first B Corporations certified to meet rigorous standards of social and environmental performance, accountability and transparency. All HTB employees are offered one paid day off each year to support volunteering projects and help make a difference in our local communities.

HTB colleagues contributed meaningfully to communities throughout 2025. Collectively, employees delivered over 600 hours of volunteering, planted 1,385 trees (equivalent to filling a football pitch), and supported food and water donation initiatives, including 155 meals and 77,000 litres of drinking water. These activities demonstrate our growing commitment to supporting environmental and social wellbeing beyond our core financial services.

Carbon offsetting

HTB has been certified carbon neutral since 2022 by Carbon Footprint Ltd, a provider of independently verified and certified carbon offset projects from around the world. We offset 713 tonnes of carbon dioxide equivalent in 2024/5, equal to the emissions generated by our buildings, business travel, employee commuting, homeworking, water usage and waste management (including well-to-tank) in 2024, before the restatement. HTB employees voted to support the Southern Ethiopia Community Protected Springs, a Gold Standard certified project working to renovate broken protected springs so that they deliver clean, safe water, improving the health and well-being of local communities.

Suppliers

In line with the Group's long-term goal to reach net zero by 2050, we expect third parties to make a similar commitment and attest to ESG commitments aligned to the Group's long-term strategy, in line with our Third-Party Risk Policy.

We also consider our suppliers' commitment to addressing and monitoring modern slavery a key element of the supplier due diligence process, and collect further data on our suppliers' environmental management, energy usage, carbon emissions, net zero goals, labour practices, DEI and responsible use of AI.

Pillar 5: Governance

HTB has taken a top-down and bottom-up approach to sustainability. The Board has ultimate oversight of the Group's strategic direction and long-term success, ensuring ESG principles are embedded across decision-making, risk management and stakeholder engagement, while a cross-functional ESG working group ensures that views from across the organisation are considered.

Board oversight

ESG is a standing agenda item at Board meetings, enabling regular review of progress against ESG objectives and regulatory requirements, and oversight of emerging ESG risks and opportunities.

ESG Committee

The ESG Committee, chaired by the CEO and with CRO, CCO, CPO and GC members, meets quarterly. Its terms of reference state the following responsibilities:

- Identifying, documenting and monitoring ESG risks and responsibilities of material relevance to the group; monitoring emerging risks via horizon scanning.
- Designing a strategy and roadmap for achieving the Group's ESG ambitions and managing ESG-related risks, as well as overseeing the implementation of the strategy, tracking delivery and reviewing progress against targets.
- With the CRO, providing oversight on climate risk management and integration, ensuring that climate and ESG risks are embedded into the Group's Risk Management Framework and effectively monitored, including proposing suitable Risk Appetite Statements, Key Risk Indicators (KRIs) and other relevant metrics.

- Monitoring exposure to ESG risks, particularly climate, and owning HTB's approach to climate scenario analysis as part of ICAAP and stress testing.
- Overseeing the identification of and adherence to all mandatory legal and regulatory disclosures and reporting requirements as well as for those voluntarily assumed by the Group.
- Ensuring there is appropriate climate and ESG training and awareness across the Group's employees and Boards.
- Reviewing proposed products and material business change initiatives from an ESG perspective, making recommendations where required.
- Overseeing development of new policies and/or integration into existing policies as required to enable effective management of ESG risks and opportunities.

ESG Working Group

An ESG Working Group sits under the ESG Committee with membership from across the business. This is a cross-functional forum bringing together stakeholders from the first and second lines of defence to support the ESG Committee by embedding ESG considerations into day-to-day operations, data and reporting, and by informing the Committee and Board on progress and emerging issues.





GROUP
SUSTAINABILITY
REPORT
2025