



Reporting on Gatehouse Bank's progress towards implementing the Principles of Responsible Banking Self-Assessment

In September 2019, Gatehouse Bank became a founding signatory to the UN Principles of Responsible Banking (UN PRBs), alongside 129 other institutions from the global banking community. Signatories to the UN PRBs committed to aligning their business strategy with society's goals, as expressed in frameworks like the United Nations Sustainable Development Goals and the Paris Climate Agreement.

As a signatory to the UN PRBs, we annually report on our progress towards achieving implementation of the six principles. Signatory banks have four years to meet all requirements of the UN PRBs and are required to gain third party assurance within this timeline. This is Gatehouse Bank's first annual self-assessment report on implementation. We are making good progress and have partially fulfilled the requirements of the UN PRBs.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s)/ Link(s) to the bank's full response/ relevant information

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks

1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.

Gatehouse Bank was established in 2007. We are one of the fastest growing banks of our kind in the UK. We offer Shariah-compliant products and services to individuals, businesses, and institutional investors. Excluding our savings products, our focus is almost entirely linked to the UK real estate sector; through retail and commercial property finance and our Real Estate Investment Advisory (REIA) service via which we source and manage investments in pre-existing commercial properties as well as new build property developments for the UK rental market.

Our savings customers are UK residents, our property finance products are available to UK residents, UK expats and international residents and our REIA services are offered to national and international institutional investors. Our products are available to customers of all religions and none, and many non-Muslims choose us for our ethical approach and competitive products.

Gatehouse Bank is a subsidiary of Gatehouse Financial Group Limited. We are authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA).

[Gatehouse Bank Website, About Us](#)
[2020 Impact Areas Report](#), pages 16 - 21

1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Gatehouse Bank is a British Shariah-compliant Bank, meaning that we follow a set of principles derived from Islamic teachings which promote fair play and ensure that our customers' financial affairs are handled responsibly.

We see a natural alignment with the principles of Islamic finance and society's goals as expressed in the UN Sustainable Development Goals and other national and international frameworks. This is because the Islamic economic model takes into account the concept of both excluding funding for certain activities that have the potential to cause harm (SDG 3 Good Health and Wellbeing) and not offering speculative financial products. (SDG 8 Decent Work and Economic Growth).

We have developed policies, procedures and products that ensure our activities fulfil Shariah criteria. We are now implementing plans to expand our ethical position to include the UK's priority environmental need areas and an enhanced relevance to the broader sustainable development context.

[Gatehouse Bank Website, information about our approach to Shariah Compliance and Balanced Banking](#)
[Impact Areas Report](#) page 42

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental

In 2020 we conducted a bank wide consultation exercise to understand how our current ethical position aligns with society's goals and identify where we can strengthen this alignment. The outputs of this were published in our 2020 Impact Areas report which was the Bank's first sustainability focused report.

Using the UN Portfolio Analysis tool, we have identified the key areas of need in the region that we operate and mapped these against the UN Sustainable Development Goals. We then assessed our internal operations and business activity in the context of these priority environmental, social and economic need areas, identifying important next steps required to further align our activity with society's goals and capitalise on strategic business opportunities.

One of the key next steps identified was aligning our sustainability reporting with globally accepted methods. We have now achieved this through GRI (Global Reporting Initiative) standards certification within the team. Our next annual sustainability report will follow the GRI reporting disclosures framework.

Throughout 2020 and early 2021 we have been an active member of the UNEP FI working groups on Impact Analysis and Guidance on Reporting, working with other UN PRB signatories in developing, understanding and implementing methodologies and tools for impact assessment. In 2021 we plan to follow the recently issued UNEP FI guidance to conduct an impact analysis of two significant impact areas.

[2020 Impact Areas Report](#)

impacts resulting from the bank's activities and provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has:

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

Gatehouse Bank has partially fulfilled the requirements regarding Impact Analysis. This first reporting on our progress towards implementing the UN PRBs has not obtained limited third-party assurance.

2.1 Target Setting

Show that the bank has set and published a minimum of two **Specific, Measurable** (can be qualitative or quantitative), **Achievable, Relevant and Time-bound (SMART)** targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development

Achieving strong sustainability performance is in keeping with our core values as an ethical bank. We are committed to integrating sustainability into our business practices and decision-making processes through the development of innovative new products and services and the allocation of capital towards sustainable investments.

In our 2020 Impact Areas Report, we identify the Bank's environmental, social and economic impact areas and ambitions for future sustainability action across the Bank.

In 2020, having identified some of the priority environmental needs of the UK to be climate and emissions, we made the decision to voluntarily report on the greenhouse gas emissions of our internal operations. Our operational footprint (including Scope 1, Scope 2 and selected Scope 3

[2020 Impact Areas Report](#)

[Gatehouse Bank Website information about our Sustainability Strategy](#)

<p><i>Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</i></p> <p><i>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</i></p>	<p>Greenhouse Emission categories (under the GHG protocol) has been externally certified to ISO 14064-3.</p> <p>We have set an operational SMART target to become carbon neutral in our operations by 2022 to PAS 2060 standards, demonstrating our commitment to decarbonisation and support for carbon offsetting projects.</p> <p>We now plan to launch the next phase of building our understanding through impact analysis of the environmental impact of our business activity (namely our home finance and REIA portfolio) in order to develop further SMART targets to address the significant impacts of our business activity and provision of products and services.</p>	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

Gatehouse Bank has partially fulfilled the requirements regarding Target Setting. This first reporting on our progress towards implementing the UN PRBs has not obtained limited third-party assurance.

<p><i>2.2 Plans for Target Implementation and Monitoring</i></p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>A sub-group of ExCo Members has been created to drive implementation and monitoring of the UN Principles. This group consists of the Chief Executive Officer and the Director of Communications who meet on a monthly basis to monitor progress against implementation of the principles.</p> <p>Monthly updates on progress are provided to the Executive Committee and to the Gatehouse Bank Board on a quarterly basis.</p>	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

Gatehouse Bank has partially fulfilled the requirements regarding Target Implementation and Monitoring. This first reporting on our progress towards implementing the UN PRBs has not obtained limited third-party assurance.

2.3 Progress on Implementing Targets

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in (where feasible and appropriate, banks should include quantitative disclosures).

Progress on implementing targets is the responsibility of relevant departments at the Bank with support from the Corporate Social Responsibility function. We will report on our progress implementing our Responsible Banking strategy and sustainability targets publicly through our annual financial and sustainability reporting.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

Gatehouse Bank has partially fulfilled the requirements regarding Progress on Implementing Targets. This first reporting on our progress towards implementing the UN PRBs has not obtained limited third-party assurance.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

As a Shariah-compliant Bank, our core offering promotes fair play and transparency towards customers. Our approach to product design means that all of our products are simple and easy to understand, and honestly represent the value of our products to customers. Our hardship policy is straightforward and enables us to respond quickly and flexibly to customer experiencing financial difficulty.

At Gatehouse Bank we are committed to treating our customers fairly and responding to their needs to achieve consistent outcomes for all. Internal processes and controls have been developed and strengthened to identify our customers with vulnerability drivers and high-level TEXAS training has been delivered to those on the front-line team. We are in the process of developing e-learning modules for Bank wide training.

Research has been undertaken on technology enhancements and changes to our website to assist in identifying and supporting our customers who are on the vulnerability spectrum. The Operational Excellence Director provides senior leadership and a sub-group of ExCo members has been formed to help decide the Bank's vulnerable customer strategy – this group consists of the Chief Risk Officer and the Chief Executive Officer.

We strictly adhere to anti-money laundering and the prevention of corruption to ensure that our activity promotes responsible relationships with our customers and contributes to healthy safe economies. All Bank employees, including board members, undertake anti-money laundering training as part of the Bank's core mandatory annual training modules.

[Gatehouse Bank Website information about our approach to Shariah Compliance](#)

[Gatehouse Bank Website Corporate Governance information](#)

Financial Conducts Authority FG21/1 Guidance for firms on the fair treatment of vulnerable customers. Section 139A of the Financial Services and Markets Act 2000.

3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

Our core product offering enables sustainable economic activities through an exclusion list that prohibits the funding of sectors that are against Shariah Principles and risk counteracting society's goals. We never use our funds, customer savings or approve property finance if they support, the weapons and military equipment industry, tobacco, alcohol, gambling or adult entertainment.

Additionally, Islamic finance principles require that all of our investments involve real assets such as real estate. This helps enable more sustainable economic activity and buffer society from some of the well documented negative impact of higher risk investment products.

In 2020/21 we expanded our sustainability product innovations to make a positive impact on key environmental needs of the UK with the launch of the Green Saver Accounts. The Green Saver Accounts support UK woodland growth through tree planting at the same time as encouraging savers to save for the long term for their financial health. Woodlands grown through our Green Saver scheme are certified by the UK Government's Woodland Carbon Code, delivering externally verified projects, and the carbon credits are publicly registered on behalf of our savings customers.

We plan to innovate further products in the home finance space that support social and or environmental sustainability and we plan to include ESG considerations in our REIA service and investment choices to encourage sustainable choices with our REIA investments and clients.

We continue to focus on sustainability and responsible banking in our communications with customers, encouraging sustainable practices and supporting financial literacy through clear communication.

[Gatehouse Bank Website information about our approach to Shariah Compliance and our exclusion list](#)

[Detailed information about our Green Saver Products](#)

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

We recognise that we are part of a global community and are committed to strengthening our network and partnering with like-minded organisations and other stakeholders to achieve society's goals.

Gatehouse Bank has partnered with the Islamic Finance Council UK (UKIFC) and the Global Ethical Finance Initiative (GEFI) as part of a global taskforce intended to encourage Islamic Financial Institutions to embrace the SDGs. Through its partnership with GEFI we have presented at events and established working groups on disclosures and reporting and education and awareness. We have engaged some of the world's leading financial institutions as well as demonstrating our commitment to climate action by supporting the Path to COP26 Campaign.

We are members of the Women in Islamic and Ethical Finance Forum (WIEFF), to support and promote women in Islamic finance and foster links between the Islamic and ethical finance industries.

In 2021 we conducted a nationally representative survey to understand customer perspectives on sustainability and savings to support our strategy in sustainable product development and communication with customers.

In 2020 the Bank conducted a stakeholder analysis with our internal UN Principles for Responsible Banking Working Group to identify our stakeholders.

[2020 Impact Areas Report](#), Pages 22 – 25 Stakeholder Analysis

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>As a Shariah-compliant Bank, we have policies and procedures in place that ensure our activities fulfil Shariah criteria, including never financing certain industries that have the potential to cause harm to society and risk counteracting society's goals. Our compliance with Islamic Finance Principles is maintained by a dedicated internal team who are overseen by an independent Shariah Supervisory Board.</p> <p>In 2020 we furthered our commitment to a culture of responsible banking by embedding the consideration of environmental, social and economic impacts into our product development process and policy. This ensures that ESG impact is considered in the development of any new savings or home finance products at Gatehouse Bank.</p> <p>In 2021 we put in place a Sustainable Procurement Policy and made changes to our supplier on-boarding process to appropriately manage and improve the ESG impact of our supply chain and align our business activity with society's goals.</p> <p>A sub-group of ExCo Members has been created to drive implementation of the UN Principles. This groups consists of the Chief Executive Officer and the Director of Communications. This group meets on a monthly basis to monitor progress against implementation of the principles.</p> <p>Monthly updates on progress are provided to the Executive Committee on progress and this is relayed to the Gatehouse Bank Board on a quarterly basis.</p>	<p>Gatehouse Bank Website Corporate Governance Information</p>
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures</p>	<p>To foster a culture of responsible banking we have a range of mandatory and voluntary training programmes for all staff, including anti-money laundering, diversity and inclusion and unconscious bias training.</p> <p>We aim to include colleague voices as an integral part of our actions as we implement our responsible banking strategy, including a UN Principles of</p>	<p>Gatehouse Bank Website with community engagement information</p>

<p><i>and performance management and leadership communication, amongst others.</i></p>	<p>Responsible Banking colleague working group and the colleague led Diversity & Inclusion council.</p> <p>Employee connection and understanding of the UK's priority needs is fostered through our charity partnership scheme and corporate giving. We plan to expand our volunteering programme to further build employee capacity and skills.</p> <p>We engage in regular communication to employees about our responsible banking ambitions and activities and how these are connected to the broader global sustainable development agenda.</p>	
<p><i>5.3 Governance Structure for Implementation of the Principles Show that your bank has a governance structure in place for the implementation of the PRB, including:</i></p> <p><i>a) target-setting and actions to achieve targets set</i></p> <p><i>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</i></p>	<p>Gatehouse Bank's Chief Executive Officer, Charles Haresnape, signed the UN PRBs in September 2019.</p> <p>As our targets are developed the Gatehouse Bank Board of Directors will approve our targets and KPIs. A sub-group of ExCo Members has been created to drive implementation of the UN Principles. This groups consists of the Chief Executive Officer and the Director of Communications. This group will monitor milestones for achievement of targets and any unexpected negative impacts.</p> <p>Monthly updates on progress will be provided to the Executive Committee on progress and to the Gatehouse Bank Board on a quarterly basis, who will be able to undertake remedial action in the event of milestones not being achieved.</p>	
<p><i>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</i></p>		

Gatehouse Bank has partially fulfilled the requirements regarding Governance Structure for Implementation of the Principles. This first reporting on our progress towards implementing the UN PRBs has not obtained limited third-party assurance.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

1.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

In 2020 Gatehouse Bank commenced sustainability reporting with our first sustainability related report, which outlined the key areas where our operations and activities have an impact on the environment, society and the economy.

In 2021 we achieved Global Reporting Initiative (GRI) certification in the team to align our reporting with international best practice in reporting.

We plan to report annually on our sustainability progress, defining our priorities and ambitions and demonstrating how we are in line with good practice.

[2020 Impact Areas Report](#)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

Gatehouse Bank has partially fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking. This first reporting on our progress towards implementing the UN PRBs has not obtained limited third-party assurance.

Annex: Definitions

- a. Impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. Significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.