

40 years of sustainable lending

CEO Paul Ellis announces his stepping down and reflects on our progress



Paul Ellis

After 40 years of involvement with the Society in a number of guises, firstly as a member, then director, and latterly Chief Executive, I have decided that it is time for me to pass the baton on and

pursue other ways of ensuring a sustainable future. It has been an amazing time in which I have had the privilege to guide the Society's development, to fulfill the vision of our founders and define the parameters of environment-conscious mortgage lending within a business model shaped by the imperative of sustainability.

When the Society was formed in 1981, our peers cheerily gave us until Christmas. Nevertheless, the Annual Report for 1982, our first full year of operations, commented on our lending:

£136,000 has been advanced on 14 new mortgages on freehold properties such as a croft in Sutherland, a smallholding in Cumbria doubling as a craft workshop, an industrial unit in Lancashire for re-cycling timber (shortly to have a water power system), a wholefood restaurant in Yorkshire, several smallholdings in North and West Wales, industrial terraced houses in Yorkshire and South Wales (including one partly used as a craft workshop), a semi-detached house with



land and workshops for self-sufficient living in Wiltshire, a derelict cottage in Somerset, and rough grazing land in Lancashire (to be worked by a shire horse).

And thus the eclectic nature and themes for our future lending were set, each case addressing a different aspect of sustainability. While the emphasis has shifted somewhat from issues such as self-sufficiency and access to land, to overarching concerns such as climate change, the essential motivation that each lending decision is justified by its outcomes,

be that sustainable housing, sustainable economic activity, the most efficient use of resources and the protection of ecosystems, very much remains our driving force.

Over the years we have sought to address distortions in the housing market while innovating to ensure the best outcomes for people and communities. So against a backdrop of limited mortgage availability, we set our face against the practice of 'red-lining' – avoiding lending in certain areas, mainly urban areas in the north,

continued overleaf

Help shape our vision and strategy

We're inviting members to collaborate with us on the development of our vision and strategy to 2030 to ensure that the Society is best placed to be at the heart of efforts to tackle the climate crisis.

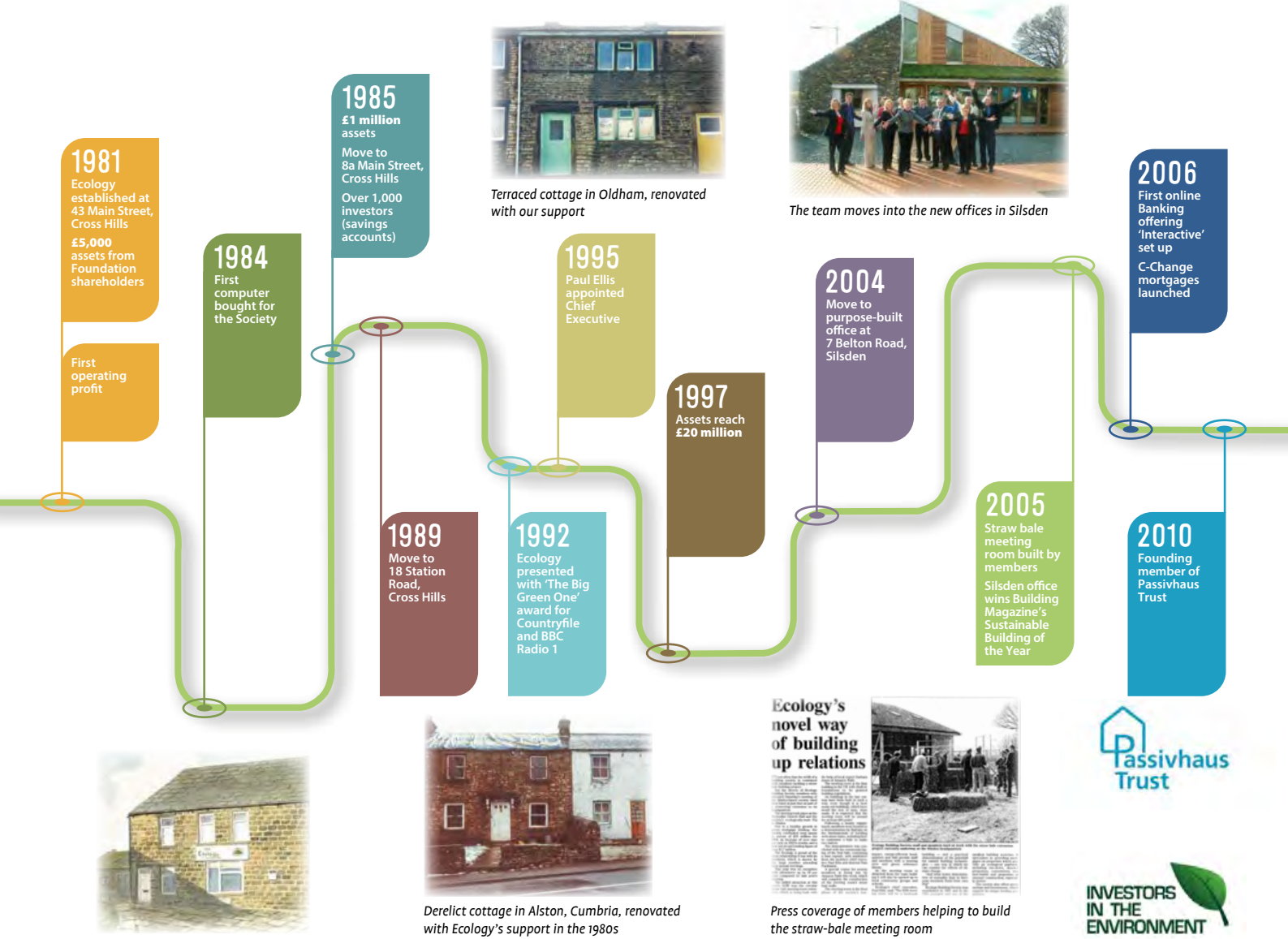
Turn to page 7 to find out more and how you can take part.

Your opinion counts



Building a greener society – the

In 2021, we're celebrating our 40-year anniversary. See some of our key milestones and achievements throughout that time below.



continued from page 1

and housing types such as back-to-backs and flying freeholds. And we lent in rural areas and where agricultural restrictions on occupation were in place to help maintain viable communities – while declining to fund second homes. Thus our lending in Alston, Cumbria allowed the local school to remain open. Our lending in Stonesfield in Oxfordshire guaranteed there was affordable housing available for families with local ties.

We made our first loans to intentional communities as housing co-operatives in 1981 and we have continued to support

community-led housing ever since, ensuring that forms of tenure that address housing market price inflation are available, such as with London Community Land Trust, where resale relies on a formula tied to local salaries thus assuring permanent affordability.

Our lending has sought to drive standards forward, stimulate the adoption of new techniques and materials and encourage forms of housing with a low environmental footprint, thereby addressing climate change directly. We were early adopters of forms of modern and offsite construction such as SIPs for their energy-saving

potential, while recognising the potential for earth-sheltering, natural materials such as straw and low-carbon vernacular materials such as cob. We have been passionate advocates of Passivhaus as an effective design standard and methodology, helping to set up the Passivhaus Trust in the UK.

In addition, the renovation and repurposing of buildings has been an ever-present feature of our lending since that derelict cottage in Somerset, alongside the through-going projects we see today on EnerPHit lines, ensuring that re-use and recycling infuse our mortgage book.

first 40 years



Paul Ellis addressing members at our 30th anniversary conference at the Centre for Alternative Technology, Machynlleth, Powys

2011
30-year anniversary conference at CAT
Assets exceed **£100 million**

2014
Achieved 'Green' accreditation under the Investors in the Environment scheme

2013
Joined Global Alliance for Banking on Values

2015
Signed up to Living Wage

2016
First building society to be Fair Tax accredited



2017
Winner of Mortgage Finance Gazette: Mortgage Product Innovation award for our pioneering mortgages for permanently affordable homes

Sponsored first ever national community-led housing conference



Alok Sharma, then Housing Minister, at an Ecology sponsored national community-led housing conference in 2017

2019
First building society to sign up to the UNEP FI Principles of Responsible Banking
Joined Green Finance Institute Coalition for the Energy Efficiency of Buildings
Participated in the climate strikes
Climate and Ecological Emergency Declaration



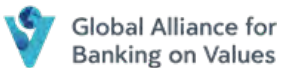
Ecology colleagues at a climate strike in 2019

UNEP FINANCE INITIATIVE
PRINCIPLES FOR RESPONSIBLE BANKING
Recognised twice in the prestigious Finance for the Future awards, for Building Sustainable Financial Products and climate leadership

2020
Raised £3m capital to accelerate Ecology's lending
Joined Bankers for Net Zero
Revamped renovation mortgage
More than £200m assets for the first time



2021
Disclosed carbon accounts for our financed emissions
Voted by members to win the Best Ethical Financial Provider and Treating Customers Fairly Champion categories in the British Bank Awards
Joined Net Zero Banking Alliance
Consulting members on vision and strategy to 2030
Online applications for savings accounts



Ecology chief hits out over the banking bailout cost to mutuals

Helping to build a brand new Britain with ecological values



London CLT permanently affordable homes financed by Ecology

And before I forget, we also lend for woodland creation and maintenance and moorings for houseboats, an inherently low-impact form of living. In fact, the list of project types we will lend on is endless – as long as we can discern a positive environmental outcome.

One of the most satisfying aspects of this role for me has been meeting with the many exceptional, committed and passionate people who constitute our saving and borrowing communities. We have always strived to recognise the voice of our members, and have welcomed your feedback on our activities. That's why I hope you will join me in responding

to the member consultation we are launching on our vision and strategy out to 2030, which aims to ensure that the Society remains a progressive force for environmental change.

The last 40 years have been fascinating from a lending point of view, but there is much more still to do. As we look to the future, the climate and ecological crises will continue to shape our lending, recognising that the next ten years are critical to forging equitable solutions. We have established the efficacy of environment-conscious lending as part of the transformation of financial systems, and despite that early scepticism, we are here to stay.

Recruiting Paul's successor

Paul Ellis has been Chief Executive of the Society since 1995, the longest standing in the building society sector.

He has announced he will be stepping down next year.

We have commenced the process of recruiting for his replacement and will be updating members when the appointment is made.

News round-up

Online savings applications

You can now apply for an Easy Access, Regular Savings or Ecology Cash ISA account online. The process is faster, more convenient and reduces the amount of paper we use.

The service is available to both new and existing members aged over 18.

If you use the online service, you can apply when you log in to the online service by selecting 'Products' from the main menu.

Ecology on tour

Come and see us on our stand at the northern **Homebuilding and Renovating Show** at the Harrogate Convention Centre from **Friday 5 to Sunday 7 November 2021**. This will be our first physical exhibition since the pandemic started so we're looking forward to meeting some of our members as well as speaking to new potential borrowers and discussing opportunities to lend on new exciting projects.

Great Big Green Week

Great Big Green Week takes place from **Saturday 18 to Sunday 26 September** and aims to be the biggest event for climate and nature ever in the UK by celebrating how communities are taking action to tackle climate change and protect green spaces. We'll be supporting this important week and will be working closely with some of our local community environmental organisations so they too can get involved. The week aims to put pressure on the UK Government to up its game on climate change. Find out more at [greatbiggreenweek.com](https://www.greatbiggreenweek.com). If you're in Scotland you can get involved via Climate Fringe Week, hosted by Stop Climate Chaos Scotland.



Lending update

Here is an update on some exciting projects we have recently supported.

Nith Valley Leaf Trust's Passivhaus housing project of three affordable homes in Closeburn took first prize in the Housing and Regeneration category of the 2020 SURF (Scotland's Regeneration Forum) Awards shortly after receiving their Passivhaus certification earlier this year.



We're pleased to announce that, 11 years after inception and four years after purchasing a half-hectare brownfield site, **Chapelton Cohousing (ChaCo)** is seeing the fruit of their vision with the timely development of 29 low-energy, affordable dwellings and a common house. Not only does the cohousing community aim to be inclusive, supportive and diverse but also sustainable, with onsite solar electricity generation expected to power the homes.



Once settled the community plans to start a car sharing scheme and encourage active transport. With completion expected in 2022, ChaCo is looking for more families to join their cohousing community.

The **Open House Project** cohousing community has also seen a great success this year as two more family homes on the 400-year-old site outside of Sheffield have reached completion. Both homes, which used to be a granary, have their own solar panels and, like the other homes onsite, are

Raising the bar on green finance

Renovation mortgage

We've enhanced our mortgages for renovations and whole-house retrofit.

Our variable rate renovation mortgage reinforces Ecology's position as a leading specialist provider of mortgages for whole-house retrofit. This retrofit version of Ecology's pioneering range of C-Change mortgages is designed to incentivise and encourage borrowers to upgrade their homes to a better energy-efficiency rating.

As well as supporting the transition to a low carbon economy, retrofitting our homes could create up to half a million green jobs.

Increasing self-build entry criteria

We've increased the entry criteria for self- and custom-build sustainable mortgages.

The minimum energy rating level (or Standard Assessment Procedure (SAP) rating) for self-build applicants to

achieve when their build is completed has been raised to 88. By increasing the entry level, we're continuing to lead the way in supporting construction of the most energy-efficient buildings, which is critical if we are to meet our Paris commitments and tackle the climate and ecological crisis.

Building regulations require that a SAP calculation and a predicted 'on construction' Energy Performance Certificate (EPC) is submitted for new dwellings prior to building work commencing. Ecology considers both the energy-efficiency (EE) and environmental impact (EI) ratings.

The UK Government is recognising the urgent need to reduce the carbon impact of house building and has stated that new homes must reduce carbon emissions by 75% by 2025.



connected to the cohousing's ground source district heating system and water supply. Two families have now happily settled into the newly converted homes. It is also great to see that the meeting house, which features a grand piano, ping-pong table, kitchenette and more, is now almost complete.



Mull and Iona Community Trust (MICT) handed over keys to its new tenants in May, all of which had been

experiencing significant housing need. These 4 affordable homes, featured in our Annual Review 2020, were built by modular contractor 'The Wee House Company' in just seven months, with 90% of construction taking place in factories. The aim of the project was to meet an acute housing need on the Isle of Mull, provide affordable rent and energy-efficient housing, boost local jobs, support the local primary school roll and make a stronger community. The local primary school which was threatened with closure ten years ago will welcome 15 new pupils when the new term starts in August, 11 of which live in housing owned by MICT.



Granby 4 streets
The Turner award-winning renovation project by Granby 4 Streets

CLT has been refinanced by Ecology, enabling them to continue renovating properties in one of Liverpool's most deprived neighbourhoods.

New projects:

Ecology has agreed a major new loan to support **Bristol Cohousing**. The project involves the provision of a mix of mutual and affordable housing through renovating existing properties and building new homes to a Passivhaus standard. As the sole lender, with the rest of the finance coming from members of the community, we are excited to say this is a big first!



We're helping **Whitby Wildlife Trust** buy and further develop the land their Sanctuary is situated on. Throughout 2020,

the Sanctuary worked hard to rescue and care for over 4,000 animals from all over Yorkshire and County Durham whilst adapting to the pandemic and managing an outbreak of Avian Flu, making it their busiest year ever. With a mortgage from Ecology, they have now completed all building works, including a 60-foot-long aviary for recovering owls.

Purchased under a mutual ownership scheme and with support from Ecology, **Friendship Cohousing Community's** 16 residents are gradually moving into the 18th Century rectory they call home. Their



Friendship Cohousing's Maningham rectory

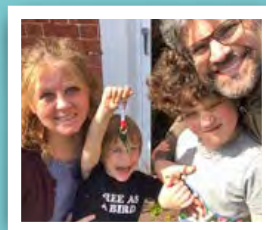
vision is to live in harmony with nature, be in touch with spirituality and help other people, through retreats and online courses on community living. As well as having their own private homes, the residents at Maningham rectory share communal rooms including a kitchen, living room, conservatory and meeting room. They also share the four-acres of garden and woods on which the rectory is situated and are excited to grow some of their own food on the grounds.

Bradley Big Local Community Land Trust has handed over almost all keys to the new residents of its newly-built affordable homes of an EPC B standard in Nelson, Lancashire.



Chair of Bradley Big Local CLT hands over keys to a new resident

Spotlight on... Jeremy and Katy's sustainable renovation



University academics Jeremy and Katie, who are originally from Seattle, USA, have spent the last 12 years

renting in the UK. They always dreamed of living sustainably but found that living in rental accommodation prevented them from making substantial changes that could achieve the largest carbon reductions.

Jeremy's profession as an environmental philosophy and ecological theology

professor alongside the couple's passion for eco-builds led them to buy, with the help of an Ecology mortgage, a Victorian property in Shropshire in much need of a deep renovation.

The couple decided to combine traditional methods of renovation with modern technology, by first allowing the property's porous walls and floor to aerate and dry before adding breathable insulation. They plan on installing automatic vents and radiators that respond to air humidity and pressure sensors, which will regulate internal conditions and ensure a healthy flow of air through the house.

Although it's early days, with the family having just been able to move into the house as the works are continuing, they plan to grow their own food and medicinal herbs on the acre of undisturbed woodland that forms part of their plot.

News round-up

Ecology leads the way

Accounting for carbon

We're the first building society to publish the carbon footprint of our residential mortgage lending.

This is an addition to our long-standing commitment to measure and report the carbon footprint from our day-to-day operations, including the energy used to heat our offices, purchase supplies and

commuting. We offset these operational emissions through accredited tree planting schemes.

To calculate our 'financed emissions', those which arise from the burning of fossil fuels to heat and power our mortgaged properties, we applied the new Global Greenhouse Gas Accounting and Reporting Standard developed by the Partnership for Carbon Accounting Financials (PCAF).

Ecology became one of the first members of PCAF UK group when it formed in 2020. We're co-chairing the Residential Property working group which is developing best practice on measuring emissions from mortgaged properties. The group plans to launch a report at COP26.

By reporting the emissions from our sustainable lending and helping to lead the way on measuring financed emissions, we're focusing attention on the condition of the UK housing stock and adding our weight

to the growing momentum of banking providers disclosing their emissions.

Net Zero

We're also the first building society to sign up to the Net Zero Banking Alliance (NZBA).

The Alliance is hosted by the United Nations Environment Programme Finance Initiative (UNEP FI) and brings together some of the world's leading banking providers to focus on delivering the sector's ambition to align its climate commitments with the Paris targets.

The industry-led, UN-convened initiative encourages banking providers to set an intermediate target of 2030 or sooner using robust science-based guidelines. It recognises the vital role of banks supporting the global transition of the real economy to net-zero emissions.

As a founder signatory to the NZBA we commit to setting our first targets within 18 months.

Double win in the British Bank Awards



Fantastic feedback from members voting for us in the British Bank Awards has resulted in success in the 'Best Ethical Financial Provider' and the 'Treating Customers Fairly Champion' awards categories.

Paul Ellis, our Chief Executive explained,

"In our 40th year of building a greener society it is great to win these two awards, which is a testament to the trust our members place in our commitment to the Society's ecological mission and to transparency in all we do. Balancing the needs of savers and borrowers is at the heart of our vision to bring a fairer, more sustainable future closer to becoming a reality."

The results of awards are based on feedback received from customers and recognise the best service, innovation and most trusted financial brands in the UK. This year, more than 90,000 customers had their say on their top banking and financial services firms and we'd like to thank all those members who took the time to vote for us.

Annual General Meeting (virtually!)

For the second year running this year's AGM, held on Wednesday 28 April, was a very different scaled-down event to our usual Ecology Building Society AGM and Members' Meet-up.



The ongoing restrictions meant that members were unable to attend the AGM in person or vote on the day. Instead, we transformed our straw bale meeting room into a television studio along with some directors joining remotely via video call. The AGM was then broadcast as a live stream so members could view and submit questions during the meeting, in addition to those asked in advance, for Directors to answer.

Questions covered a range of topics including the impact of the pandemic on the Society, our approach to net zero and COP26 and the potential for negative interest rates.

Based on the votes received, all the resolutions were passed. This included the Special Resolution to approve changes to our Rules which will provide the option for us to hold virtual meetings in the future, enabling members to participate in the meetings remotely and vote. We anticipate that future AGMs will include this facility as well as enabling members to attend in person.

The results of the AGM voting are published on our website. You can see these, the video of the meeting and the responses to the Ask the Directors questions via ecology.co.uk/hub/AGM2021

£650 donated to
TREES FOR CITIES
as a result of your AGM voting

Help to shape Ecology's vision and strategy

Take part in our 2030 strategy consultation

We know that tremendous and rapid change must take place between now and 2030, to avert catastrophic climate and ecological breakdown, and to ensure our planet remains habitable.

In recognition of this pivotal decade, we're inviting members to collaborate with us on the development of our vision and strategy to 2030.

We're using the Theory of Change method, as set out below, to guide our strategy development. This starts with the positive vision of the future where people and the environment benefit from homes with good ecological performance, sustainable communities, and a fair and sustainable economy. It then sets out what we need to achieve and how we will do it.

We've identified six areas to focus on creating positive change. We're seeking your views and ideas on these areas and how we can maximise our impact.

At the core of our activities we're prioritising:

- How our products and services can have the greatest impact
- How we can collaborate and share knowledge to support green building and sustainable living
- How we can actively inform and empower people to be advocates for change for a fair and sustainable future

Achieving our vision will rely on being an impact-led, sustainable business, within our ecosystem of colleagues, members, partners and the wider community. We seek your ideas on how we can support members to get more involved in our work.

Our values haven't changed and will continue to guide all our actions.

We hope that you will contribute your views and ideas, either online or by post, so that we can continue to serve and work on behalf of our members.

The outcome of the consultation will be launched alongside COP26 in November.

How to take part Online

Visit ecology.co.uk/2030strategy and click on the link to the consultation or scan the QR code.

We will make a charitable donation to environmental charity, Trees for Cities of 50p for every consultation completed online.



OR Write to us

If you would prefer not to complete the consultation online you are invited to write to us with your views and ideas. Email us at insight@ecology.co.uk or, by post to **Ecology Building Society, 7 Belton Road, Silsden, Keighley, BD20 0EE**

Complete the consultation or send us your views by **Wednesday 8 September 2021**.

Vision: A fair society in a sustainable world



News from the Ecology Team

Tackling plastic waste



Ecology colleagues trialling out the new litter pickers and hi-vis vests

As part of a national community network tackling plastic waste, our local Plastic Free Silsden group wanted to increase the visibility and recognition of their efforts in the local community to help inspire more people to think more about minimising their use of plastic.

We were thrilled to partner with the group by providing the volunteers, including some Ecology colleagues, with new hi-vis vests and litter pickers. We've also helped them recycle as much litter as possible by allowing them to use the Society's waste bins.

The new equipment will also help ensure the safety of the volunteers during the darker months as they pick up litter on pavements and roadside verges.

Founder and chair of Plastic Free Silsden Caroline Whitaker explained, "We are delighted with our new hi-vis vests. We hope that our increased visibility may also remind people to think of other positive ways in which we can solve single-use plastic waste in the area."

To find your local Plastic Free group visit plasticfree.org.uk



Plastic Free Silsden Chair and volunteers wearing the new hi-vis vests

Ecology gets running for charity

After last year's event was cancelled, a record eight members of the Ecology team took part in the annual 'Solstice Saunter' charity run.

This was the fourth time the Society was represented at this gruelling five-mile run, which starts and finishes on the scenic Bolton Abbey estate in North Yorkshire. Despite the addition of midges this year it was worth all the effort to support a good cause.

With 750 runners, the event raised vital funds for the Sue Ryder Manorlands Hospice in nearby Keighley.



Ecology runners at the Solstice Saunter 2021

Back to school

We're committed to investing in the Ecology team's professional development to improve skills and grow knowledge.

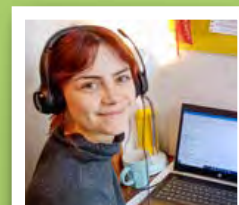
After three years of study IT Manager, Matt Wilson is nearing the completion of an **MSc in Strategic Leadership** at Loughborough University, which has been designed in conjunction with the Building Societies Association to promote the development of current and future leaders of the sector and other financial mutuals. Mortgage Manager, Dan Capstick completed the same course in 2018 and was awarded a merit.

Vincent Davies, Senior IT Analyst is studying for an **MSc Digital and Technology Specialist**

in **Cyber Security** through Northumbria University and Nikki McGrath, Senior Risk and Compliance Manager also recently passed, with merit, the **International Compliance Association's Certificate in Financial Crime Prevention**, earlier this year. Their learning from their courses will be invaluable as we continue to maintain resilient, compliant and secure systems.

Marketing Manager, Jenny Whiteside and Data Analyst, Luke Bywater are both studying for the **Certificate in Green and Sustainable Finance**, accredited by the Chartered Banker Institute. The course features a case study of Ecology's sustainable lending and aims to help financial professionals globally to develop their knowledge of green and sustainable finance.

External Affairs Manager, Ian Rigardford also recently secured a merit grade for the **Diploma in Public Relations** awarded by the Chartered Institute of Public Relations.



Placement student, Lucia Pollan

Finally last November we welcomed Lucia Pollan, who is studying **Sustainability and Environmental Management** at the University of

Leeds, as a Sustainability and Communications student placement. She has helped support a wide range of activities including co-ordinating new case studies and helping to develop the member consultation on our 2030 strategy.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Community and commercial mortgages offered by Ecology Building Society are not regulated by the Financial Conduct Authority. Financial Services Register No. 162090.

The Society does not necessarily endorse any third party service or product mentioned herein.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

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