nationwide

Climate-related Financial Disclosures 2025

Foreword

2024 was a year of transformative change, as we completed our acquisition of Virgin Money. We are now the second largest provider of mortgages and savings accounts in the UK, connecting us to one in three people in the UK. This means we can do even more through our mutual purpose of **Banking – but fairer, more rewarding, and for the good of society**.

We remain committed to a net-zero future; to achieve an overall balance between greenhouse gas (GHG) emissions produced and taken out of the atmosphere. It is our aspiration to support the UK in achieving its ambition to be net-zero by 2050. This aspiration is embedded into our strategy, supported by our Mutual Good Commitment – **we aim to build a more sustainable world by supporting progress towards a greener society**.

The information[1] set out in this report is provided in line with the requirements of the Prudential Regulation Authority's (PRA's) Supervisory Statement 3/19 (SS3/19) on enhancing banks' and insurers' approaches to managing the financial risks from climate change. This disclosure is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations[2], and considers the proposed International Financial Reporting Standards (IFRS) Climate-related Disclosures (S2) standard[3], ahead of expected UK endorsement.

This information details our understanding of the impact of climate change on the Group and our customers, and considers the potential impacts of our activities on climate change. In addition, it explains how the risks from climate change and nature are managed and incorporated into our governance model, and the metrics and targets used to monitor the risk.

Throughout this disclosure we refer to our Intermediate (by 2030) net-zero-aligned Transition Plan 2023. We recommend reading this disclosure in conjunction with this report.

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Information on how to read this report

This disclosure uses the following terms throughout:

- "the Group", "we", "our" refers to Nationwide Building Society and all consolidated subsidiaries, including Virgin Money and its consolidated subsidiaries.
- "Nationwide" refers to Nationwide Building Society and its consolidated subsidiaries, excluding Virgin Money.
- "Virgin Money" refers to Virgin Money and its consolidated subsidiaries.

The information in this disclosure is presented for the year 2024/25. It comprises information for the 12-months to 31 March 2025 for Nationwide, and for the 12-months to 30 September 2024 for Virgin Money, unless otherwise stated.

[1] This disclosure is written on behalf of the Group, which includes Nationwide and Virgin Money, and our respective subsidiaries.
[2] We follow the TCFD's Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021).
[3] ISSB-2023-A – Issued IFRS Standards

Ambition and overview

Environmental and climate consciousness are core to our strategy and align to our mutual purpose. This compels us to take meaningful action by limiting the environmental impact of our business operations, helping customers to green their homes and businesses, and better managing the impacts of a more unpredictable climate. In doing so, we can demonstrate our mutual difference, that extends beyond our own customers and positively impacts our communities as well as wider society.

Climate change continues to present a risk to us and our customers, and so managing the risk from climate change, and aiming to build a more sustainable world by supporting progress towards a greener society, is core to us being a responsible business. In 2024/25, we continued to develop our management of environmental risk, including beginning the journey to consider the impacts of nature-related risks within our climate change risk management approach.

We have set intermediate (by 2030) science-based targets across our scope 1, 2, and 3 emissions, and, in 2023, we published our inaugural Intermediate (by 2030) net-zero-aligned Transition Plan, detailing the actions and potential actions needed to progress towards our targets. We have used the methodologies of the Science Based Targets initiative (SBTi) to calculate our intermediate (by 2030) science-based targets where feasible, using the recommended pathway scenarios (either 1.5°C or well-below 2°C-aligned, where appropriate).

Last year, in our Climate-related Financial Disclosures 2024, we explained that we do not believe that our scope 3 (downstream) intermediate (by 2030) science-based target for mortgages would be achieved. This is due to the UK's progress towards net-zero, particularly the greening of homes, being much slower than anticipated, and not at the pace needed to deliver the emissions reductions required to support progress towards our residential mortgages target. We also committed to reflecting, over the past 12-months, on the appropriateness of our target.

This year, we enhanced our internal modelling to estimate the potential impact of green homes policy and customer behaviour on emissions reductions, to understand the potential impact on our residential mortgages target. Our internal modelling continues to demonstrate that our mortgages target is not going to be achieved. For the time being, we have retained our target and aligned to a consistent set of intermediate (by 2030) science-based targets across the Group, where feasible, to ensure transparency around the challenges we face as we progress towards them. However, we will be keeping our targets under active review as we continue to monitor the UK's progress towards its net-zero ambition. Information on the outcome of our internal assessment of our residential mortgages target is in the Metric and targets section on page 29.

The table on the next page outlines the key activities we have undertaken in 2024/25, as well as future activities, and how these align to the four categories of the TCFD recommendations (Strategy, Governance, Risk management, and Metrics and targets) and recommended disclosures. Page number references have been provided to indicate where additional detail can be found within this disclosure.

Climate-related activity overview

Key activities in 2024/25	Section	Pages
Engagement with policymakers and supporting the greening of UK homes This year, we published our research paper, which outlined the initial findings of our 0% interest Green Additional Borrowing mortgage pilot. The paper includes six recommendations of actions that policymakers, businesses, banks and building societies can take to help improve the decarbonisation of UK homes. We also continued to collaborate cross-industry and with policymakers on the greening of UK homes. **Future activity** – Continue to engage with government and stakeholders, cross-industry, in the pursuit of decarbonising UK homes.	S	7-9
Supporting businesses transition to a net-zero future We launched our Mobiliser Fund, which aims to support businesses in the transition to a low-carbon economy. Supported by two key initiatives, the fund aims to help businesses in higher emitting sectors to start to make the important steps to transitioning towards a low-carbon future, as well as those businesses whose core goods and services are already making positive social and/or environmental change. **Future activity** – Continue to engage with our business customers, policymakers, and wider industry, to understand how we can support our business customers in transitioning towards a net-zero future.	S	6-7
Climate change and nature-related risk management We continue to manage climate change risk through our well-established governance model, and our Enterprise Risk Management Frameworks (ERMFs). Our climate-related impacts, risks, and opportunities were assessed through a double materiality lens. We also updated our approach to consider nature-related risk, alongside climate change, as a cause to Nationwide's principal risks. **Future activity** – Evaluate the approach to climate and nature-related risk, considering alignment, across the Group, where appropriate.	S G RM	10-13 17 18-19
Climate change scenario analysis and financial planning We conduct scenario analysis to understand the impacts from climate change on our residential mortgages, registered social landlords, and business lending portfolios. Nationwide completed sensitivity analysis on our residential mortgages portfolio, across two climate pathways (including a well-below 2°C scenario). We continue to embed climate change into our strategic planning and financial planning processes, including consideration in the Internal Capital Adequacy Assessment Process (ICAAP). **Future activity** – Further enhance our climate scenario analysis capability and how we use it to manage climate-related risks.	S RM	14-15 20-22
Modelling green homes policy and customer behaviour This year, we conducted internal modelling on the estimated impact of green homes policy, and customer behaviour, on emissions reductions, to understand the potential impact on our intermediate (by 2030) science-based target for residential mortgages. Given the slow progress in UK policy, and consumer action, to green UK homes to-date, we evaluated our mortgages target across possible current and future policy scenarios. Our internal modelling continues to demonstrate that our mortgages target is not achievable. For the time being, we have retained our target, and have aligned to a consistent set of targets across the Group, where feasible. We will continue to keep our targets under active review. **Future activity** – Continue to engage with policymakers and industry actors on the challenges of greening UK homes, whilst keeping our targets under active review.	MT	29-30

S Strategy **G** Governance **RM** Risk management **MT** Metrics and targets

Strategy

Environmental and climate consciousness are aligned to our purpose, supported by our Beacon for mutual good strategic driver, and our Mutual Good Commitment – we aim to build a more sustainable world by supporting progress towards a greener society.

We aim to do business in a way that positively impacts our customers, employees, and communities, and seeks to reduce our impact on the environment.

Our climate strategy
Our customers and wider stakeholders are at the heart of our purpose-led climate change strategy, and the six pillars of our strategy highlight how we engage with them on climate change.

We provide banking products and services for our customers, and have broadened our product range to include Virgin Money's business banking services. The expansion of our business enables us to service a broader set of customers whilst better supporting the UK's ambition to achieve net-zero by 2050.

Our net-zero commitment remains the same; to support the UK in achieving its net-zero ambition, aligned to our intermediate (by 2030) science-based targets, by aiming to build a more sustainable world by supporting progress towards a greener society.

Our climate strategy articulates how climate change impacts our stakeholders

1. Supporting the greening of UK homes

Aiming to reduce emissions associated with our mortgage lending by helping customers make energy efficient home improvements through green finance propositions and engagement.

2. Enabling businesses to transition towards net-zero

Supporting our business customers in their transition to a low-carbon, more sustainable, future, through finance and engagement.

3. Advocating for a net-zero future

Influencing policymakers and government on the need for a National Retrofit Hub, and green homes, and green sector, policies to support the transition to a low-carbon economy.

Forming partnerships with key organisations to grow knowledge and effect real change.

4. Greening our business operations and supply chain

Aiming to reduce our emissions, and understand the impact of nature, associated with our business operations and supply chain[4], in line with a net-zero pathway.

Leveraging our scale and influence to promote green practices within our supply chain.

5. Embedding climate into our culture

Training colleagues on the impacts of climate change.

Encouraging engagement on green issues and highlighting ways for colleagues to reduce their carbon footprint whilst at work and home.

6. Enhancing our climate risk capabilities

Building our capability to manage risks from climate change across short-, medium- and long-term time horizons, to deliver our regulatory commitments.

Demonstrating to our investors that we are managing the risks and opportunities presented by climate change.

[4]We will focus our nature-related risk impact assessment on our business operations and supply chain, not our lending portfolios. Further information is on page 13.

1. Supporting the greening of UK homes

Supporting a just transition to net-zero

The UK has the oldest housing stock in Europe[5], which accounts for around 13%[6] of the UK's carbon emissions. A significant proportion of homes do not meet the highest energy efficiency standards, characterised by poor insulation, leading to higher energy bills for customers[7]. The lack of energy efficient homes in the UK, paired with the challenges posed by increased living costs over the past couple of years, highlights an important role for us to play in supporting customers in making energy efficient home improvements.

By ensuring our customers have access to green finance propositions, that help finance the retrofitting of their homes (making them warmer, more affordable, and more comfortable to live in, as well as more cost effective to heat in the long term), we aim to support the reduction in the UK's carbon emissions as we transition to net-zero.

We also understand the important role of finance in the support for businesses in the transition to net-zero. We lend to the energy and environment sector, aiming to support businesses, or projects, innovate in cleaner energy solutions, which could support the decarbonisation of the electricity grid and the greening of UK homes. More information on our energy and environment lending is on page 7.

As a mutual, and as a member of the Financing a Just Transition Alliance, we believe in supporting a just transition – ensuring that the most vulnerable in society are not disadvantaged, as we transition to a net-zero economy. For this reason, we do not intend to negatively select against lending against less energy efficient properties.

Whilst we recognise that we do not have the expertise to solve all the challenges in the retrofitting market, we will focus on where we can add most value – by continuing to develop finance propositions with the aim of supporting our customers in greening their homes and helping them improve their knowledge to make greener choices.

Our green finance propositions

We have a number of green finance propositions that offer low-cost finance for green home energy efficiency improvements. Our Green Reward products offer cashback incentives for customers purchasing a higher energy-efficient property with a high Energy Performance Certificate (EPC) B or EPC A, or who spend money on green home improvements[8].

Our Green Additional Borrowing mortgage offers customers a 0% interest loan of up to £20,000 for investments made on energy efficient home improvements. In 2024, we increased the amount offered in line with the publication of our 0% interest Green Additional Borrowing pilot research paper 'How low-cost finance supports the greening of UK homes'[9]. Alongside the launch of our research paper, we also removed the requirement for new customers to wait six months before being eligible for the loan. Through enhancing the product, and removing barriers to access, we hope that more customers will use it to finance their green home improvements. More information on our 0% interest Green Additional Borrowing pilot research paper is on page 8.

We also partner with the Energy Savings Trust to supply a Home Energy Efficiency Tool, which provides a personalised action plan for customers to understand the costs and benefits associated with retrofitting.

In 2024, we launched our Retrofit Boost Mortgage[10] in partnership with Hive[11] – a provider of smart home devices. The product offers new or switching customers up to £10,000 cashback which must be spent on energy efficiency home improvements. Customers can choose from a range of eligible improvements, including insulation, heating technologies, solar panels, and window and door upgrades, aimed at reducing emissions within each property. Hive provides installation packages to carry out the works, or customers can source their own supplier if preferred. We have also been engaging with our mortgage brokers, in partnership with Hive, through a series of webinars which aim to educate brokers on the services available through our Retrofit Boost product, the improvements available, and the associated costs and benefits for customers.

Supporting our social landlords with their sustainable efforts

Over the past year, Nationwide has continued to provide Sustainability Linked Loans (SLLs) to our registered social landlords (RSLs)[12]. The SLL offers a rate reduction to RSL borrowers that achieve sustainability-related key performance indicators (KPIs). These KPIs are developed in conjunction with our RSL borrowers and performance against KPIs is monitored and validated by us on an annual basis. Examples of borrower KPIs include, but are not limited to, ambitions to improve the EPC composition of their book, or reduce their carbon emissions. Once customers achieve the agreed KPIs, we provide the pre-agreed interest rate reduction on the loan.

[5] The-Housing-Stock-of-the-United-Kingdom_Report_BRE-Trust.pdf (bregroup.com)
[6] 2023 UK Greenhouse Gas Emissions, Final Figures
[7] Domestic Retrofit Policy | UKGBC
[8] Customers who spend at least £2,500 of the additional borrowing on green home improvements are eligible for £250 cashback.
[9] How low-cost finance supports the greening of UK homes | Nationwide
[10] Retrofit Boost | Mortgages | Virgin Money UK
[11] Hive is part of Centrica Hive Limited.
[12] SLLs are not currently available to Virgin Money's proportion of the RSL portfolio. We will consider offering SLLs across our whole RSL book in the future, as appropriate.

We continue to incorporate an SLL option into new RSL loan documentation, where appropriate. RSL borrowers can either elect to activate the SLL from inception of the loan or at a later date.

SLL options are proving increasingly attractive to our RSL borrowers. By the end of 2024/25 we had lent over £500 million in SLLs to our RSL borrowers. We will continue to measure the uptake of our SLLs, and monitor achievability of the relevant KPIs, as appropriate.

Continuing to progress our Oakfield development site
In 2024, we continued to progress with the build of the Oakfield housing development, which consists of 239 EPC A-rated homes, built on a brownfield site in Swindon. The whole site is on track to be completed by the summer of 2025. Each home is fitted with an air source heat pump and solar panels, and the development is completely gas-free.

By the end of 2024, around 75% of the planting, to encourage insects and birds, was completed (as recommended by the Royal Horticultural Society). We hope our approach to Oakfield will become a blueprint for other responsible organisations who wish to build more energy-efficient housing developments, that respect nature, in collaboration with local communities.

2. Enabling businesses to transition towards net-zero

We provide lending to UK businesses, predominantly comprised of small and medium sized enterprises (SMEs). To-date, UK businesses have made varying degrees of progress in understanding their carbon footprint and putting in place decarbonisation measures, which are often dependent on wider supply chain pressures and regulatory action.

We are focusing our efforts on reducing emissions from our highest emitting business sectors, including agriculture, surface transport, shipping, and oil and gas[13]. We have limited exposure to businesses who serve the oil and gas industry.

In 2024, we introduced an emissions reduction policy, which requires any new business lending to customers borrowing over £2.5 million, in the air transport, chemicals, shipping and oil and gas field services[14] sectors, to meet specific lending criteria including; sharing their scope 1 and 2 emissions, developing and sharing a measurable emissions reduction plan, and investing in their emissions reduction plan. We are gathering insights from our engagements to assess the effectiveness of this lending criteria and will consider opportunities to evolve it in the future.

We aim to support our business customers as they transition towards a net-zero economy and recognise different industry sectors face unique sustainability challenges. Our digital educational tool helps our SME customers manage their sustainability goals and impacts, and we adapt our engagement to reflect sector and customer size, as appropriate.

Engaging businesses on their sustainable objectives
In 2024, we launched our Mobiliser Fund[15], which aims to provide 20% of our business lending to businesses driving the transition towards a low-carbon economy by 2027. Half will be used to support businesses in higher emitting sectors to transition to a low-carbon economy, with the other half directed to businesses whose core goods and services accelerate positive social and/or environmental change, through our Sustainability Changemakers programme.

Included within the Sustainability Changemakers programme, we have an ambition to lend £750 million to the energy and environment sector by the end of 2027 – with the aim to support businesses or projects that enable the energy transition, such as renewable power projects (including wind, solar and hydropower). We achieved around £446 million of lending by the end of 2024/25 and continue to explore ways to grow this portfolio.

Our Sustainability Changemakers programme is supported by our Sustainable Business Coach (SBC) initiative. The SBC is an intuitive digital coach, powered by the open-source Future-Fit Business Benchmark, a non-profit organisation whose mission is to deliver a vision of an environmentally restorative, socially just, and economically inclusive society.

The Future-Fit Business Benchmark's 'Positive Pursuits'[16] are used to define whether a business can be part of the Sustainability Changemakers programme, and whether they meet the criteria to be eligible for a SLL. Businesses who meet the criteria could access a rate reduction on their loan.

The SBC is embedded within our annual review process for business customers who borrow over £2.5 million (which accounts for approximately 75% of our business balances).

Alongside the SBC, these customers are requested to complete a climate survey which aims to aid our understanding of how they are approaching climate change risks, and how their business models or strategies may change over time[17]. We aim to use the insights gained from the climate surveys to develop future propositions to support our business customers.

[13]Around 40% of our total business lending is to carbon-related assets, which are defined by the TCFD as: agriculture, food and forest products, energy, materials and buildings and transportation.
[14]Businesses that provide products and services relating to the oil and gas industry, but don't directly produce oil and gas.
[15]Virgin Money launch new Mobiliser Fund to help support the transition | Virgin Money PLC
[16]To find out more, visit: benchmark.futurefitbusiness.org
[17]The climate survey responses may not reflect SMEs in general.

Supporting local farmers to embrace a low-carbon future
Agriculture is responsible for around 12% of total UK emissions[18]. Decarbonising this sector, as much as feasible[19], is critical to the UK's transition to a low-carbon economy, and requires alignment across regulators, financial services and supply chain, to support a move to low-carbon agricultural practices and use of low-carbon technologies.

In 2022, we launched our Agri E Fund – a dedicated fund to support farmers in creating a greener future. The fund aims to provide lending for green projects, such as renewable energy initiatives, to help our agriculture borrowers reduce their emissions, or generate an alternative source of revenue.

We have a specialist team of relationship managers to support our agricultural business customers. Our relationship managers work directly with farmers to understand how they can make efficiency improvements, and the role finance can play in supporting them. We also sponsor and attend various agriculture shows across the UK, promoting the Agri E Fund and the importance and benefits of carbon audits – a way of measuring and recording the GHG emissions of a business.

We recognise the challenges of calculating carbon emissions across complex agricultural businesses, due to a lack of standardisation of measurement tools and metrics which fully account for the environmental impacts of agriculture. Our relationship managers continue to work with our agriculture borrowers, to improve our data, knowledge and understanding of the sector.

Financing the energy transition
Renewable energy sources will play a critical role in decarbonising the energy mix of the UK's electricity grid. The UK government has committed to deliver a fully decarbonised power system by 2030, as part of its ambition to make Britain a "clean energy superpower"[20].

In addition to the energy sector, decarbonisation of the oil and gas sector is fundamental to achieving net-zero and limiting global warming to 1.5°C. We have internal controls and procedures, such as our sensitive sector policy[21], which ensure that we do not have direct exposure to businesses generating revenue directly from oil and gas extraction. As a result of this guidance, approximately 1% of our business lending is to field services which serve the oil and gas industry. We expect our emissions related to our oil and gas field services lending to reduce as oil and gas businesses transition their models from fossil fuels to renewables. We engage with key stakeholders, such as industry bodies, to understand how we can support the transition of this sector.

Understanding the impact of transport on the transition
The UK has a strong dependency on the transport sector, which is responsible for approximately 29% of the UK's carbon emissions[22]. We lend to surface transport businesses (including cars, vans, heavy goods vehicles, buses and trains), which account for around 10% of our business lending. The ability of this sector to transition is dependent on the uptake of low-carbon technologies and fuels, efficiency improvements in fossil fuel-powered vehicles, technological developments, and consumer behaviour change. A crucial element of the transport sector's ability to decarbonise is electrification, supported by electric vehicle (EV) charging infrastructure and policy which prevents the sale of new internal combustion engines (all new cars and vans are expected to be net-zero emissions by 2035)[23]. Bringing forward this policy is key to delivering decarbonisation. As the Government reviews its low-carbon vehicle policies, we will continue to work with our transport business customers to support their ability to transition to net-zero.

In addition to surface transport, our shipping business customers, who support activities including transportation of essential goods and offshore renewables, are fundamental in the transition. The shipping sector is accountable for around 3% of UK carbon emissions[24]. Similarly to surface transport, decarbonisation of this sector is reliant on the adoption of new technologies, including alternative fuels and electrification of propulsion and shore power. A clear pathway for decarbonisation of the shipping sector is required to meet the UK's net-zero target, and it is expected that future updates to the Clean Maritime Plan will help address some of these issues.

3. Advocating for a net-zero future

Influencing policymakers
Our aim – to build a more sustainable world by supporting progress towards a greener society – is aligned to the UK's ambition to achieve net-zero by 2050, at the latest. We recognise the importance of taking early action to drive the transition towards a low-carbon future and the impact climate change could have on our customers, their homes, and wider society. We have set intermediate (by 2030) science-based targets to support our net-zero ambition but know we cannot achieve them alone. We will continue to collaborate cross-industry and with government to support the changes needed to transition the economy to net-zero and help support the UK, and our customers, in reducing emissions from homes.

We lead the Green Homes Action Group, which brings together organisations including

[18] 2023 UK Greenhouse Gas Emissions, Final Figures
[19] Climate Change Committee's Seventh Carbon Budget recognises the challenges faced in decarbonising the agriculture sector, predicting remaining emissions will reach net-zero through adjustments in land use.
[20] Clean Power 2030: Action Plan: A new era of clean electricity
[21] sensitive-sector-statement.pdf
[22] 2023 UK Greenhouse Gas Emissions, Final Figures
[23] Phasing out the sale of new petrol and diesel cars from 2030 and support for zero emission vehicle (ZEV) transition - GOV.UK
[24] Progress in reducing emissions 2024 Report to Parliament - Climate Change Committee

energy companies, housing providers and charities, with a shared interest in promoting high-quality, affordable retrofits. The group discusses key issues including supporting private landlords to improve properties and how to green social housing.

We will continue to engage and influence policymakers to encourage the development of green policies which support wider society, and we are hopeful of the Government's intent to support this agenda. This year, we engaged regularly with senior government and political leaders, discussing the benefits of retrofitting the UK's housing stock, home energy efficiency (including EPC requirements for buy to let landlords), and availability of smart meter data. We also shared findings from our 0% interest Green Additional Borrowing pilot and our 'How low-cost finance supports the greening of UK homes' research paper.

Researching the impact of our 0% interest Green Additional Borrowing
Our 0% interest Green Additional Borrowing pilot research aimed to understand the barriers customers face, as well as the impact of availability of green finance on customer behaviour, when making green home improvements. The research was conducted with our mortgage customers who had either taken the 0% interest borrowing, or those who had not. It demonstrated that, whilst barriers to energy efficiency improvements are complex, nearly all those who completed retrofit work using the 0% interest Green Additional Borrowing product were happy with the work completed, two-thirds of whom attributed this to a reduction in bills. The paper sets out eight key findings, as follows:

1. Customers believe responsibility for funding energy efficiency lies primarily with government.
2. There are numerous and complex barriers to retrofitting and finance is just one of them.
3. Many homeowners judge retrofit success by a reduction in bills.
4. Finance sits too late in the retrofit journey to drive any new demand – low-cost finance is just one component.
5. 0% borrowing appeals to those already interested and planning a retrofit change.
6. The vast majority of 0% interest Green Additional Borrowing applications are from customers coming direct to us because the minimal fees on small borrowing amounts drives very little commercial return for brokers.
7. Homeowners would value more support in identifying tradespeople.
8. Well-known technologies, such as solar panels and new windows, are being installed to fix perceived energy efficiency issues.

The aim of the research paper was to highlight actions that government, businesses, and lenders can take to encourage decarbonisation of UK homes. The insight we gained from our research led us to make the following six recommendations:

1. **More public awareness campaigns** – showing people the benefits of retrofitting and linking to information and advice.
2. **Create a National Retrofit Hub** – which would support consumers from the beginning to the end of the retrofit journey.
3. **Demand should be created by organisations, such as energy companies** – to highlight benefits to customers where a retrofit need exists.
4. **Further collaboration between lenders and government** – to support customers who can pay for improvements.
5. **Educate brokers** – on the benefits of home retrofit and incentivise them to advise on, and actively promote, green lending products.
6. **Incentivise banks and building societies to offer low-cost borrowing** – the Bank of England should provide cheap funding to enable this, in order to supplement low-cost loans or subsidies provided by the Government.

Our belief is that the implementation of these recommendations would increase demand for home improvement measures and encourage consumer action. However, we acknowledge that these measures would have minimal impact on our ability to achieve our intermediate (by 2030) science-based target for mortgages, as explained in the Metrics and targets section on page 23.

In addition to our research paper, a buy to let report[25] published by The Mortgage Works (Nationwide's buy to let business), highlighted the potential for growth in the private rental market if appropriate incentives for green home improvements were in place to support retrofit. We will continue to voice these recommendations during discussions with policymakers and during collaborations with other industry groups, as well as through our Green Homes Action Group.

Partnering for mutual success and monitoring progress of government policy action
Cross-industry collaboration is imperative to achieve a net-zero future, so we engage with industry leaders to increase our knowledge and effect real change. By working with these organisations we can increase expertise and understanding around those areas where it can make the greatest impact.

[25] Greener rentals worth nearly £20K more but landlords need Government support to retrofit by 2030 deadline

We are a participant in the following climate-focused industry and cross-industry groups:

- UK Finance's Sustainability Committee
- Building Societies Association Green Finance Task Force
- Partnership for Carbon Accounting Financials (PCAF)
- Signatory to the United Nations (UN) Global Compact
- The UN Environment Programme Finance Initiative (UNEP FI), signatory to the Principles for Responsible Banking (PRB), and Net-Zero Banking Alliance (NZBA)
- UN PRB Climate Adaptation Target Setting Working Group
- The Green Finance Institute's Warm Homes Plan Working Group
- The London School of Economics Financing a Just Transition Alliance
- The Finance Initiative for Sustainable Procurement
- Future-Fit Foundation

In addition to taking a proactive approach through engaging with government, we will continue to monitor key policies directly relating to issues such as the decarbonisation of homes and climate finance, including encouraging the delivery of the Government's Warm Homes Plan[26], the implementation of The Future Homes Standard[27], the launch of The Home Energy Model[28], and the introduction of new Minimum Energy Efficiency Standards (MEES) for landlords[29].

4. Greening our business operations and supply chain

Working towards decarbonising our business operations
Nationwide has the largest single-brand branch network in the UK, and our branch promise (to keep every one of our branches open until at least the start of 2028) has been aligned across the Group. We recognise that, in order to support the UK in achieving its net-zero ambition, it is imperative we work towards reducing the emissions within our control, from our own business operations.

This year, we have continued to remove gas from our branches and data centres. By the end of 2024, we had removed gas from over 95% of our Nationwide branches[30]. We have an aim to remove gas from 100% of our data centres by the end of 2025, and an aim to remove gas from our admin sites, by 2030, in line with our Transition Plan[31].

We continue to implement new sustainability improvements to our buildings. This year, we improved the energy efficiency at our operational sites, across the Group, including upgrading the light-emitting diode (LED) lights. We are also in the process of upgrading the lighting at our Head Office in Swindon, which is anticipated to be completed by the end of 2026.

We also implement waste and water management improvements. For example, we have trialled waterlogging smart meters to provide insight into water consumption and measuring our waste recycling across some of our branches and admin sites. To support, we continue to eliminate single-use plastics from our supply chain where feasible.

Our EV salary sacrifice scheme, which is available to all Nationwide employees, aims to encourage the shift to electric vehicles. EV charging points have been installed at Nationwide's admin sites, where feasible.

Continually sourcing renewable electricity
We continue to source 100% renewable electricity for our business operations[32]. Approximately half of our electricity is attributed to a solar power purchase agreement (PPA). The remainder is sourced through a 100% green electricity tariff, comprised of wind, solar and hydropower, which has a renewable energy guarantee of origin (REGO) certificate.

In line with our scope 2 intermediate (by 2030) science-based target, for 100% of our electricity to be sourced by renewables through to 2030, we are also exploring ways to increase the amount of renewable electricity that we generate on our own buildings.

Promoting sustainable practices in our operations
Our Nationwide property team has developed a sustainability-led property acquisition guide containing sustainability-related criteria which must be considered when purchasing or renting a building. Where conditions cannot be immediately fulfilled, an action plan is put in place to achieve the sustainability criteria, which include improvements to energy efficiency and performance of the building, use of natural cooling systems, and the requirement that any newly acquired building should be (or have a plan to become) gas-free.

We are becoming increasingly conscious of nature-related risk. We continue to aim to improve biodiversity around our Head Office in Swindon, with an ambition to work towards The Wildlife Trusts Biodiversity Benchmark[33], and have published our Biodiversity Standard.

[26] The plan aims to retrofit five million homes over five years.
[27] Due in 2025, it will require new-build homes to be fitted with low-carbon heating and achieve high levels of energy efficiency.
[28] Due in 2026, the Model aims to consider improving the accuracy and robustness of the process for assessing a home's energy efficiency.
[29] The Government has announced, and recently consulted on, expectations for buy to let landlords to improve the energy efficiency of tenanted properties to EPC C by 2030.

[30] Not inclusive of Virgin Money branches.
[31] Not inclusive of Virgin Money. We will consider aligning ambitions across the Group in the future, as appropriate.
[32] Inclusive of Virgin Money business operations.
[33] Biodiversity Benchmark | The Wildlife Trust

Encouraging green practices across our supply chain

As well as reducing the environmental impacts of our own operations, we encourage sustainable practices across our supply chain by embedding climate change considerations into procurement processes. For example, we have ESG criteria within our supplier codes, such as Nationwide's Third-Party Code of Practice (the Code)[34].

During our onboarding process, new suppliers are requested to confirm compliance with the Code. We also have proportionate science-based target expectations for certain contracts[35]. By the end of 2024, suppliers representing around 60%[36] of our spend had either set or committed to setting targets. We are currently working with different procurement partners and are considering options to align supplier engagement processes across the Group, as appropriate.

This year, we enhanced our partnership with Nationwide's third-party supply chain manager, EcoVadis. To-date, we have invited around 130 of our Nationwide suppliers to undergo an EcoVadis assessment. In line with our Transition Plan, we are aiming for 90%[37] of suppliers invited to join EcoVadis to be rated 'Good' or better by 2030. Our supplier relationship managers actively engage with suppliers to help achieve this.

Improving sustainability awareness across our supply chain

In 2024, we hosted a Third-Party Talk on climate change – a virtual one-day conference open to all Nationwide-managed suppliers. The aim of the event was to share our climate change strategy, our intermediate (by 2030) science-based targets, and our Transition Plan. Deep-dive sessions, led by some of our key suppliers, were also run on climate-related topics, such as cloud computing and transition planning, to share insight across our supply chain.

As part of the event, we emphasised our new Science-based Target Schedule to give suppliers notice of our expectations, which they may be asked to meet. The event helped us gain insight into what support suppliers need to achieve their targets. As a result, we are producing a decarbonisation toolkit which aims to guide suppliers to key external resources to support their net-zero journey.

5. Embedding climate into our culture

Promoting a sustainable culture

Engaging our employees is a crucial element of our climate change strategy. We proactively encourage colleagues to engage with green issues, and make sustainable choices, and offer internal training on environmental, social and governance (ESG) and climate change.

Our procurement colleagues, as well as employees engaged in supplier management activities, are also encouraged to undergo training on topics such as responsible purchasing and supply chain decarbonisation. We are considering how to make this training available across the Group.

Our Green Network

The Green Network is Nationwide's largest employee network. The network aims to lead internal conversations on green and sustainability topics, and to build and maintain a 'big picture' of all the green activity connected to us and our colleagues. It engages colleagues through our social media platform and supports the sharing of information on how employees can be greener at work, at home, through travel, and across their lifestyles.

We also have colleagues who act as green champions, to share knowledge, tips and best practice.

6. Enhancing our climate risk capabilities

Ensuring we are managing the risks and opportunities from climate change and nature

We manage climate change-related risk as part of our Enterprise Risk Management Framework (ERMF) approach[38]. This supports appropriate identification, monitoring, management and reporting across all principal risk categories, along with full traceability. More information on how we manage climate-related risk, across the Group, is in the Risk management section from page 18. We will align our approach to climate change risk management in the future.

This year, we have started to consider nature-related risk alongside climate change as a cause to Nationwide's principal risks. This enables us to better assess potential climate and nature-related impacts, whilst considering possible future reporting frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD). We have also reflected this change in Nationwide's Climate Change and Nature Risk Standard.

[34] Third Party Code of Practice 2024 | Nationwide
[35] Those with a minimum spend of £3 million and minimum contract tenure of 12-months.
[36] This figure is inclusive of Virgin Money suppliers.
[37] Not inclusive of Virgin Money suppliers. We will consider aligning across the Group in the future, as appropriate.

[38] Nationwide and Virgin Money operate separate but aligned ERMFs. Nationwide considers climate change as a cause to its principal risks and Virgin Money currently considers climate change as a risk. We will align approaches across the Group in the future.

We consider climate change and nature-related risk across the following:

Physical risk

- **Climate change** – the risks arising from the increasing severity and frequency of weather-related events such as flooding (acute), or longer-term shifts in climate (chronic).
- **Nature** – the risks which could result from our exposure to, or impact from, nature loss, such as soil degradation contributing to an increase in flooding.

Transition risk

- **Climate change** – the risks which could result from the process of adjustment towards a low-carbon economy such as through developments in policy and regulation, emergence of disruptive technology or business models, shifting societal preferences, or evolving legal interpretations.
- **Nature** – the risks which could result from the process of adjustment towards a nature-conscious economy.

Understanding the potential materiality of climate change

This year, we refreshed our consideration of climate-related risks and opportunities through a double materiality lens. Given the relatively nascent understanding of nature, our initial double materiality assessment focused on climate-related risk.

Double materiality enables us to assess the following:

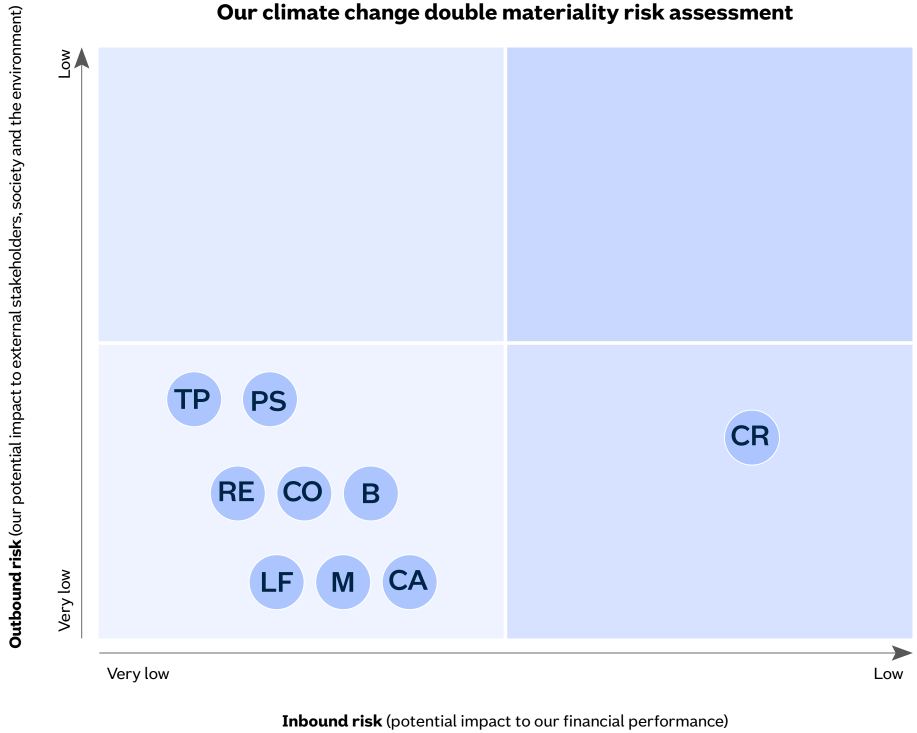
- **Inbound risk** – potential risks that could pose a financial risk to us. Also known as financial materiality.
- **Outbound risk** – potential risks that we could pose to society, the environment and economy. Also known as impact materiality.

Our assessment considered the impacts of physical and transition climate risks across short-, medium- and long-term horizons, defined as follows:

- **Short-term (0-5 years)** – aligned to our financial planning cycle, the potential risk that discreet, but significant, climate-related events could take place during this period.
- **Medium-term (5-15 years)** – during intermediate timescales, risks could manifest resulting from potential policy changes and actions needed to be taken before 2050.
- **Long-term (15+ years)** – aligned to longer-term scenario analysis, with the risks that global climate change effects could occur within this period.

Our inbound risk assessment was informed by quantitative analysis including our scenario analysis, which is detailed on page 14. Our outbound risk assessment was informed by our ESG materiality assessment, and is judgement based. The outcome of our initial climate-related double materiality risk assessment, across our principal risks, is included in the graph below.

Our climate change double materiality risk assessment



Each risk was assigned a potential risk indicator, as explained in the table on page 12, which is estimated based on the severity and likelihood of risk. We continue to identify credit risk as the most material climate-related risk due to our residential mortgages and business lending portfolios. Examples of how physical and transition (inbound and outbound) risk manifest across our principal risks, across different time horizons, are outlined in the table on page 12.

Climate-related risk double materiality assessment

Risk category		Driver	Risk description examples	Horizon	Potential risk indicator[39]
Credit	CR	Physical	→ Adverse impacts on security value arising from physical climate change impacts such as flooding, coastal erosion or storm damage	Long	Low
			← Greater customer financial losses arising from properties at higher risk of flooding, coastal erosion or storm damage	Long	Very low
		Transition	→ Increases in customer default driven by macroeconomic pressures arising from climate change, or the inability of businesses to adapt to a low-carbon economy	Medium	Low
			← Inappropriate credit policies unjustly or inaccurately reduce access to credit	Long	Very low
Liquidity and funding	LF	Transition	→ Macroeconomic impacts causing economic distress and customer behaviour change, leading to lower deposits	Medium-Long	Very low
Business	B	Physical	→ Income impacted as a result of physical impacts, such as loss of operations	Long	Very low
		Transition	→ Declining house values due to abrupt changes to housing policy (for example, introducing minimum EPC ratings too rapidly) impact lending volumes or margins	Short - Medium	Very low
			← Changes in customer expectations due to prioritisation of green strategic objectives	Short - Medium	Very low
Capital[40]	CA	Physical and Transition	→ Impact of physical or transition risk on the Nationwide Pension Fund asset valuations, leading to an increased deficit (or reduced surplus)	Medium - Long	Very low
Market	M	Physical and Transition	→ Changes in customer behaviour in relation to their mortgages or deposits as a result of interest rate changes, arising from physical or transition events	Medium - Long	Very low
			→ Macroeconomic market impacts arising from physical or transition events, including interest rate movements, and exchange rates, which impacts the value of (or net income from) assets, liabilities and securities	Medium - Long	Very low
Third party[41]	TP	Physical	→ Internal capability affected by physical events preventing employees from accessing the office or working from home associated with our supply chain	Long	Very low
		Transition	→ Increased supply chain costs and/or reconsideration of third party relationships due to their carbon footprint	Medium	Very low
			← Failure to adequately implement controls to support our supply chain in meeting their ESG ambitions and ensure third parties comply with environmental regulations	Medium	Very low
Premises, safety, health and environment[41]	PS	Physical	→ Climate-related events impact our operational capabilities	Long	Very low
		Physical and Transition	← Negative impacts to the availability of the branch network or operability of account servicing facilities driven by elevated physical risks or inconsistent approach to relevant safety, environment and premises laws	Medium	Very low
Compliance[41]	CO	Transition	→ Failure to identify or accurately interpret regulatory or legal climate-related requirements	Short - Medium	Very low
			← Failure to accurately comply with regulatory and legal requirements which impact the ability of institutional investors or customers to make informed investment decisions	Long	Very low
Reporting[41]	RE	Transition	→ Errors or misstatements within key reports undermine subsequent decisions made by external parties, such as customers, regulators and investors, or result in litigation from counterparties or other stakeholders	Short - Medium	Very low
			← Failure to adequately articulate our strategy may help to drive inappropriate investment decisions by our customers	Long	Very low

→ Potential **inbound** climate-related impacts to our financial position (financial materiality) ← Potential **outbound** climate-related impacts of us on society, the economy and environment (impact materiality)

[39] Based on the outcomes of Nationwide's 2021 and 2023 climate scenario analysis (for inbound risks only). Low indicates an estimated maximum increase in annual expected losses of less than £50 million, and very low indicates an estimated maximum increase in annual expected credit losses of less than £10 million.
[40] Inclusive of Pension risk.
[41] Premises, safety, health and environment risk, Third party risk, Compliance risk and Reporting risk are components of the Operational and conduct principal risk.

Understanding the impact of nature-related risk

This year, we started work to understand our dependency upon, and the potential for impacts from, nature. Nationwide undertook an assessment based on the TNFD's LEAP approach[42] to develop our understanding of nature-related risks across our business operations and supply chain.

We used data from the World Wildlife Fund (WWF) Biodiversity Risk Filter to identify nature-related indicators (such as water scarcity, ecosystem condition, proximity to key biodiversity areas, pollution and soil condition) which could contribute to nature-related risk exposure. We considered these indicators across our admin sites, data centres, and the key physical locations of four suppliers that provide us with physical goods. We prioritised assessing measures which we believe best align to the risks posed to our business operations and supply chain. Given the locations assessed are not in areas at material risk to nature loss, we currently believe our current exposure to nature-related risk is immaterial.

We recognise the ambition of the TNFD and are hopeful that, as the industry's understanding of the ways in which nature loss impacts financial services increases, as well as improved data availability, it will support future enhancements to nature-related risk management. We anticipate our understanding of nature-related risk, and the ways in which it could impact us, including across our business lending portfolios, will continue to evolve.

Assessing physical and transition risk data in our lending decisions

In collaboration with key partners such as Jeremy Benn Associates Limited (JBA), Property Risk Inspection (PRI), and HomeTrack, we continue to leverage third party geospatial mapping data to assess the impact of potential physical climate change risk on our residential mortgages portfolios.

Nationwide's Property Risk Hub[43], which has been in operation since 2016, aims to support awareness of the need for climate adaptation – taking action to prepare for, and adjust to, current and projected impacts of climate change – by assessing whether a property is at risk of flooding, subsidence, or coastal erosion as part of the mortgage underwriting process. It enables us to assess the impacts of climate change and environmental factors that might impact a property over a typical mortgage term of 25 to 40 years. Virgin Money also uses physical risk data within its residential mortgages portfolio monitoring processes.

By utilising the Property Risk Hub, we are able to better understand and mitigate potential physical impacts from climate-related risk and means our potential physical risk exposure from climate change is low. Physical risk data is included in the Metrics and targets section on page 37.

We use physical risk data to assess individual property-related risks when originating new residential mortgages and determine whether a property is outside of our risk appetite. If within appetite, this data is used to inform the methods of valuation (Automated Valuation Model, desktop assessment, or full physical inspection) to be mandated, to assess the value of each property and whether it is fit for mortgage purposes. Our Property Risk Hub also considers the implications of government policy in lending decisions. This data is likely to become increasingly important in assessing transition risk as future regulation and government policy aim to decarbonise the UK housing stock.

Our current lending policies also reflect the Domestic Minimum Energy Efficiency Standard (MEES) regulations, which require domestic privately rented properties to have an EPC rating of E or better. Because of this, we no longer lend to buy to let properties with an EPC worse than E (unless the property qualifies for an exemption). We are conscious of the Government's expectations for buy to let landlords to improve the energy efficiency of tenanted properties to EPC C by 2030. We will remain close to these developments, and adapt our approach in the future, as required.

[42] The LEAP approach (Locate, Evaluate, Assess and Prepare) is a framework designed by the TNFD to help identify, assess, manage, and disclose nature-related risks.

[43] Our Property Risk Hub doesn't currently operate on the Virgin Money proportion of our mortgages portfolio. We will consider its application across the Group in the future, as appropriate.

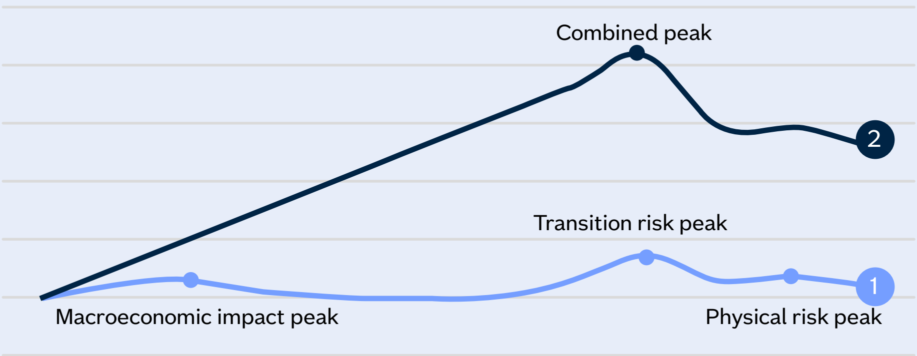
Scenario analysis

We conduct climate change scenario analysis considering different climate scenarios and physical and transition climate-related risks. Climate change scenario analysis helps quantify the potential financial exposures from climate-related risks by calculating the expected credit losses (ECLs), whilst enhancing our understanding of the resilience of our strategy and business model to climate change. This allows us to explore the potential actions needed to manage these risks. Climate change scenario analysis also informs our assessment of the need to hold capital or provisions with respect to climate-related risks.

Last year, Nationwide undertook climate change scenario analysis for our residential mortgages and RSL portfolios. Our analysis explored the impacts of two 30-year scenarios (a moderate, and a high-risk scenario), based on scenarios published by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) with internal assumptions overlaid. We were able to explore the impacts of policy introduction in the moderate risk scenario and heightened physical risk with policy introduction in the high-risk scenario.

This year, we further developed our approach, undertaking sensitivity analysis, to understand the impact on ECLs for our residential mortgages portfolio, in an event where the greatest transition and physical impacts occur simultaneously. The combined impact of this event is approximately three times greater than that of the transition risk impact in last year's high-risk scenario.

The chart below aims to illustrate the impact of the sensitivity relative to last year's exercise.



Line 1 on the chart conceptually illustrates the profile of ECLs, based on last year's high-risk scenario, in which the greatest impacts driven by macroeconomics, physical and transition risks are experienced at different times across the scenario.

Line 2 conceptually illustrates the relative increase in ECLs where peak macroeconomic impacts and physical risks occur at the same time as peak transition risk.

Key insights generated from our sensitivity analysis include:

- Whilst we observed a significant increase in ECLs in this scenario, it was not severe enough to challenge the resilience of our business model.
- Greater ECLs would be experienced where transition risks and physical risks align.
- The ECL impact would typically be lower where transition policies are implemented earlier, providing a longer glidepath over which necessary activity could be undertaken.

The outcomes and insights generated from this year's activity have been incorporated into our strategy, capital assessment, financial reporting and financial planning processes, as necessary. The insights generated will also help shape future scenario analysis and our development of capability enhancements, including consideration of stressing climate change impacts in more severe scenarios, and the robustness and completeness of modelling. We will also continue to review how changes in government policy, portfolio composition and climate science impact the most relevant scenarios for our portfolios and business model.

In addition to our scenario analysis activity, we qualitatively assessed a range of climate-related events which we believe could be capable of materially impacting our business model over a long-term horizon. This included events such as an unexpected or unreasonable climate-related policy response causing deterioration in the performance, or resilience, of one or more of our key suppliers. However, given the highly unlikely nature of this type of event occurring, we believe the potential impact is low.

We also conducted scenario analysis on our Virgin Money residential mortgages and business lending portfolios, leveraging learnings from the 2021 Bank of England's Climate Biennial Exploratory Scenario (CBES), considering early action, late action and no additional action scenarios relating to climate policy. The outcomes broadly aligned with the observations of the CBES, indicating a limited threat of climate change to our business model.

Assessing climate risk in capital allocation and financial planning
The financial impacts associated with climate-related risks are considered as part of the Internal Capital Adequacy Assessment Process (ICAAP), using outputs of our climate scenario analysis activity. The impact of climate change on our liquidity requirements is also assessed as part of the Internal Liquidity Adequacy Assessment Process (ILAAP)[44]. The impacts of climate change will continue to be assessed within both the ICAAP and ILAAP annually, as appropriate. In time, there is an ambition to align climate scenario analysis approaches across the Group.

Based on the outcomes of our climate scenario analysis activity, we believe it is prudent to hold a small amount of capital to cover potential losses that could arise from the impacts of climate change. From a liquidity and funding risk perspective, we consider the impacts to be no more material than those currently considered as part of our business-as-usual liquidity assessment.

We consider the impact of climate change on our financial planning processes. Our climate scenario analysis activity, and sensitivity analysis, indicated that the materiality of short-term outcomes is not sufficiently material to modify our approach to our five-year financial planning processes. The range of scenario analysis activity already undertaken across the organisation encompasses a wider range of economic scenarios than could be caused by climate change in the short-term. We will continue to consider how climate change impacts can be further incorporated within the macroeconomic variables used within our financial planning processes, as the climate change risk and regulatory landscape evolves, including within our business-as-usual expected credit loss assessment processes as part of IFRS9 provisioning.

Climate scenario analysis outcomes are further considered within our reverse stress testing process[45] which explores our business model risk and strategic vulnerabilities over a 10-year period. We will continue to develop our capabilities, across the Group, as we further develop our approach to climate-related risk.

Demonstrating how we are managing climate change risk to our investors and regulators
Investors', as well as credit and ESG rating agencies', expectations in relation to ESG-focused action and disclosures continues to increase – especially those in relation to climate change. We actively engage with our investors on ESG-related topics, including climate change, as part of our wider investor relations activity, holding dedicated one-to-one meetings throughout the year. We monitor regulatory and market developments to ensure we have a full understanding of investor requirements with respect to our ESG-related disclosures and credentials.

Nationwide's ESG ratings profile remains strong, including maintaining an industry-leading AAA rating from MSCI, 'Prime' label from ISS, and inclusion within the S&P Global Sustainability Yearbook 2025. We will continue to engage with our investors and ratings agencies, on our ESG credentials, and will continue to consider the implications of our ESG ratings in the future.

The evolving nature of sustainability and climate disclosure recommendations continues to be a key consideration for us. We act in accordance with relevant ESG regulation and standards, including the Task Force on Climate-related Financial Disclosures (TCFD). We continue to embed ESG-related considerations within our policies and procedures, and governance framework, in line with regulatory expectations. We maintain a watching brief on the regulatory landscape for both imminent and emerging sustainability-related standards and regulations, ensuring we remain compliant and identifying where we can take a more proactive approach.

This year saw the introduction of the Financial Conduct Authority's (FCA's) Anti-Greenwashing rule, which applies where firms make sustainability claims about products and services. We have reviewed sustainability references across our websites, to ensure that any communication relating to the sustainability characteristics of our products or services is fair, clear, and not misleading. Additional controls were developed to support colleagues to interpret the guidance when developing and communicating our sustainability products and progress.

We will continue to consider the implications of the ESG regulatory landscape on the Group, and adjust our approach in the future, as required.

[44]Not currently inclusive of Virgin Money.
[45]Not currently inclusive of Virgin Money.

Governance

How we govern climate-related risks and opportunities

Our climate change governance model provides clear oversight and management of climate-related issues, including nature-related matters (where appropriate), as outlined below. More information on our Group governance framework is in the Annual Report and Accounts[46].

The Board

Our Board has ultimate accountability for all climate change risk-related matters within the Group and sets strategic direction for our climate change ambitions. Our Board approves the strategy, including any climate-related components, and has a wealth of diverse experience and skills across Environmental, Social, and Governance (ESG). Further information on this can be found in our 2024 Environmental, Social and Governance Disclosures[47].

Our Board is supported by formal governance committees, working groups, and the Virgin Money Board (that is responsible for overseeing the delivery of its contribution to our strategy, including climate change).

Throughout 2024/25, our Board engaged on climate-related matters, including:

- Receiving monthly updates on progress towards our scope 1 intermediate (by 2030) science-based target as part of the Board Performance Plan.
- Receiving quarterly updates on progress being made towards our Mutual Good Commitments, including our aim to build a more sustainable world by supporting progress towards a greener society.

Board-level committees

Our Board committees engage, as required, to discuss climate-related issues, at least annually. For the 2024/25 period, this included:

- Reviewing the appropriateness of our intermediate (by 2030) science-based target for mortgages, including our internal modelling of estimated policy impacts on emissions reductions, approving alignment of targets across the Group, where feasible.
- Reviewing, and endorsing, our Climate-related Financial Disclosures 2025.
- Tracking progress against the directors' long-term incentive arrangement, which is linked to a scorecard that includes ESG measures. As part of the remuneration of our most senior leaders, an individual's contribution is considered, including their impact on climate-related activities where relevant.

[46] Results and accounts | Nationwide
[47] Nationwide 2024 ESG Disclosure

Group Chief Executive Officer (CEO)

Climate-related Senior Managers Regime (SMR) accountabilities sit with our Group CEO. Our Group CEO, supported by the CEO of Virgin Money, has ultimate responsibility for running the business day-to-day and is accountable to the Board for our financial and operational performance.

To help our Group CEO deliver on these responsibilities, several executive management-level, and operational-level, committees are in place to ensure climate-related risk is managed effectively, reporting to the Board as required.

Executive management-level committees

Our executive management-level committees engage regularly (at least annually) on climate change, to discuss and approve, where required, climate-related matters, and report to Board-level committees as required. In 2024/25, this included:

- Endorsing the outcomes of our 0% interest Green Additional Borrowing pilot research paper.
- Reviewing the appropriateness of our intermediate (by 2030) science-based target for mortgages.
- Discussing our climate change management information (MI).
- Discussing our investors' ongoing interest regarding ESG matters, including our ESG ratings.
- Reviewing changes to the emissions reduction policy, which aims to drive increased diligence in our highest emitting business sectors.
- Discussing the use of the Sustainable Business Coach as a scalable digital tool, to help develop its potential future use in lending decisions.
- Reviewing progress towards our Mutual Good Commitments, including our intermediate (by 2030) science-based targets.
- Discussing the latest climate-related regulatory developments, including the FCA's Anti-Greenwashing rule, and the outcome of the PRA's 2023 climate thematic review.

Operational-level committees and working groups

Our operational-level committees and working groups frequently engage (at least on a monthly or quarterly basis) on climate change, to discuss and approve, where appropriate, climate-related matters, and report to executive management-level committees as required. In 2024/25, this included:

- Discussing, and agreeing, our approach to climate scenario analysis and the development of our internal scenario analysis capabilities, and the outputs from our 2024 scenario analysis exercise and sensitivity analysis.
- Discussing our climate change MI, including the progress of our intermediate (by 2030) science-based targets.
- Discussing the regulatory and policy landscape, including the FCA's Anti-Greenwashing rule, to understand how it impacts us.
- Discussing our green finance proposition developments and 0% interest Green Additional Borrowing pilot research paper.
- Reviewing, and approving, our revised climate change plan and changes to emissions calculation methodologies (which aims to ensure robust scrutiny of carbon emissions data and disclosures, to make sure the metrics we publish are comparable, consistent, and transparent).
- Discussing, and agreeing, the inclusion of nature-related risk in Nationwide's Climate Change and Nature Risk Standard.
- Reviewing how we have considered climate change within the ICAAP.

Our climate change operating model

Our climate change and responsible business capability is managed through our Finance function, who take a coordinated approach, working closely with other specialist teams to deliver our climate strategy. These specialist teams include: First Line Risk (such as Credit Risk), Financial Planning and Stress Testing, Second Line Risk Oversight, Internal Audit, Business Services, Customer Propositions, Treasury Sustainability and Investor Relations, and Policy and Public Affairs. These teams provide the relevant climate-related information to management-level committees and working groups.

Risk management

Our approach to climate change risk management

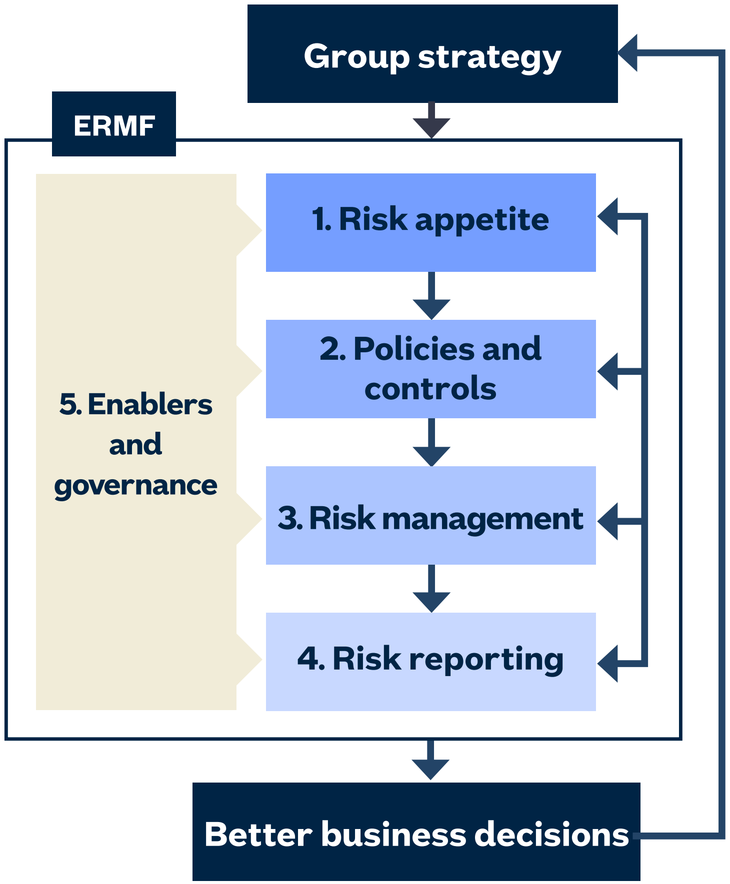
We continue to enhance our management of climate-related risks across the Group. Both Nationwide and Virgin Money currently operate separate but aligned Enterprise Risk Management Frameworks (ERMFs), through which we aim to identify, assess, and manage climate-related risk. Our ERMFs apply to colleagues, contractors, and outsourced entities, across all business lines, functions, and subsidiaries.

Currently, Nationwide considers climate change as a cause to our principal risks, and Virgin Money considers climate change as a principal risk. We will align our approach, across the Group, in the future.

The embedding of climate-related risk enables our Board and executive management teams to make better, and more informed, decisions for the benefit of our customers.

Whilst we currently operate two separate ERMFs across the Group, the frameworks are designed on five core principles – risk appetite, policies and controls, risk management, risk reporting, and enablers and governance – which align to the practices of our industry peers and connects risk management across our business. In combination, these components ensure our approach is appropriate and proportionate, and risk management activities (including those related to climate, and nature, where applicable) are performed consistently and reliably. The high-level structure of the ERMF is summarised in the diagram opposite.

This year, we have continued to engage with the PRA regarding climate-related risk, sharing developments in our approach to climate-related risk management, including as part of the PRA's Climate Thematic Review.



1. Climate-related risk appetite statement

Risk appetite articulates how much risk we are prepared to take in the pursuit of our objectives. Nationwide adopts the following climate-related risk appetite statement:

“We are committed to working towards alignment to a net-zero emissions pathway by 2050. We will seek to minimise the impact of physical and transition climate risk to us and our customers.”

In support of our risk appetite statement, complementary quantitative risk appetite metrics, are in place to control the flow of new lending to both residential properties more susceptible to flooding and less energy efficient properties in the buy to let market. These metrics aid the management of climate-related risk in our residential mortgage portfolio, and provide a level of control regarding the exposure of our portfolio to physical and transition risk. These measures track:

1. The percentage of owner-occupier and buy to let lending in a high flood risk area.
2. The percentage of buy to let new lending below EPC C.

These metrics have been set to support management risk appetite, with annually reviewed triggers and limits. Appetite metrics track data from Nationwide's Property Risk Hub, which assesses a property’s exposure to physical risks as part of the mortgage underwriting process, along with EPC data (which informs the transition risk of properties). Both metrics are designed to ensure that we continue to lend in a responsible, sustainable way and safeguard our customers by considering physical and transition risk across short-, medium-, and long-term horizons.

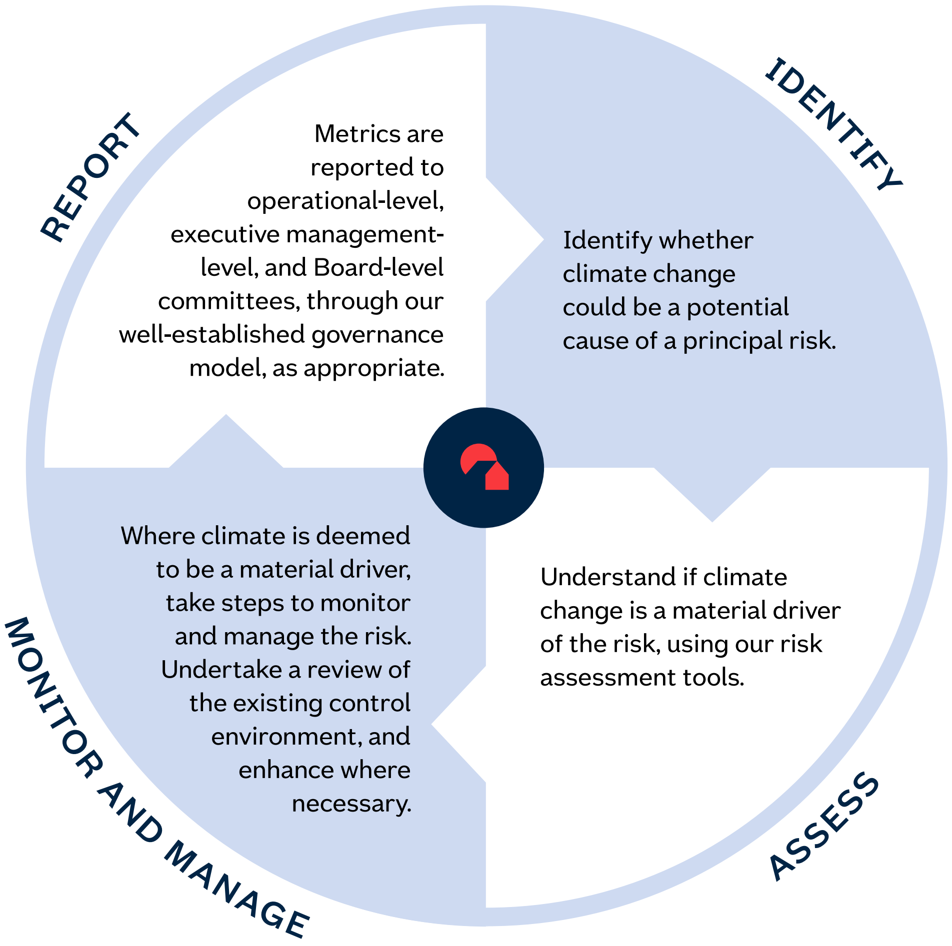
We also monitor climate transition risk metrics for our business lending portfolio as part of risk appetite.

2. Climate change policies and controls

Policies and standards set out the objectives to be met by relevant controls to ensure that risks are managed appropriately, in line with risk appetite. We articulate the climate-related operating principles, controls and activities required across our ERMFs within our Climate and Nature Risk Standard and Climate Policy.

Nationwide’s Climate Change and Nature Risk Standard aids the identifying, assessing, monitoring, managing, and reporting of climate and nature-related risks, as detailed in the diagram opposite. Our standard articulates the principles and requirements that must be met to manage risks driven by climate change and nature loss, and how climate and nature-related risks may occur across the ERMF. The standard applies to all principal risks as well as owners of climate-related risk governance, strategy, disclosures, and scenario analysis.

Virgin Money’s Climate Policy defines key risk management principles and minimum control requirements to help manage key risk exposures within risk appetite. Second line teams oversee climate-related activities to ensure these remain aligned to our climate strategy, risk appetite, limits and policy requirements.



3. Climate-related risk management

Risk management defines the processes, tools and systems needed to operate risk management across the Group. As climate-related risk manifests itself within all principal risks to varying degrees, all risk owners are required to consider the impact of climate change when managing their risks. Where climate change is assessed as a material driver of the risk, risk owners will undertake a review of the existing control environment and enhance controls, where necessary, to appropriately manage the risk.

We take appropriate steps to monitor climate-related risk, including, but not limited to, consideration of risk appetite and creation of key risk indicators. We are in the early stages of developing our understanding of nature-related risk impacts.

We use risk assessment tools (for example scenario analysis), to understand whether climate change is currently a material driver of risk, and the potential impact of climate change on our business model. Climate-related risks also continue to be considered as a risk input to our reverse stress testing process[48].

4. Reporting climate-related risks

A robust risk reporting approach ensures the appropriate monitoring of climate-related risk by our Board, risk committees, and management, to enable effective, risk-based decision-making; this supports better outcomes.

Our risk owners ensure the development of appropriate climate-related risk metrics. These metrics are reported to Board, risk, and management-level committees, as appropriate. Further details on our approach to reporting and governance can be found in the Governance section from page 16.

5. Climate change enablers and governance

For the ERMF to work effectively and efficiently across all risks, a set of enablers and governance are in place. Enablers and governance help support our risk culture. The ERMF sets governance mechanisms by which risk oversight is exercised, and risk decisions are taken, including process and authorities for risk acceptance, where risks are outside appetite. The ERMF supports our adherence to the UK Corporate Governance Code and its implementation is a key mechanism through which Senior Managers can demonstrate they have discharged their responsibilities under the Senior Managers Regime. This is underpinned by our values, behaviours, and ethics, which influence the decisions we make.

Further information on our well-established climate change governance model can be found in the Governance section from page 16.

Overview of how climate change-related risk is assessed in our ERMF

This section outlines how we assess the impact of climate change across our principal risks[49]. It is our ambition to align our approach across the Group in the future.

Credit risk – The risk of loss as a result of a customer or counterparts failing to meet their financial obligations.

We have adapted our approach to credit risk to incorporate the potential impacts of physical and transition climate-related risks. We have enhanced the way we assess and determine creditworthiness of a borrower and value of security, which includes considering the property's current EPC rating and monitoring the proportion of lending more exposed to climate risk[50]. Further information on how we manage the impact of climate change on credit risk, and our residential mortgage portfolio, is in the Strategy section on page 13.

For Nationwide's registered social landlords (RSL) portfolio, we have continued to increase engagement with our RSL borrowers through our Housing Finance Credit Standards to mitigate credit-related risks. Our Standards request RSL borrowers to develop an ESG strategy aligned to net-zero, as a standalone document, or a statement within their Annual Report and Accounts.

For our business lending portfolio, we apply ESG and climate-related risk criteria to credit assessment process and lending decisions. This includes our policy management framework, the consideration of the outcomes of our climate scenario analysis, and our sensitive sector policy (which outlines the prohibited and restricted sectors where we have either no, or limited, appetite to lend).

Liquidity and funding risk – The risk that we are unable to meet our liabilities as they fall due, and maintain customer and other stakeholder confidence.

Nationwide assesses the impact of climate change on our liquidity requirements as part of the ILAAP. In 2024, we undertook qualitative scenario analysis to assess the potential impact of greenwashing. The insights from this process were included within our ILAAP assessment.

We will consider aligning our approach to ILAAP across the Group in the future, as appropriate.

[48] Not currently inclusive of Virgin Money.
[49] Our principal risks are derived from the more specific risk categories identified in Nationwide and Virgin Money.
[50] We align to MEES regulation. However, the activity our Property Risk Hub perform, in relation to physical risk management, does not currently include Virgin Money.

Operational and conduct risk[51] – The risk of impacts resulting from inadequate or failed internal processes, conduct and compliance management, people and systems, or from external events.

Premises, safety, health and environment risk

Climate change has the potential to cause significant disruption to our customer services, through physical damage to our branch network or admin centres, or disruption to our operational supply chain. We have embedded within our operational risk management processes, the consideration of physical and transition risks from climate change. To support Nationwide's first line risk practitioners within operational risk in their role in helping to identify, assess, monitor and manage, and report the risks to us caused by climate change, training is provided, as required. We are considering alignment of our approach across the Group as appropriate.

As part of our climate-related risk metrics we monitor, on a quarterly basis, the physical risk exposure to our Nationwide branch, admin centres, and critical third parties, informed by Representative Concentration Pathways (RCPs)[52] developed by the Intergovernmental Panel on Climate Change (IPCC).

Third party risk

We continue to strengthen ESG considerations in our supplier selection and third party risk management processes and consider further physical risk assessments across our operational footprint.

Nationwide monitors, on a quarterly basis, the physical risk exposure to the key admin sites of our critical third parties, informed by RCPs. During our onboarding process, new suppliers are also requested to confirm compliance with Nationwide's Third Party Code of Practice which sets out requirements related to climate change.

Compliance risk

To help understand the risks associated with climate change, including greenwashing, we consider climate change risk when designing new products and services.

In 2024, we undertook a review of all green claims across our websites, in line with the FCA's Anti-Greenwashing rule. We have also developed guidance on green language, to help colleagues understand climate-related terms, and to support them when writing green claims or disclosure.

Reporting risk

Our well-established governance model supports the Board's review of critical climate-related reporting, including our Climate-related Financial Disclosures and ICAAP.

Our Second Line Risk Oversight, Compliance, and Legal teams support colleagues when writing disclosures, to ensure they are clear, fair, and not misleading. Our First and Second Line teams conduct horizon scanning activity to understand current, and future, reporting requirements.

We also seek assurance, including independent limited assurance on select scope 1, 2, and 3 emissions, across our reporting frameworks, as necessary.

Capital risk – The risk that we fail to maintain sufficient capital to absorb losses throughout a full economic cycle and to maintain the confidence of current and prospective investors, members, the Board, and regulators.

Climate-related risk has been considered as part of the ICAAP, using outputs from our climate scenario analysis activity, to quantify physical and transition risks. Detail of the outcome of our ICAAP assessment is in the Strategy section on page 15.

Pension risk

Capital risk also includes risks associated with our employee pension schemes. As part of our climate ambition, our defined benefit funds[53] aim to consider ESG impacts, including the production of standalone climate disclosures[54] aligned to the TCFD recommendations. Our funds, as legally separate entities, produce their own climate-related disclosures which assess their exposure to climate-related risk.

Our pension plans – Nationwide's Group Personal Pension's (GPP's) and the merged Yorkshire & Clydesdale Bank and Virgin Money pension plans – default funds also aim to consider ESG impacts.

[51] Premises, safety, health and environment risk, Third party risk, Compliance risk and Reporting risk are components of the Operational and conduct principal risk. These risks have been identified as having the largest potential impact from climate change.
[52] The RCPs we use are as follows: RCP 2.6 – requires declining CO_2 emissions by 2020 to get to zero by 2100 and keep global temperature rises below 2°C, RCP 4.5 – predicts that emissions peak around 2040, then decline to half the levels of CO_2 by 2100, resulting in a global temperature rise between 2°C and 3°C, RCP 8.5 – predicts emissions continue to rise throughout the 21st century, with global temperatures rising by 3.7°C by 2100; this is the most severe of the three RCPs assessed.
[53] Nationwide's defined benefit fund, the Nationwide Pension Fund, was closed to new entrants in 2007.
[54] Nationwide Pension Fund Climate Risk Report, Yorkshire & Clydesdale Bank Pension Scheme

Business risk – The risk that volumes decline, or margins shrink, relative to the cost base affecting the sustainability of the business and the ability to deliver the strategy due to macroeconomic, geopolitical, industry, regulatory and other external events.

Potential causes of business risk, such as climate change, are monitored regularly by Nationwide using insight, risk indicators, and judgement to identify any change in the level of risk. Mitigating factors undertaken by us, and their effectiveness, are also monitored. The business risk profile is reviewed, and a report shared with the relevant executive management-level committees as required. It is also aligned to business-as-usual stress testing activities.

Regular horizon scanning activities are undertaken to provide ongoing awareness of the evolving climate-related regulatory, policy, and market landscape. In the most recent business risk profile review, Nationwide continued to identify three mitigating activities for climate change: our climate scenario analysis activity, our climate change plan (including progress towards our Transition Plan), and our climate change governance model. We will consider aligning our approach across the Group in the future, as appropriate.

Market risk – The risk that the net value of, or net income arising from, our assets and liabilities is impacted as a result of market price or rate changes.

While climate is yet to materially change our market risk profile, it is actively kept under review and will continue to be assessed in line with our ERMF approach, and Climate Change and Nature Risk Standard and Climate Policy. This ensures that adjustments can be made to the market risk framework as required. Climate-related impacts to market risk are also considered within the ICAAP assessment.

Nationwide's Treasury team has implemented risk indicators that are assessed, at least annually, to determine whether credit ratings for Treasury assets (such as liquid bonds issued by sovereigns, supranational organisations, sub sovereigns, and covered bonds) are adequately capturing climate risk.

Metrics and targets – scope 1, 2, and 3 emissions

Information on our scope 1, 2, and 3 emissions and intermediate (by 2030) science-based targets

Scope 1, 2, and 3 emissions data is presented for the 12-month period ended 31 December 2024 for Nationwide. For Virgin Money, emissions data is presented for the 12-month period ended 30 June 2024 for scope 1 and 2, for the 12-month period ended 30 September 2024 for scope 3 upstream, and for the 12-month period ended 31 March 2024 for scope 3 downstream (investments). To aid comparison of metrics and targets, we have included Virgin Money's prior year and baseline data, and will consider aligning better the dates of emissions metrics in the future, where appropriate.

Detail on the methodologies used to calculate the metrics within this section, and information on our data dependencies and limitations, are in our **Climate-related Financial Disclosures: Basis of Reporting 2025.**

Our Mutual Good Commitment – we aim to build a more sustainable world by supporting progress towards a greener society – is aligned with our ambition to support the UK in achieving net-zero by 2050. Our Mutual Good Commitment metrics reflect our intermediate (by 2030) science-based targets for our scope 1, 2, and 3 emissions, that by 2030:

- We will aim to reduce our scope 1 emissions that we control across our own business operations, in line with our net-zero aligned (by 2030) scope 1 science-based target.
- We will aim to continue to source 100% renewable electricity for our own operations, in line with our net-zero aligned (by 2030) scope 2 science-based target.
- We will aim to reduce our scope 3 emissions for our mortgages, business lending, other secured lending activity, and our supply chain, by taking steps to reduce emissions within our control and encouraging our customers, borrowers, and suppliers to do the same, in line with our 2030 scope 3 science-based targets.

Our scope 1 and 2 science-based targets are within our control, and we are confident in our ability to achieve them, due to our ability to manage our operational energy usage, actions underway to reduce or remove gas usage from our buildings, and the continued procurement of renewable electricity. Nationwide's scope 3 upstream (categories 1, 2 and 4) science-based target is, by definition, partially within our control. Whilst we own our procurement processes, we recognise we can only influence our suppliers and their ambitions to reduce emissions. This influence can be limited, particularly if they are global or work across multiple jurisdictions and may be more affected by clients with more spending power. Some of our supplier choices could also be limited if a specific good or service is only available from suppliers with high carbon emissions.

Considerations regarding our scope 3 targets

We have previously stated that we do not believe that our intermediate (by 2030) science-based target for mortgages will be achieved, as we have very limited influence over practical measures to reduce emissions from properties which are owned by our borrowers, and no control over government policy needed to green UK homes and social housing. The emissions associated with our residential mortgage lending currently account for the majority of our total scope 3 emissions.

The UK Government has committed in law to ambitious emissions reduction targets (including to achieve net-zero by 2050 and to reduce emissions by 81% by 2035 compared with 1990 levels) with current policies to install 600,000 heat pumps per year by 2028, as well as the delivery of its Warm Homes Plan, and a target to fully decarbonise the electricity grid by 2030. Even if delivered in full, these policies alone will not achieve the emissions reductions necessary to align with the highly ambitious targets of the Science Based Targets initiative.

The Climate Change Committee's (CCC's) Progress in Reducing Emissions: 2024 Report to Parliament states that the UK requires 'urgent action' to reach net-zero and the uptake of a number of retrofitting measures, such as heat pump installations for UK residential properties, is low and needs to increase substantially by the end of the decade. The Government's commitment to the UK's climate targets and domestic law, aimed at reducing emissions, continues to evolve, with some progress being made in the delivery of consultations in connection with the UK's housing stock (although uncertainties remain regarding the potential impacts of the measures being consulted on). It is therefore too early to assess the impact of new government policy and whether practical measures to reduce emissions will be delivered more effectively over the course of this Parliament. The market and/or borrowers may also fail to respond sufficiently to the measures put in place or take significant independent action. These are factors outside of our control. The outcomes of the CCC's report, and action by government, customers and cross-industry to date, continue to indicate that the UK is not going to achieve the emissions reductions required to green UK homes in line with net-zero.

Considering this, we have reflected, over the past 12-months, on the appropriateness of our science-based target for our mortgage portfolio, conducting internal modelling to estimate the potential estimated impact of committed government policy on our ability to achieve our target. Our internal modelling continues to demonstrate that our intermediate (by 2030) science-based target for mortgages is not going to be achieved. For the time being, we have retained our target, and aligned to a consistent set of intermediate (by 2030) science-based targets across the Group, where feasible, to ensure transparency around the challenges we face, the extent of progress being made on this important issue, and the roles which government and other parties need to play to move towards net-zero. However, we will be keeping our targets under active review as we continue to monitor the UK's progress towards its net-zero ambition, including market and policy developments.

Our scope 1 and 2 emissions

We report our carbon emissions in line with the Government's Streamlined Energy and Carbon Reporting (SECR) regulatory requirements. Our scope 1 emissions have continued to decrease in comparison to previous years. This is due to our ongoing efforts to reduce our operational emissions, such as the removal of gas from our Nationwide branch network and data centres[55].

100% of our market-based[56] scope 2 energy consumption is attributed to renewable sources, through a solar power purchase agreement (PPA), which produces emissions-free energy, and use of green tariff electricity. Our scope 2 emissions are associated with purchased electricity only, as we do not purchase any steam, heat or cooling. We also have worked on a number of energy efficiency initiatives, including installation of LED lighting within our Head Office, and replacing gas-fuelled chillers in our Nationwide data centre with an electric alternative.

Our absolute (location-based[57]) scope 2 emissions have decreased this year. We continue to embed new ways of working (increasing office presence) and replace gas with electrical solutions throughout Nationwide's business operations. We exclude homeworking emissions due to the challenges with their calculation as described in the Data dependencies and limitations section of our Climate-related Financial Disclosures: Basis of Reporting 2025 (from page 10).

Data scores have been calculated for our carbon emissions using the Partnership for Carbon Accounting Financials (PCAF) Global Greenhouse Gas (GHG) Accounting and Reporting Standard to provide insight into the quality of the data. A score of 1 represents high data quality and a 5 represents low data quality. Whilst PCAF has not defined an approach for the calculation of a data score for emissions associated with business operations, we have used the approach for mortgages as the basis of the calculation.

Scope 1 and 2 carbon emissions data

Scope 1 and 2 emissions data (note i)	2024/25 EY	2023/24	(Baseline) 2021/22
Scope 1 – Energy (tCO_2e/y) (note ii)	3,087	3,903	5,435
Scope 1 – Travel (tCO_2e/y) (note ii)	41	72	238
Scope 2 – Electricity (tCO_2e/y) (note iii)	18,165	19,383	21,098
Total gross scope 1 and 2 emissions (tCO_2e/y)	**21,293**	**23,358**	**26,771**
Scope 1 and 2 emissions data (note i)	**2024/25**	**2023/24**	**(Baseline) 2021/22**
Less PPA carbon reduction for scope 2 (tCO_2e/y)	(8,613)	(9,549)	(9,822)
Less green tariff electricity for scope 2 (tCO_2e/y)	(9,552)	(9,834)	(11,276)
Carbon outturn (tCO_2e/y)	3,128	3,975	5,673
Total carbon dioxide in tonnes per full time employee ($tCO_2e/y/FTE$)	**0.15**	**0.19**	**0.28**
Data score	2.00	2.07	1.46
Energy usage data in megawatt hours (MWh)	**2024/25**	**2023/24**	**(Baseline) 2021/22**
Electricity	87,730	94,317	100,176
Gas	16,109	20,897	30,983

Notes:

i. Data presented is combined for the Group for the financial years stated. For 2024/25, data is provided for year to 31 December 2024 for Nationwide and year to 30 June 2024 for Virgin Money. We have amended Nationwide's reporting date for scope 1 and 2 emissions to enable better measurement of our emissions, and to align to Nationwide's scope 3 reporting period, and measurement of our scope 1 and 2 intermediate (by 2030) science-based targets. For 2023/24 and 2021/22 (baseline), data is provided for year to 4 April 2024 and 2022 for Nationwide and year to 30 June 2023 and 2022 for Virgin Money, respectively. Prior year, and baseline, data for Virgin Money is included for comparative purposes and has been restated due to ongoing review of the methodology. More information on the methodologies applied to the data calculations is our Climate-related Financial Disclosures: Basis of Reporting 2025, from page 3.

ii. Scope 1 energy emissions for 2024/25 include 1,759 tCO_2e/y for Nationwide and 1,328 tCO_2e/yVirgin Money, for 2023/24 include 1,743 tCO_2e/y for Nationwide and 2,160 tCO_2e/y for Virgin Money, and for 2021/22 include 2,920 tCO_2e/y for Nationwide and 2,515 tCO_2e/y for Virgin Money. Scope 1 travel emissions include 37 tCO_2e/y for Nationwide and 4 tCO_2e/y for Virgin Money, for 2023/24 include 49 tCO_2e/y for Nationwide and 23 tCO_2e/y for Virgin Money, and for 2021/22 include 82 tCO_2e/y for Nationwide and 156 tCO_2e/y for Virgin Money. All data is as per the reporting dates outlined in note i.

iii. Scope 2 electricity emissions for 2024/25 include 13,381 tCO_2e/y for Nationwide and 4,784 tCO_2e/y for Virgin Money, for 2023/24 include 14,042 tCO_2e/y for Nationwide and 5,341 tCO_2e/y for Virgin Money, and for 2021/22 include 14,972 tCO_2e/y for Nationwide and 6,126 tCO_2e/y for Virgin Money. All data is at per the reporting dates outlined in note i.

EY These values are subject to independent limited assurance by EY. EY separately assure Nationwide's and Virgin Money's scope 1 and 2 emissions, as per pages 3 and 4 of our Climate-related Financial Disclosures: Basis of Reporting 2025. Further information is also available on page 36, and in EY's limited assurance report 2025. Please refer to the report for full details of scope.

[55] Virgin Money continues to purchase green gas and receives certification of renewable gas guarantees of origin (RGGOs), and renewable energy guarantees of origin (REGOs) which certify that the gas or electricity consumed has been produced from renewable sources. However, the use of green gas does not form part of our intermediate (by 2030) science-based targets and net-zero ambition.

[56] A market-based approach allows flexibility to utilise market-based measures such as renewable energy to achieve net-zero.

[57] A location-based approach doesn't factor in market-based measures and considers operational absolute emissions only.

Progress towards our scope 1 and 2 science-based targets

This year, we have seen a reduction in scope 1 emissions across our business operations, over which we have full control, to help progress towards our intermediate (by 2030) science-based target.

As part of the actions detailed in our Transition Plan, at the end of 2024 we had removed gas from over 95% of Nationwide's branches, replacing it with electrical solutions, which resulted in a reduction in emissions for scope 1.

For our scope 2 science-based target, we are committed to continually sourcing 100% renewable electricity through to 2030.

In 2024/25 approximately 47% of our energy was supplied from a 50MWh solar farm in the UK, through Nationwide's PPA. On-site electricity is also supported by Solar Photovoltaic (PV) panels on the roof of our Head Office in Swindon. The remainder (approximately 53%) is sourced through a 100% green electricity tariff (wind, solar and hydro) that has renewable energy guarantees of origin (REGO) certificates.

Current progress towards our scope 1 and 2 targets

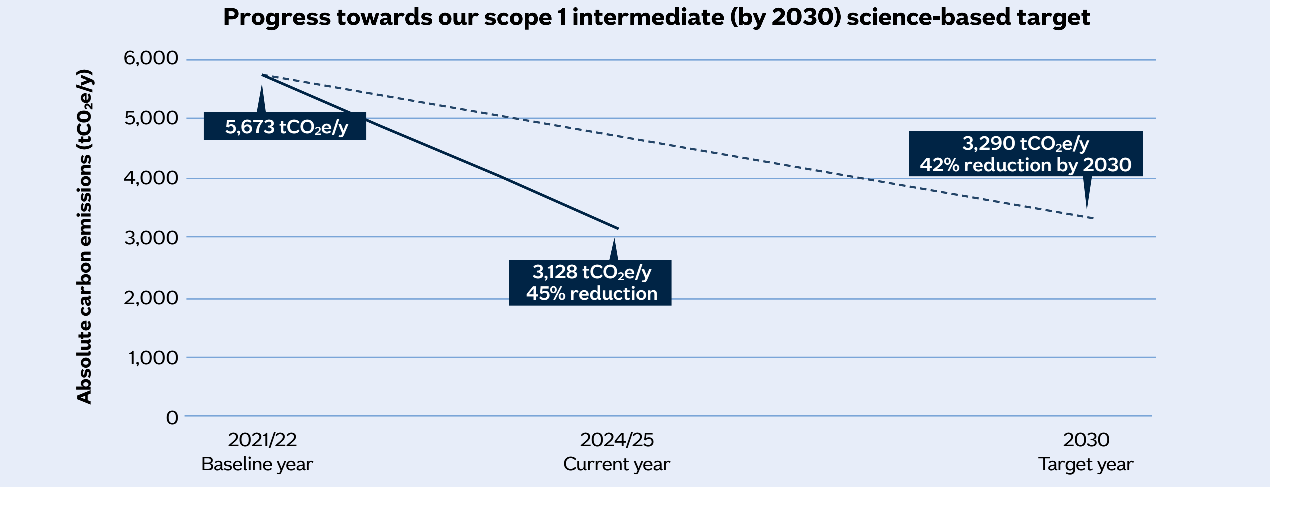
Scope 1 target set using the SBTi's Absolute Contraction Approach 1.5°C scenario, to reduce absolute emissions[58]				
Absolute emissions at 2021/22 base year (tCO_2e/y)	**Absolute emissions at 2024/25 current year (tCO_2e/y)**	**Percentage reduction in absolute emissions at 2024/25 current year, compared to base year**	Absolute emissions at 2030 target year (tCO_2e/y)	Percentage reduction in absolute emissions to 2030 target year (%)
5,673	**3,128**	**45%**	3,290	42%

Scope 2 target set using market-based approach to continually source 100% renewable electricity[57]		
Percentage renewable electricity sourced at 2021/22 base year (%)	**Percentage renewable electricity sourced at 2024/25 current year (%)**	Percentage renewable electricity sourced at 2030 target year (%)
100%	**100%**	100%

Our scope 1 emissions have reduced by approximately 21% in 2024/25 compared to 2023/24, and by 45% compared to our 2021/22 baseline. This reduction is ahead of the projected emissions reduction required in 2024/25 of approximately 5%, and the total projected emissions reduction required of around 16% compared to our 2021/22 baseline. We are currently ahead of our intermediate (by 2030) science-based target pathway.

We continue to source 100% renewable electricity and are on track to achieve our scope 2 science-based target.

A graph showing our progress towards our scope 1 science-based target is shown below.



[58]Our scope 1 and 2 targets have been combined across the Group.

Our scope 3 upstream (categories 1, 2, and 4) emissions

We have calculated our scope 3 emissions for upstream activities related to purchased goods and services (category 1), capital goods (category 2) and upstream transportation and distribution (category 4), which account for around 89% of our total emissions across categories 1-8.

Our scope 3 upstream emissions for Nationwide and Virgin Money increased in 2024/25 compared to 2023/24, due to an increase in spend and an increase in Nationwide customer and member communications.

Weighted data scores have also been calculated. Whilst PCAF has not defined an approach for the calculation of a data score for supply chain emissions, we have used their approach for business loans and unlisted equity as the basis for the calculation. Information on our approach to calculating our scope 3 upstream (category 1, 2, and 4) emissions is on page 5 of our Climate-related Financial Disclosures: Basis of Reporting 2025.

Scope 3 upstream carbon emissions data

Scope 3 emissions data - upstream (note i)	Nationwide			Virgin Money	
	2024/25	2023/24[59]	(Baseline) 2021/22	2024/25	2023/24
Category 1: Purchased goods and services (tCO_2e/y) EY	139,500	137,500	169,000	49,000	48,000
Category 2: Capital goods (tCO_2e/y) EY	19,500	17,500	43,500	500	1,500
Category 4: Upstream transportation and distribution (tCO_2e/y) EY	18,000	14,500	17,500	5,000	3,500
Total upstream scope 3 carbon dioxide emissions (tCO_2e/y)	**177,000**	169,500	230,000	**54,500**	53,000
Data score	2.85	2.92	2.90	3.43	3.75

Notes:

i. Data is presented for year to 31 December 2024, 2023 and 2021 for Nationwide and year to 30 September 2024 and 2023 for Virgin Money, respectively. Prior year data for Virgin Money is provided for comparative purposes and has been restated due to ongoing review of the methodology. More information on the methodologies applied to the data calculations is in our Climate-related Financial Disclosures: Basis of Reporting 2025, from page 5.

EY Our scope 3 upstream emissions are subject to independent limited assurance by EY. Further information is available on page 36, and in EY's limited assurance report 2025. Please refer to the report for full details of scope.

[59] Comparative amounts have been restated following ongoing review of our emissions calculation methodology, and enhancements to our data quality controls.

Progress towards our scope 3 upstream (categories 1, 2 and 4) science-based target

Our scope 3 upstream intermediate (by 2030) science-based target covers our Nationwide supply chain emissions only. We will consider aligning our target across the Group in the future, as appropriate.

We have partial levels of control and influence over our suppliers and their ambitions to reduce emissions, and our ability to achieve our upstream scope 3 absolute emissions reduction target. We will consider the impact on our target as we explore alignment across the Group in the future, as appropriate. We control our procurement processes and purchasing decisions and are keen to work with our suppliers to achieve our desired outcomes. However, our influence over certain suppliers, particularly those that are global, is more limited as they work across multiple jurisdictions and may be more affected by those with more spending power. Some of our supplier choices could also be limited if a specific good or service is only available from suppliers with high carbon emissions.

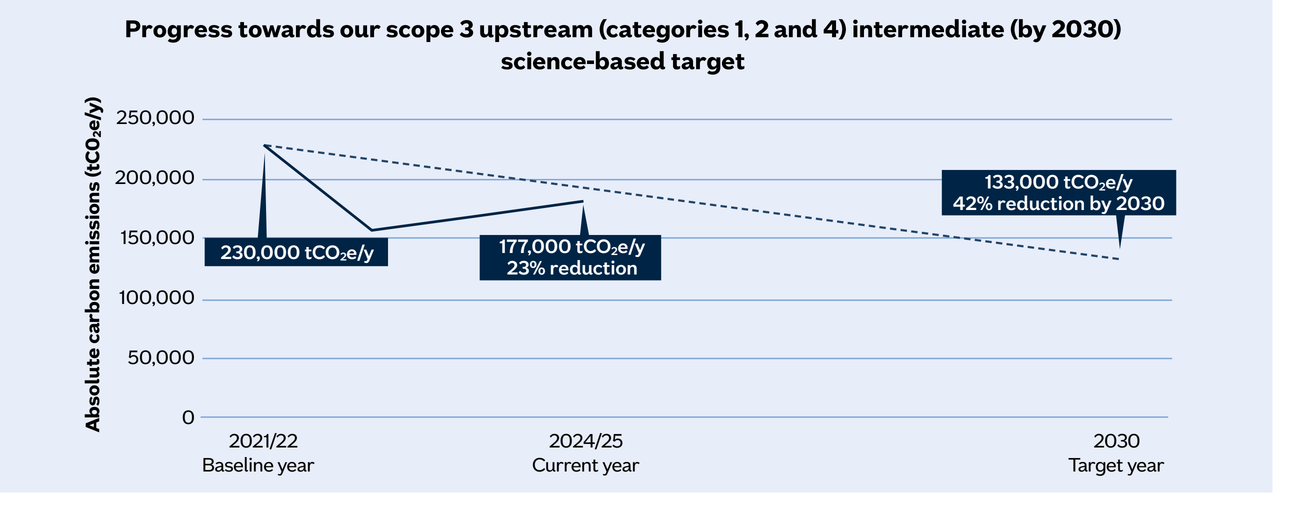
As part of our EcoVadis partnership, we collect various sustainability details, including information on the carbon emissions and net-zero targets of our suppliers. In 2024, 73% of our invited Nationwide third parties had joined EcoVadis and held valid scorecards, with 98% being rated as ‘Good’ or better. This is in line with our Transition Plan.

Current progress towards Nationwide's scope 3 upstream (categories 1, 2 and 4) target

Scope 3 upstream target set using the SBTi’s Absolute Contraction Approach 1.5°C scenario, to reduce absolute emissions (Nationwide)				
Absolute emissions at 2021/22 base year (tCO_2e/y)	**Absolute emissions at 2024/25 current year (tCO_2e/y)**	**Percentage reduction in absolute emissions at 2024/25 current year**	Absolute emissions at 2030 target year (tCO_2e/y)	Percentage reduction in absolute emissions to 2030 target year
230,000	**177,000**	**23%**	133,000	42%

Nationwide's scope 3 upstream emissions increased in 2024/25 compared to 2023/24. However, there has been an overall reduction in our scope 3 upstream emissions of 23% compared to our 2021/22 baseline. This reduction is ahead of the total projected emissions reduction required of 16%, compared to our 2021/22 baseline, to align to our science-based target pathway.

A graph showing our progress towards our scope 3 upstream (categories 1, 2 and 4) target is shown below.



Our scope 3 downstream category 15 (investments) mortgages emissions

We use EPC data to calculate the emissions for our total residential mortgages portfolios, aligned to the PCAF GHG Accounting and Reporting standard.

Nationwide's EPC model (which uses artificial intelligence and machine learning techniques) interpolates EPC data, which contains property floor space and carbon emissions per square metre, using address matching capabilities, to estimate carbon emissions for properties where a valid EPC is unavailable.

Virgin Money estimates energy consumption figures for gas and electricity for each property based on the available property attributes (EPC band, floor space and property type). Estimated consumption for electricity and gas is converted to carbon emissions using government conversion factors for the UK grid from the Department for Energy Security and Net Zero (DESNZ). Further information on how we calculate our residential mortgages emissions, as well as information on the data dependencies and limitations associated with EPC data, is in our Climate-related Financial Disclosures: Basis of Reporting 2025.

There has been a minimal reduction in both Nationwide's and Virgin Money's absolute carbon intensities for our residential mortgage portfolios, compared to last year. This is due to a modest continued improvement in the average energy efficiency of the book. More information on the EPC composition of our residential mortgages portfolios can be found on page 38.

Scope 3 downstream category 15 (investments) carbon emissions data - mortgages

Scope 3 emissions data – mortgages (Nationwide) (note i)	2024/25	2023/24	(Baseline) 2021/22
Number of properties – total book	1,565,000	1,536,000	1,578,000
Number of properties – with a valid EPC	895,000	765,000	873,000
Total property floor area in square metres (m^2)	145,200,000	153,800,000	146,900,000
Absolute carbon emissions – carbon dioxide in tonnes per year (tCO_2e/y) on whole book using interpolated EPC data	5,454,000	6,077,000	6,187,000
Absolute carbon intensity – carbon dioxide per square metre of floor area in kilograms per year ($kgCO_2e/m^2/y$) using interpolated EPC data	37.56	39.53	42.12
LTV weighted carbon emissions – tCO_2e/y using interpolated EPC data EY	**2,611,000**	2,807,000	2,795,000
LTV weighted carbon intensity – $kgCO_2e/m^2/y$ using interpolated EPC data	**17.98**	18.27	19.03
Data score	3.43	3.50	3.45

Notes:
i. 2024/25, 2023/24 and 2021/22 data is provided for year to 31 December 2024, 2023, and 2021, respectively. More information on the methodology applied to the data calculations is on page 6 of our Climate-related Financial Disclosures: Basis of Reporting 2025.

Scope 3 emissions data – mortgages (Virgin Money) (note i)	2024/25	2023/24	(Baseline) 2021/22
Number of properties – total book	327,000	347,000	360,000
Number of properties – with a valid EPC	194,000	201,000	201,000
Total property floor area in square metres (m^2)	32,100,000	35,000,000	36,600,000
Absolute carbon emissions – carbon dioxide in tonnes per year (tCO_2e/y) on whole book using extrapolated EPC data	997,000	1,088,000	1,170,000
Absolute carbon intensity – carbon dioxide per square metre of floor area in kilograms per year ($kgCO_2e/m^2/y$) using extrapolated EPC data	31.00	31.05	31.90
LTV weighted carbon emissions – tCO_2e/y using extrapolated EPC data EY	**529,000**	574,000	617,000
LTV weighted carbon intensity – $kgCO_2e/m^2/y$ using extrapolated EPC data	**16.50**	16.40	16.88
Data score	3.43	3.53	3.64

Notes:
i. 2024/25, 2023/24 and 2021/22 data is provided for year to 31 March 2024, 2023, and 2021, respectively. Prior year and baseline data is provided for comparative purposes and has not been restated. More information on the methodology applied to the data calculations is on page 6 of our Climate-related Financial Disclosures: Basis of Reporting 2025.

EY Our financed emissions are subject to independent limited assurance by EY. Further information is available on page 36, and in EY's limited assurance report 2025. Please refer to the report for full details of scope.

Progress towards our scope 3 mortgages science-based target

On page 23, above, we set out the basis of our intermediate (by 2030) science-based targets, and the challenges which we anticipate in progressing towards our targets (particularly for our residential mortgages portfolio). We do not believe that, at present, our intermediate (by 2030) science-based target for mortgages can be achieved. Therefore, we have reflected, over the past 12-months, on the appropriateness of our science-based target for mortgages, giving due consideration to the current UK green homes policy landscape, the outcome of the general election and any policies announced by the new government, and the outcome of our 0% Green Additional Borrowing research, as outlined below.

Assessing potential policy impact on our intermediate (by 2030) science-based target for mortgages

In our Climate-related Financial Disclosures 2024, we confirmed that we do not believe our intermediate (by 2030) science-based target for mortgages will be achieved, and that we would assess the appropriateness of our target.

We conducted internal modelling which estimated the potential impact on emissions reductions, on Nationwide's mortgage portfolio, based on the following current policy ambition assumptions:

- **New builds and portfolio evolution** – 300,000 new homes are built annually by 2030[60]. The Future Homes Standard is in place from 2025 requiring all new build homes to be highly energy efficient and to be fitted with low-carbon heating.
- **Retrofitting** – an average of 1.8 million homes are retrofitted per year[61] over the period to 2030, through measures such as loft and wall insulation, more efficient glazing, or the installation of solar panels.
- **Decarbonisation of the electricity grid** – the electricity grid is decarbonised by 2030 in line with the Government target announced in December 2024, as part of its Clean Power 2030 Action Plan[62].
- **Installation of heat pumps** – in line with the ambitions of the Heat and Buildings Strategy[63] and including new build installations, a total of 600,000 heat pumps are installed per year by 2030. In addition, we assume around 350,000[64] (around 1% of the UK housing market) of the UK's least energy efficient homes (below EPC D) reach EPC C over the next three years as part of the Government's Warm Homes Plan.

These policy ambitions and assumptions were assessed across three possible scenarios:

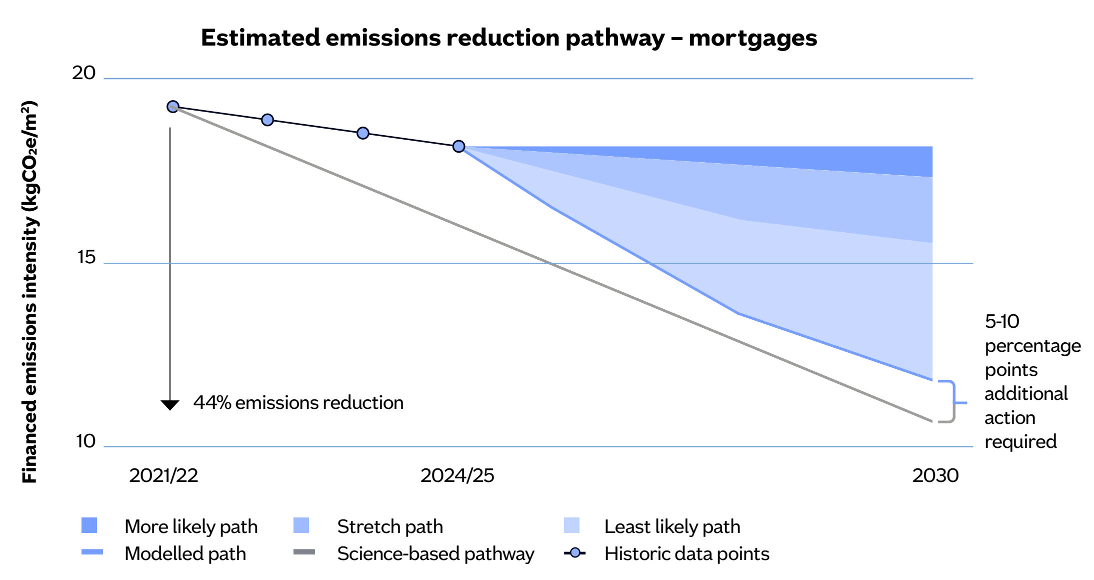
- **A least likely pathway** – all of the stated policy targets are achieved. Whilst there is clear policy ambition to support the UK in achieving its net-zero targets, the CCC[65] has noted that the uptake of retrofit measures, to-date, has been low, and needs to increase substantially by the end of the decade, hence the likelihood of this scenario is judged to be low.
- **A stretch pathway** – in which it is assumed that we will see a material increase in retrofits and heat pump installations per year, compared to today's numbers (to around 195,000 retrofits and around 100,000 heat pump installations per year). Further grid decarbonisation reduces the carbon intensity of electricity used in homes by around 25%[66], and 75% of the annual new build target (around 225,000), is achieved. Whilst more likely than achieving all policy outcomes, we believe this is a stretch pathway.
- **A more likely pathway** – reflecting current policy commitments being partly met. In this scenario we assume a modest increase in annual heat pump installations to around 75,000 per year, with around 130,000 annual retrofits. Reflecting electricity grid decarbonisation efforts to-date, we assume a 5% improvement between 2023 and 2030, and the construction of around 165,000[67] new homes annually.

[60] For the purposes of our model, we assume a market share as a portion of the growth in new builds, to 300,000 by 2030, in order to estimate the impact of this initiative on our target.
[61] We have aligned our model to a retrofit scenario mid-way between that seen historically (using publicly available government data) and the ask of the CCC's publication "UK housing: Fit for the future?" which depicts a net-zero-aligned scenario and an aggressive retrofit plan. We believe this assumption is reasonable due to the unclear nature of policy action in this decade.
[62] We have assumed electricity intensity decreases from 171 gCO_2e/kWh in 2023 to 50 gCO_2e/kWh in 2030 in line with the Clean Power 2030: Action Plan: A new era of clean electricity
[63] Despite the previous Government's Heat and Buildings Strategy aiming to deploy 600,000 heat pumps per year by 2028 we modelled a more prudent, yet still ambitious, uptake, achieving 600,000 installations per year by 2030.
[64] The Government's Warm Homes Plan aims to deliver £13.2 billion investment to support 5 million of the UK's least energy efficient homes reach EPC C over the next five years. As part of the 2024 budget, the Government committed £3.4 billion to support around 350,000 of these homes over the next three years. For the purposes of our model, we assume a market share as a portion of the 350,000 homes, in order to estimate the impact of this initiative on our target.
[65] Climate Change Committee Progress in reducing emissions 2024 Report to Parliament, July 2024.
[66] We recognise the positive steps Government have made in introducing 'Mission Control' to deliver green power, however, our assumption is based on the simultaneous installation of heat pumps in UK homes, and therefore, the limited uptake of heat pumps, to-date, is reflected in the percentage of decarbonisation achieved by 2030.
[67] It is assumed that new builds continue to be built in line with the average number of new build homes between 2020 and 2023.

The graph, right, illustrates the estimated emissions reductions impact in each of the above scenarios, compared to our intermediate (by 2030) science-based mortgages target.

Our modelling highlights that, even in the most optimistic (least likely) scenario, in which government delivers its current green homes policy commitments, it would not be enough to achieve the emissions reductions required to align to our target. The CCC's recently published Seventh Carbon Budget also estimates a modest reduction in emissions from residential buildings of around 12% between 2025 and 2030, predicting minimal impact from the decarbonisation of UK homes in the short- to medium-term. There will be a need for substantial additional government-led policy, and consumer action, in order to close the gap.

We continue to have very limited influence over the practical measures required to reduce emissions from properties which are owned by our borrowers, and no control over government policy required to green UK homes and social housing. We continue to campaign for policy which supports the greening of UK homes, as well as consumer action. We will keep our targets under active review as we continue to monitor the UK's progress towards its net-zero ambition.



Whilst our internal modelling continues to demonstrate that our intermediate (by 2030) science-based target for mortgages is not going to be achieved, for the time being, we have retained our target and aligned to a consistent set of scope 1, 2, and 3 intermediate (by 2030) science-based targets across the Group, where feasible, to ensure transparency around the challenges we face and the extent of progress being made on this important issue. Therefore, we have aligned our intermediate (by 2030) science-based emissions intensity reduction target for mortgages, across the Group (including Virgin Money), to 44%, against a 2021/22 baseline. We will keep our target under active review whilst we continue to monitor the delivery of market and policy developments on a regular basis to inform our progress towards our target.

We continue to track uptake of our green finance propositions. Whilst the uptake of our green mortgage propositions continues to increase, it is not at the rate needed to make a significant difference to greening UK homes. Completions for our 0% interest Green Additional Borrowing saw a modest increase in 2024/25 compared to the previous year (2024/25[68]: 1,372, 2023/24: 1,312). Completions for our Greener mortgage reduced in 2024/25 compared to the previous year (2024/25: 162, 2023/24: 295[69]). Completions in 2024/25, for these products, equate to a value of around £102 million. We also have a Green Further Advance and Green Reward mortgage with uptake continuing to be low. Further information on our green finance propositions is detailed in the Strategy section on page 5.

One of the potential actions that we have partial control over is the growth of new builds and the portfolio evolution of our book. We will continue to monitor our book growth, and developments to our book's EPC composition, to understand the impact of this potential action over time. Details on the EPC composition of our portfolio can be found on page 38.

We continue to invest in the energy sector, aiming to support businesses or projects innovate in cleaner energy solutions, which could support the greening of UK homes, and have an ambition to lend £750 million by the end of 2027. We will continue to engage with our customers on the greening of their homes, as well as influencing for a much-needed government-led National Retrofit Hub in support of our scope 3 downstream potential actions, as detailed in our Transition Plan and 0% research paper. We will also continue to engage with specialist organisations to share knowledge, increase our expertise and understanding of the areas where we can make the most impact, and support others' understanding of the impacts of climate change on us.

[68] 2024/25 data is for the 12-month period to 31 March 2025.
[69] Data presented is for the 12-months to 30 September 2024 and 2023, respectively. Some completions in 2023/24 were from prior year applications completing in the period.

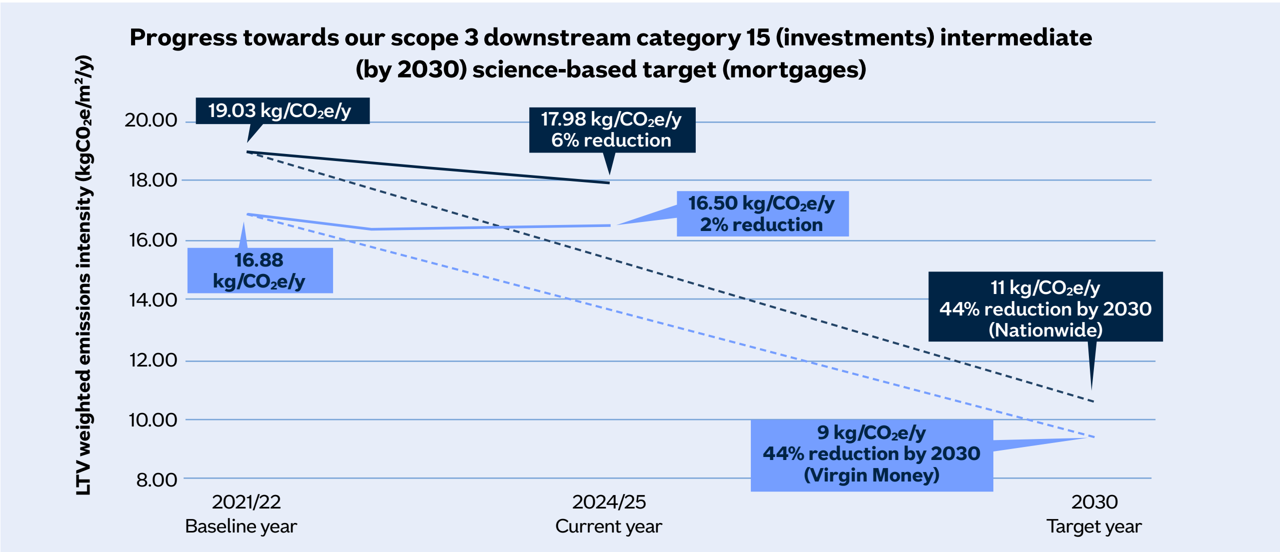
Current progress towards our scope 3 downstream category 15 (investments) mortgages target

Scope 3 downstream investment (category 15) mortgages target set using the SBTI's Sectoral Decarbonisation Approach well-below 2°C scenario: IEA ETP B2DS (world), to reduce emissions intensity (Nationwide)						
Financed emissions at 2021/22 base year (tCO_2e/y)	Emissions intensity at 2021/22 base year ($kgCO_2e/m^2/y$)	**Financed emissions at 2024/25 current year (tCO_2e/y)**	**Emissions intensity at 2024/25 current year ($kgCO_2e/m^2/y$)**	**Percentage reduction in emissions intensity at 2024/25 current year**	Emissions intensity at 2030 target year ($kgCO_2e/m^2/y$)	Percentage reduction in emissions intensity to 2030 target year
2,795,000	19.03	**2,611,000**	**17.98**	**6%**	11	44%

Scope 3 downstream investment (category 15) mortgages target set using the SBTI's Sectoral Decarbonisation Approach well-below 2°C scenario: IEA ETP B2DS (world), to reduce emissions intensity (Virgin Money)						
Financed emissions at 2021/22 base year (tCO_2e/y)	Emissions intensity at 2021/22 base year ($kgCO_2e/m^2/y$)	**Financed emissions at 2024/25 current year (tCO_2e/y)**	**Emissions intensity at 2024/25 current year ($kgCO_2e/m^2/y$)**	**Percentage reduction in emissions intensity at 2024/25 current year**	Emissions intensity at 2030 target year ($kgCO_2e/m^2/y$)	Percentage reduction in emissions intensity to 2030 target year
617,000	16.88	**529,000**	**16.50**	**2%**	9	44%

Nationwide's scope 3 mortgage emissions intensity decreased by around 2% in 2024/25, compared to 2023/24, and by approximately 6% compared to our 2021/22 baseline. Virgin Money's scope 3 mortgage emissions intensity decreased by approximately 2% in 2024/25 compared to our 2021/22 baseline. This is behind the projected emissions intensity reduction required in 2024/25 of approximately 6%, and the total projected emissions intensity reduction required of approximately 17% compared to our 2021/22 baseline, to align to our highly challenging science-based target pathway.

As explained on page 23 above, at present we do not believe that our current intermediate (by 2030) science-based target for residential mortgages will be achieved. A graph showing our progress towards our current scope 3 downstream category 15 (investments) mortgages target is shown below.



Our scope 3 downstream category 15 (investments) business lending emissions

We disclose the emissions associated with our highest emitting business lending portfolios in line with the PCAF standard, applying the PCAF approach for calculating emissions associated with business loans and unlisted equity, as appropriate.

Our disclosed emissions and associated intermediate (by 2030) science-based targets, cover lending greater than £1 million in the agriculture portfolio, greater than £1.5 million in the shipping portfolio, and greater than £250,000 for the oil and gas portfolio. No balance limit has been set for our surface transport portfolio.

We have used publicly available customer-specific emissions where possible. Where publicly available customer-specific data is not available, but economic emission factors are, the appropriate emissions factor (as determined by the industry classification code) has been applied to our business customer's revenue to estimate emissions, using emissions factors supplied by PCAF.

We continue to engage our business customers on their transition to net-zero and are exploring ways of capturing more climate-related data of our business customers to help enhance our emissions calculations.

Scope 3 downstream category 15 (investments) carbon emissions data – business lending

Scope 3 emissions data – agriculture (note i)	2024/25	2023/24	(Baseline) 2021/22
Percentage of portfolio balances covered by emissions	64%	62%	62%
Gross lending covered by emissions (£m)	889	879	888
Gross revenue covered by emissions (£m)	309	306	353
LTV weighted carbon emissions – tCO_2e/y EY	**424,000**	470,000	505,000
Physical LTV weighted carbon intensity – tCO_2e/y/£m revenue	**1,369**	1,535	1,431
Data score	3.96	4.43	4.50

Scope 3 emissions data – oil and gas (note i)	2024/25	2023/24	(Baseline) 2021/22
Percentage of portfolio balances covered by emissions	98%	98%	94%
Gross lending covered by emissions (£m)	139	132	78
LTV weighted carbon emissions – tCO_2e/y	**84,000**	140,000	87,000
Economic LTV weighted carbon intensity – tCO_2e/y/£m lent	**606**	1,059	1,115
Data score	3.02	3.78	4.50

Scope 3 emissions data – shipping (note i)	2024/25	2023/24	(Baseline) 2021/22
Percentage of portfolio balances covered by emissions	90%	94%	91%
Gross lending covered by emissions (£m)	137	135	141
LTV weighted carbon emissions – tCO_2e/y	**65,000**	100,000	273,000
Economic LTV weighted carbon intensity – tCO_2e/y/£m lent	**478**	738	1,934
Data score	3.93	4.17	4.50

Scope 3 emissions data – surface transport (note i)	2024/25	(Baseline) 2023/24
Percentage of portfolio balances covered by emissions	64%	60%
Gross lending covered by emissions (£m)	591	445
Total kilometres travelled covered by emissions (km)	389,000,000	305,000,000
LTV weighted carbon emissions – tCO_2e/y	**168,000**	132,000
Physical LTV weighted carbon intensity – gCO_2e/y/km travelled	**433**	434
Data score	5.00	5.00

Notes:

i. 2024/25 and 2023/24 data is provided for year to 31 March 2024 and 2023, respectively. 2021/22 data is provided for year to 30 September 2021. Prior year and baseline data is provided for comparative purposes and has not been restated. More information on the methodologies applied to the data calculations is on page 7 of our Climate-related Financial Disclosures: Basis of Reporting 2025.

EY Our agriculture financed emissions are subject to independent limited assurance by EY. Further information is available on page 36, and in EY's limited assurance report 2025. Please refer to the report for full details of scope.

Progress towards our scope 3 business lending science-based targets

We have set targets which cover our most carbon intensive sectors, including agriculture, oil and gas, surface transport and shipping. Further information on how we engage with our business customers is in the Strategy section on page 6. Our intermediate (by 2030) science-based targets for agriculture and surface transport have been set using the UK CCC's Balanced Net Zero 1.5°C scenario, to reduce economic emissions intensity. Our intermediate (by 2030) science-based targets for oil and gas and shipping have been set using the SBTi's net-zero-aligned economic intensity approach to reduce economic emissions intensity.

Current progress towards our scope 3 downstream category 15 (investments) business lending targets

Scope 3 downstream investment (category 15) business lending targets							
Business lending portfolios	Financed emissions at 2021/22 base year (tCO_2e/y)	Emissions intensity at 2021/22 base year	**Financed emissions at 2024/25 current year (tCO_2e/y)**	**Emissions intensity at 2024/25 current year (note i)**	**Percentage reduction in emissions intensity at 2024/25 current year**	Emissions intensity at 2030 target year	Percentage reduction in emissions intensity to 2030 target year
Agriculture	505,000	1,431 tCO_2e/£m revenue	**424,000**	**1,369** tCO_2e/£m revenue	**4%**	1,061 tCO_2e/£m revenue	26%
Oil and gas	87,000	1,115 tCO_2e/£m lent	**84,000**	**606** tCO_2e/£m lent	**46%**	539 CO_2e/£m lent	52%
Shipping	273,000	1,934 tCO_2e/£m lent	**65,000**	**478** tCO_2e/£m lent	**75%**	936 CO_2e/£m lent	52%
Surface transport (note ii)	132,000	434 gCO_2e/km travelled	**168,000**	**433** gCO_2e/km travelled	**<1%**	240 gCO_2e/km travelled	45%

Notes:

i. Emissions intensity has been calculated for the business lending portfolios to determine appropriate intermediate (by 2030) science-based targets. Revenue-based physical intensity has been used for the agricultural portfolio, based on our agricultural borrower's revenue generation as a proxy for physical output (recognising there is no single physical output due to the complexity of subsector activities). Physical economic intensity has been calculated for surface transport, based on kilometres travelled by surface vehicles. Economic emissions intensity has been calculated for shipping and oil and gas, based on gross lending.

ii. Surface transport target based on a 2023/24 baseline.

Agriculture

Our scope 3 downstream emissions for our agriculture portfolio reduced by approximately 10% in 2024/25 compared to 2023/24, and our calculated agriculture revenue-based physical emissions intensity is approximately 4% lower in 2024/25, compared to our 2021/22 base year, due to a decrease in customer revenues, and an improvement in sector-specific emissions factors. This is behind the total projected emissions intensity reduction required in 2024/25 of approximately 10% compared to our 2021/22 baseline, to align to our intermediate (by 2030) science-based target pathway. We are aware the SBTi are developing an SDA for the agriculture sector and will consider alignment in the future, as appropriate.

Oil and gas

Our scope 3 downstream emissions for our oil and gas portfolio reduced by approximately 40% in 2024/25 compared to 2023/24, due to an increase in customer-specific emissions data. Our calculated oil and gas economic emissions intensity is approximately 46% lower in 2024/25, compared to our 2021/22 base year. This is ahead of the total projected emissions intensity reduction required in 2024/25 of approximately 20%, compared to our 2021/22 baseline, to align to our intermediate (by 2030) science-based target pathway. Our oil and gas portfolio is comprised of field services companies which provide services to the oil and gas sector. We expect the portfolio will transition to supporting the renewables sector in time. We will continue to work with our oil and gas field services customers to develop transition plans, to support them in their emissions reduction activities.

Shipping

Our calculated scope 3 downstream emissions intensity for our shipping portfolio is approximately 75% lower in 2024/25, due to data enhancements within the underlying emissions models (including the refinement of underlying industry sector codes which determine the application of emissions factors), compared to our 2021/22 base year. This is ahead of the total projected emissions intensity reduction required in 2024/25 of approximately 20%, compared to our 2021/22 baseline, and we are currently ahead of our intermediate (by 2030) science-based target pathway. We will continue to review the approach to setting targets within the shipping sector given the limited available pathways and uncertain decarbonisation strategy within the sector, as appropriate.

Surface transport

Following the development of asset finance financed emissions modelling, our surface transport target aims to achieve an emissions intensity reduction of 45% by 2030, compared to a 2023/24 baseline. Our scope 3 downstream emissions for our surface transport portfolio increased in 2024/25 compared to our 2023/24 base year, which resulted in our emissions intensity being less than 1% lower, due to a higher proportion of our portfolio covered by emissions. This is behind the total projected emissions intensity reduction required in 2024/25 of approximately 8%, compared to our 2023/24 baseline, to align to our intermediate (by 2030) science-based target pathway. We are continuing to work with customers to identify opportunities to leverage green asset finance opportunities within the sector, while improving data quality for the underlying calculations.

Our scope 3 downstream category 15 (investments) registered social landlords (RSL) emissions

Following the same approach as for mortgages, as outlined on page 28, we use our EPC model to calculate the emissions for our RSL portfolio. Our RSL emissions cover around 94% of our total RSL lending (approximately £5 billion in 2024/25). We will consider our approach to RSL emissions calculations, including exploring aligning our approach across the whole book, and making enhancements to our methodology, in the future, as appropriate.

Our scope 3 RSL absolute carbon emissions and total floor area have reduced this year, due to a decrease in the number of properties on the book. Our scope 3 RSL LTV weighted carbon intensity for RSL has increased compared to last year, due to an increase in overall lending, and an increase in average LTV.

Scope 3 downstream category 15 (investments) carbon emissions data – RSL

Scope 3 emissions data – registered social landlords (note i)	2024/25	2023/24	(Baseline) 2021/22
Total property floor area in square metres (m^2)	9,891,000	10,595,000	15,490,000
Absolute carbon emissions – tCO_2e/y on whole book using interpolated EPC data	401,000	439,000	747,000
Absolute carbon intensity – $kgCO_2e/m^2/y$ using interpolated EPC data	40.49	41.43	48.24
LTV weighted carbon emissions – tCO_2e/y using interpolated data EY	**213,000**	218,000	346,000
LTV weighted carbon intensity – $kgCO_2e/m^2/y$ using interpolated data	**21.51**	20.61	22.36
Data score	3.75	3.85	4.00

Notes:
i. 2024/25, 2023/24 and 2021/22 data is provided for year to 31 December 2024, 2023, and 2021, respectively. More information on the methodology applied to the data calculations is on page 8 of our Climate-related Financial Disclosures: Basis of Reporting 2025.

Progress towards our scope 3 RSL science-based target

Achieving our intermediate (by 2030) science-based target for RSL is subject to similar challenges to those of our residential mortgage portfolio, whereby it is significantly reliant on enhanced government policy and regulation, and action by the social housing sector, both of which are uncertain. UK social landlords are captured by the Minimum Energy Efficiency Standards, where all tenanted homes must be EPC E or above (since April 2018 for new tenancies or renewals, and since April 2020 for continued tenancies). In Scotland, landlords are also subject to Energy Efficiency Standards for Social Housing, and Scottish Housing Quality Standards, which require all social housing property to meet certain energy efficient standards (since February 2019). In 2024, the Government announced its intention for buy to let landlords to improve the energy efficiency of tenanted properties to EPC C by 2030 and plan to work with social housing providers to achieve the same. Whilst this could increase opportunities for the sector, it could also increase risk due to the challenging nature of funding retrofit improvements.

The UK Government has indicated, as part of its Warm Homes Plan, that it intends to retrofit five million homes over five years, of which, over 2025 and 2026, around 300,000 will be upgraded (including 60,000 social homes). It intends to support social landlords with funding to perform energy efficient home improvements, including insulation upgrades and installation of low-carbon heating. For 2025 and 2026, the Government has allocated approximately £374 million to the social housing sector via the Social Housing Fund. This is in addition to delivering the existing wave of the previous governments Social Housing Decarbonisation Fund projects.

It is our expectation that progress towards our scope 3 downstream (investments) RSL target (45% reduction in emissions intensity by 2030 from a 2021/22 baseline) will fluctuate, as we continue to explore enhancements to our emissions calculation methodology. Regulation and policy developments have the potential to have the largest impact on improving energy efficiency of social housing. Despite this progress, without the full realisation of all these policies, further government-led policy, and action by social landlords, it is highly unlikely that, at present, our highly challenging science-based target for our RSL portfolio can be achieved.

As detailed as part of our Transition Plan actions, we provide a Sustainability Linked Loan (SLL) option to our RSL borrowers. The SLL proposition is likely to have a low impact on reducing the emissions intensity across our RSL portfolio despite the promising take-up to-date. Further detail on our SLL is in the Strategy section from page 5.

EY Our financed emissions are subject to independent limited assurance by EY. Further information is available on page 36, and in EY's limited assurance report 2025. Please refer to the report for full details of scope.

Our scope 3 downstream category 15 (investments) commercial real estate (CRE) emissions

We continue to disclose the emissions associated with Nationwide's CRE portfolio. Our absolute scope 3 CRE emissions, and LTV weighted emissions and intensity, have reduced in comparison to last year, due to the continued managed run-off of the Nationwide portfolio. We will consider calculating the emissions associated with our whole CRE book, in the future, as appropriate.

Scope 3 downstream category 15 (investments) carbon emissions data – CRE

Scope 3 emissions data – commercial real estate (note i)	2024/25	2023/24	(Baseline) 2021/22
Total property floor area in square metres (m^2)	969,000	1,263,000	2,062,000
Absolute carbon emissions – tCO_2e/y on whole book using proxy EPC data	87,000	110,000	259,000
Absolute carbon intensity – $kgCO_2e/m^2/y$ using proxy EPC data	89.65	87.38	125.40
LTV weighted carbon emissions – tCO_2e/y using proxy EPC data EY	**23,000**	32,000	96,000
LTV weighted carbon intensity – $kgCO_2e/m^2/y$ using proxy EPC data	**23.87**	25.40	46.39
Data score	4.00	4.00	4.00

Notes:
i. 2024/25, 2023/24 and 2021/22 data is provided for year to 31 December 2024, 2023, and 2021, respectively. More information on the methodology applied to the data calculations is on page 9 of our Climate-related Financial Disclosures: Basis of Reporting 2025.

Progress towards our scope 3 CRE science-based target

We are ahead of our CRE intermediate (by 2030) science-based target, which has been set on the Nationwide portfolio only. Nationwide ceased lending to CRE in 2016, with completion of CRE run-off expected in 2039. Since its closure in 2016, we have reduced the portfolio size by approximately 90% (from £2.6 billion in 2016/2017 to around £0.2 billion in 2024/25).

Residential property accounts for around 48% of the proportion of the CRE portfolio covered by our emissions calculations and target (with the remainder comprising service buildings). It is our expectation that some of the impacts from government policy intervention, for example the decarbonisation of the electricity grid, will help reduce the emissions intensity of the CRE book by 2030.

It is our expectation that progress towards our scope 3 downstream (investments) CRE target (46% reduction in emissions intensity by 2030 from a 2021/22 baseline) could be volatile, due to the closed nature of a proportion of the book and and our use of proxy data to calculate our CRE portfolio emissions. Given this, we will continue to monitor the proportion of the book that is in run-off (which is expected to be complete in 2039) and government policy action as we progress towards 2030.

Once run-off is concluded we will see a 100% reduction in both absolute emissions and emissions intensity of the Nationwide CRE portfolio. However, we expect a substantial reduction in absolute emissions by 2030, in line with the expectation that the balance of our CRE portfolio will be less than £100 million, and therefore immaterial, post-2030. We will consider our target setting approach for CRE in the future, as appropriate.

Scope 1, 2, and 3 emissions assurance

We appointed Ernst & Young LLP (EY) to provide limited independent assurance over selected KPIs within our scope 1, 2, and 3 carbon emission disclosures for the year ended 31 March 2025. This includes: scope 1, 2 and 3 upstream and downstream (investments) emissions for the 12-month period ended 31 December 2024 for Nationwide, and scope 1 and 2 emissions for the 12-month period ended 30 June 2024, scope 3 upstream emissions for the 12-month period ended 30 September 2024, and scope 3 downstream (investments) emissions for the 12-month period ended 31 March 2024 for Virgin Money. Assured metrics and KPIs are indicated throughout. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) (UK) 3000 (July 2020), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
A limited assurance report was issued and is available on our website. This report includes details of the scope, respective responsibilities, work performed, limitations and conclusion.

EY Our financed emissions are subject to independent limited assurance by EY. Further information is available on page 36, and in EY's limited assurance report 2025. Please refer to the report for full details of scope.

Metrics and targets – climate-related risk metrics

Climate-related data is monitored through our operational-level committees, and shared with our executive management-level committees as required, as detailed in the Governance section from page 16, to support committee responsibilities. Sharing physical and transition risk metrics aids discussion, and informs strategic decisions made by management.

Physical risk metrics

We monitor physical risk data, to track the proportion of mortgage lending more exposed to climate risk. Flood risk assessments are weighted by risk level and type (such as coastal flooding) and any flood defences in place, and consider a combination of the likelihood and severity of flood hazards. Our flood risk data providers (JBA, PRI and HomeTrack) provide scores to indicate the potential risk of flooding.

Nationwide continues to not lend to properties at high risk of flooding (red flood risk zones) to ensure we are lending in a responsible, sustainable way that safeguards our customers, through our Property Risk Hub[70]. We continue to lend to properties within the amber flood risk zones, as long as these properties are insurable under normal terms. We will continue to work with our flood risk data providers to understand the physical risk impacts on our mortgage portfolio and how we can reflect the consideration of these risks in lending policy.

Across the Nationwide and Virgin Money owner-occupier portfolios, there has been a decrease in the number of properties exposed to flood risk this year, compared to last year. For our buy to let portfolios, there has been an increase in the number of properties exposed to flood risk this year, compared to last year, across Nationwide and Virgin Money, with the exception of buy to let properties in red flood risk zones for Nationwide, which decreased.

Physical risk data

Nationwide physical risk data (note i)	2024/25		2023/24	
	Number	Exposure £bn	Number	Exposure £bn
Owner-occupier properties in red flood risk zone (note i)	196	0.02	242	0.02
Owner-occupier properties in amber flood risk zone (note i)	24,758	3.44	24,850	3.29
Buy to let and legacy properties in red flood risk zone (note i)	121	0.01	142	0.01
Buy to let and legacy properties in amber flood risk zone (note i)	10,383	1.34	9,951	1.27
Virgin Money physical risk data (note ii)	**2024/25**		**2023/24**	
	Number	**Exposure £bn**	**Number**	**Exposure £bn**
Owner-occupier properties in very high risk of flooding (note i)	4,269	0.65	4,565	0.66
Owner-occupier properties in high risk of flooding (note i)	7,341	1.37	7,806	1.37
Buy to let and legacy properties in very high risk of flooding (note i)	2,515	0.31	2,505	0.30
Buy to let and legacy properties in high risk of flooding (note i)	4,221	0.72	4,089	0.68

Notes:
i. 2024/25 and 2023/24 flood risk data for Nationwide is as at 31 December 2024 and 2023 respectively.
ii. 2024/25 and 2023/24 flood risk data for Virgin Money is as at 31 March 2024 and 2023 respectively. Prior year data is provided for comparative purposes.

[70] Not currently applicable for the Virgin Money proportion of our mortgage book. We will consider aligning our approach across the Group's mortgage portfolio in the future, as appropriate.

Transition risk metrics

The use of EPC data continues to be critical to our understanding of the impact of transition risk. EPC ratings of the mortgage portfolio are monitored to provide a view on the energy efficiency of our housing stock. We use our internal EPC model to interpolate and extrapolate core EPC data across both the owner-occupier and buy to let mortgage portfolios, matching most similar properties where data gaps exist, to provide further understanding of the EPC composition of these portfolios.

Approximately 46% of our mortgage book that has a valid EPC (owner-occupier and buy to let) is currently rated EPC C or better. This is an improvement on last year's EPC composition, for Nationwide, where 42% was EPC C or better. Around 47% of owner-occupier properties, and around 45% of buy to let properties, are rated EPC C or better.

EPCs have known data limitations. More information on the data limitations of EPCs is in the Data dependencies and limitations section of our Climate-related Financial Disclosures: Basis of Reporting 2025 (page 10).

Transition risk data

Current valid EPCs – owner-occupier mortgages (note i)	2024/25			2023/24		
	Number	Exposure £bn	% of book	Number	Exposure £bn	% of book
EPC Rated A/B/C	351,729	62.14	24	302,961	50.56	21
EPC Rated D/E	383,295	69.07	26	385,410	64.28	27
EPC Rated F/G	19,725	3.67	2	23,283	4.06	2
No EPC / unmatched (note ii)	695,699	76.23	48	735,632	82.85	50

Current valid EPCs – buy to let and legacy mortgages (note i)	2024/25			2023/24		
	Number	Exposure £bn	% of book	Number	Exposure £bn	% of book
EPC Rated A/B/C	151,891	22.66	35	98,382	14.50	23
EPC Rated D/E	180,959	25.18	41	152,424	20.30	35
EPC Rated F/G	1,659	0.20	0	2,913	0.32	0
No EPC / unmatched (note ii)	106,556	12.12	24	182,104	23.23	42

Notes:

i. Data is presented at Group level for 2024/25 and 2023/24. Data is as at 31 December 2024 and 2023 for Nationwide, and at 31 March 2024 and 2023 for Virgin Money, respectively. Prior year data for Virgin Money is provided for comparative purposes.

ii. Includes homes that do not have a current EPC, or where a home's EPC has expired.

Climate change complaint and loss data

In addition to the transition risk metrics, both complaint and loss event[71] data related to climate risk, at Nationwide are tracked. This data informs our understanding of any material impacts on our operations and customers. There was one climate-related complaint in this financial year (2023/24: 2). There was one operational and conduct risk loss event and near miss recorded with a climate change root cause (2023/24: 0). We will continue to monitor this activity, particularly if the frequency of occurrence of more extreme weather events increases.

[71] Not currently inclusive of Virgin Money.

Metrics and targets – nature-related risk metrics

Managing our waste and water consumption

We consider the impact of our business on nature and the environment. This year, Nationwide incorporated nature-related metrics into our MI dashboard, including waste and water usage data.

We follow a waste hierarchy approach by managing waste through prioritising reduction, reuse, then recycling. We continue to divert as much waste as possible from landfill. By working with our waste suppliers, we are aiming to continually divert 99% of our annual waste from landfill, achieving an average of around 97%, across the Group, in 2024.

We continue to report on our water and waste consumption. We have seen a decrease in water consumption, and a small increase in waste generation this year in comparison to the previous year. The evolution of this trend will continue to be dependent on the usage of our buildings as well as the success of company-wide schemes, as a result of our property sustainability strategy, to reduce consumption.

Our water and waste data

Water and waste data (note i)	2024/25	2023/24
Water use in cubic metres (note ii)	159,165	200,484
Water emissions (tCO_2e/y) (note iii)	24	35
Water use in cubic metres per FTE	7.45	9.43
Waste generated in tonnes (note iv)	2,009	2,094
Waste emissions (tCO_2e/y) (note v)	13	45

Notes:

i. Data presented is combined for the Group for the financial years stated. 2024/25 and 2023/24 data is provided for the 12-months to 31 December 2024 and 4 April 2024 for Nationwide, and for the 12-months to 30 June 2024 and 2023 for Virgin Money, respectively. Prior year data for Virgin Money is provided for comparative purposes. We have amended our reporting date for Nationwide's water and waste data to improve data quality, and to align to our energy consumption, and scope 1 and 2 emissions data.

ii. Water data is calculated based on invoicing for water consumption, provided by our water suppliers.

iii. Water emissions are calculated using water usage (water use in cubic metres) data, multiplied by the 2024 DESNZ emissions factors for UK water supply, to calculate the tonnes of carbon dioxide equivalent per year (tCO_2e/y).

iv Waste data is calculated by our waste provider and covers waste produced by our operational buildings, such as branches, admin sites and data centres, and suppliers who support our business operations, using actual data. Our waste generated can include; dried mixed recycling, general trade waste, food waste, confidential waste and used furniture. It does not include waste from other suppliers, such as those who provide our information technology or waste generated from construction or maintenance by other suppliers on our sites. The majority of our waste is diverted from landfill, with our waste provider using treatments including recovery for recycling, incineration, compositing or waste-to-energy.

v. Waste emissions are calculated using waste usage (waste generated in tonnes) data, multiplied by the 2024 DESNZ emissions factors for UK waste combustion, to calculate the tonnes of carbon dioxide equivalent per year (tCO_2e/y). Waste emissions have reduced in 2024/25 driven by a change to the 2024 DESNZ conversion factors, to correct for errors in prior year recycling and energy from waste factors.

In 2024, we eliminated all plastic tea, coffee and hot chocolate pouches from Nationwide's operations, replacing them with alternatives sourced from social enterprise suppliers. Similarly, we are part of a scheme to return our end-of-life technology to our technology third party supplier to be recycled, or refurbished, to help promote a circular economy. We will continue to explore initiatives to promote nature through our operations across the Group in the future, as appropriate.

Cautions about this disclosure

This disclosure is presented for information and reference purposes only and should not be treated as giving investment advice. The disclosure is prepared based on reviews and analysis of internal data, which may be from management systems separate from those that form part of our financial reporting internal controls framework. Whilst statements and measures made within the disclosure are presented in good faith and based upon sources expected to be reliable, their accuracy is not guaranteed. For certain information within the disclosure, preparation has included various key judgements, assumptions, and estimates. Where information is presented from a public or third party source, we have not independently verified its completeness, reasonableness or accuracy. Any third party opinion and views disclosed in this report are those of the third parties themselves, and not necessarily of the Group.

We recognise that climate-related reporting is not yet subject to the same standardised disclosure framework as for traditional financial reporting. This may result in non-comparable information or measures between organisations and between reporting periods as disclosure frameworks evolve.

Forward-looking statements

Certain statements in this document are forward-looking with respect to plans, goals and expectations relating to the Group's performance, including but not limited to the Group's Mutual Good Commitments. Such forward-looking statements can be identified by the use of forward-looking terminology, including but not limited to words such as “aims”, “ambition”, “believes”, “could”, “expects”, “goal”, “intends”, “may”, “plans”, “potential”, “seeks”, “should”, “target”, or the inverse of those terms.

Although we believe that the expectations reflected in these forward-looking statements are reasonable in the context of the caveats outlined, we can give no assurance that these expectations will prove to be an accurate reflection of actual results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control including, amongst other things, UK and global economic and business conditions, market-related risks such as fluctuation in interest rates and exchange rates, the impact of competition, changes in customer preferences, risks concerning borrower credit quality, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations within relevant industries, risks relating to sustainability and climate change, the policies and actions of regulatory authorities and the impact of evolving UK and global legislation and other regulations in the jurisdictions in which the Group operates.

The economic outlook remains unusually uncertain and, as a result, the Group's actual future performance may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements. Due to such risks and uncertainties, we caution readers not to place undue reliance on such forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Glossary and abbreviations

Item	Description
Absolute Contraction Approach	The Science-based Target initiative's (SBTi's) scientifically informed method for companies to set GHG reduction targets for scopes 1 and 2, necessary to stay within a 1.5°C temperature rise above pre-industrial levels.
Climate Change Committee (CCC)	The Climate Change Committee (CCC) is an independent, statutory body established under the Climate Change Act 2008. Its purpose is to advise the UK and devolved governments on emissions targets and to report to Parliament on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.
Emissions intensity	Emissions intensity is the volume of emissions per unit. For example, in the case of mortgages, RSL, and CRE, emissions intensity is calculated as kilograms of CO_2 per square metre of floor area.
Energy Performance Certificate (EPC)	An EPC is a document which sets out the energy efficiency of a property. Produced by an accredited domestic energy assessor, an EPC provides an indication of how much it will cost to heat (both water and space) and light a property. EPCs also include recommendations for energy-efficiency improvements, the cost of carrying them out, and the potential savings that each one could generate. Energy efficiency is indicated using a traffic light system rating from A to G, based on Standard Assessment Procedure (SAP) points, with A being the most efficient.
Environment, Social and Governance (ESG)	A term referring to a set of criteria to evaluate the ethics and sustainability of an organisation or asset.
Future Homes Standard	A government-led proposal around options to increase the energy efficiency requirements for new homes in the 2020s, with the aim to be introduced by 2025.
Greenhouse Gases (GHG)	GHG are atmospheric gases that trap heat or longwave radiation in the atmosphere, increasing the temperature of the Earth's surface. There are seven gases considered as part of the GHG Corporate Protocol Standard: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3). CO_2 makes up the vast majority of these emissions.
International Energy Agency (IEA) Energy Technology Perspectives (ETP) Beyond 2°C Scenario (B2DS)	The IEA ETP's global decarbonisation pathway to limit global temperature rises to well-below 2°C above pre-industrial levels.
Minimum Energy Efficiency Standards (MEES)	Government standards introduced in 2018 which currently require domestic privately rented properties to have an EPC rating of E or better.
Oil and gas field services	A term referring to companies that serve the oil and gas industry but are not directly involved with the extraction or production of fossil fuels.
Net-Zero Ambition	A UK-wide ambition to achieve an overall balance between GHG emissions produced and taken out of the atmosphere, keeping global temperature increases to below 1.5°C. We aim to support the transition to a net-zero economy.

Item (continued)	Description (continued)
Partnership for Carbon Accounting Financials (PCAF)	PCAF is a global partnership of financial institutions to measure and disclose the greenhouse gas (GHG) emissions associated with loans and investments. We follow PCAF's Global Greenhouse Gas Accounting and Reporting Standard to calculate scope 3 carbon emissions.
Prudential Regulation Authority (PRA)	The PRA is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers, and major investment firms in the UK.
PRA's Supervisory Statement 3/19 (SS3/19)	SS3/19 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change' was published in April 2019 requiring firms to embed climate change risk management capabilities into their organisations. In July 2020, the PRA sent a subsequent letter to firms' CEOs on the thematic feedback from the PRA's review of firms' SS3/19 plans, which provided clarity on their expectations for implementation by 31 December 2021.
Risk and Controls Self-Assessment (RCSA)	An internal framework developed to help with the identification and assessment of the type and amount of risk we are exposed to and how effective we are at managing it.
The Standard Assessment Procedure (SAP)	The procedure used to assess compliance with Building Regulations. It is also the methodology behind EPCs, the rating system used to grade the energy efficiency of UK homes.
Science-based targets	Emissions reduction targets set in line with the latest climate science. We use the tools and methodologies of the SBTi.
Science-based Target Initiative (SBTi)	A partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). The SBTi aims to drive ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets through the provision of industry standard methodologies and tools.
Scope 1 emissions	Scope 1 emissions are direct emissions from owned sources, such as the fuel we burn to heat our buildings.
Scope 2 emissions	Scope 2 emissions are indirect emissions from the generation and consumption of purchased electricity and heating.
Scope 3 Upstream – categories 1-8 – emissions	Indirect upstream emissions that occur in an organisation's value chain. Upstream emissions (GHG Protocol categories 1-8) cover emissions which result from the organisation's supply chain. The categories are: 1. Purchased goods and services; 2. Capital goods; 3. Fuel- and energy-related activities not included in scope 1 and 2; 4. Upstream transportation and distribution; 5. Waste generated in Operations; 6. Business travel; 7. Employee commuting; 8. Upstream leased assets.
Scope 3 Downstream – categories 9-15 – emissions	Indirect downstream emissions that occur in an organisation's value chain. Downstream (GHG Protocol categories 9-15) emissions covering emissions resulting from the good and services provided by the organisation. The categories are: 9. Downstream transportation and distribution; 10. Processing of sold products; 11. Use of sold products; 12. End-of-life treatment of sold products; 13. Downstream leased assets; 14. Franchises; 15. Investments.
Sectoral Decarbonisation Approach	SBTi's scientifically informed method for companies to set GHG reduction targets necessary to stay within either a 1.5°C or a 2°C temperature rise above pre-industrial levels.
Surface transport	A term referring to all types of transport that take place on land, including cars, vans, heavy goods vehicles, buses and trains.
Warm Homes Plan	A government initiative aimed at improving energy efficiency, reducing heating costs, and promoting cleaner energy in homes. It includes measures such as grants for heat pumps, insulation upgrades, and support for low-income households and renters.