nationwide

Climate-related Financial Disclosures: Basis of Reporting 2025

Overview

This document outlines the definitions and methodologies used in the data collation and calculation of some of our climate metrics, as disclosed in our Climate-related Financial Disclosures 2025. Our full disclosure can be found at **nationwide.co.uk**

About this report

All climate metrics detailed within our Basis of Reporting are contained within our full Climate-related Financial Disclosures 2025, including those subject to limited independent assurance.

Whilst we make every effort to capture all information as accurately as possible, we recognise there are data dependencies and limitations affecting climate data which impacts our metrics, and their usefulness in strategic decision-making. Due to limited availability of accurate, publicly available climate-related data and customer specific emissions data for our business customers, we have used assumptions and judgements to reasonably model our carbon emissions and risk exposures.. More information is in the data dependencies and limitations section from page 10.

We continue to review available data sources and enhance our methodology and process to improve the robustness of our climate-related reporting over time, aligned to recognised regulatory and industry developments, as appropriate.

We calculate data scores to help indicate data quality. Data scoring aligns with Partnership of Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard, with 1 representing high data quality and 5 representing low data quality.

Scope 1, 2, and 3 emissions assurance

We appointed Ernst and 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.

Key terms and definitions

We use the following terms and definitions for our scope 1, 2 and 3 emissions:

Emissions	Description	Category
Scope 1	Scope 1 emissions are direct emissions from sources that we own or control, including the fuel we burn to heat and power our buildings, along with the fuel used by our car fleet.	Energy and travel
Scope 2	Scope 2 emissions are indirect emissions from the generation and consumption of purchased electricity used to power our buildings.	Renewable electricity
Scope 3 upstream – categories 1, 2 and 4	Scope 3 upstream emissions are indirect emissions[1] that result from our value chain.	Purchased goods and services (category 1), capital goods (category 2) and upstream transportation and distribution (category 4)
Scope 3 downstream - category 15 (investments)	Our reported scope 3 downstream (investments) emissions are indirect emissions[2] that occur in our value chain from capital investment or financing.	Mortgages (owner-occupier and buy to let) business lending, registered social landlords (RSL), and commercial real estate (CRE)

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.

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. Reporting period for comparative year and baseline year have not been restated from Nationwide and Virgin Money historical reporting dates due to the early stages of integration in relation to the acquisition. The presented comparative and baseline data at a Group level reflects an aggregate of this historical reporting.

Scope 3 upstream emissions are rounded to the nearest 500 tonnes of carbon dioxide equivalent per year (tCO_2e/y), and scope 3 downstream (investments) emissions are rounded to the nearest 1,000 tCO_2e/y.

[1] 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.

[2] 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

Scope 1 emissions – energy and travel

Scope 1 emissions data is presented at Group level in our Climate-related Financial Disclosures 2025 for 2024/25, expressed as tCO_2e/y.

Methodology

Our scope 1 emissions represent the total greenhouse gas (GHG) emissions caused by our owned activities across all entities and facilities. All our scope 1 emissions originate in the UK.

Energy – gas

To calculate the emissions associated with our gas usage (tCO_2e/y), our gas consumed over the year, measured in kilowatt hours (kWh), is multiplied by the 2024 Department for Energy Security and Net Zero (DESNZ) emission conversion factors[3] for UK natural gas. Our exposure to GHGs other than carbon dioxide is low. Our gas consumption data is supplied by our billing bureaus. For Nationwide, consumption is recorded at the point of invoicing, which is when Nationwide assumes responsibility for the associated emissions. For Virgin Money, consumption is recorded at the point of receipt of the monthly report from the billing bureau. If invoices and actual consumption data are missing for periods where we know energy was consumed, our billing bureau supplies estimated data to fill those gaps. We note that our billing bureau's conduct various quality assurance checks to minimise the risk of unbilled consumption. Consumption data is provided via a combination of actual data (through automated, or manual, meter reading, usage data), and estimated data (for buildings where actual data is not available). As we review and rationalise our physical sites, we recognise that due to estimated invoicing from energy provider, subsequent energy rebates may be issued to us. During the reporting period, certain properties were reclassified based on Virgin Money's ownership and control. For Virgin Money properties which have been part sub-let, energy usage data has been provided to account for the estimated proportion of energy consumed by Virgin Money. The emissions associated with the proportion of energy consumed by third parties has been reclassified to scope 3 upstream category 13 (downstream leased assets). For properties Virgin Money does not own or manage, the emissions associated with these properties are categorised as scope 3 upstream category 8 (upstream leased assets). Emissions associated with these properties have been reclassified for prior year and baseline reporting periods to ensure consistency across the group.

Energy – diesel

For Nationwide's back-up diesel generators, emissions are calculated based on actual fuel usage captured by flow meters within our fuel monitoring system, recorded by our qualified technicians, and applying the 2024 DESNZ emission conversion factors for diesel. For Virgin Money's back-up diesel generators, emissions are calculated based on the fuel purchase orders we complete, and applying the 2024 DESNZ emission conversion factors.

Travel

Nationwide's travel emissions are solely based on business vehicle mileage. Mileage is calculated based on the annual fleet return submissions by our employees through a third-party system. As a result, travel emissions are dependent on manual processes and individual record-keeping, as well as reliance on our third party to generate an up to date report. The report contains the business mileage completed by each employee, by fuel type. This is used to calculate the carbon equivalent using the 2024 DESNZ emission conversion factors specifically applied to each fuel type (petrol, diesel, hybrid and plug-in hybrid), assuming all cars are medium sized passenger vehicles. For Virgin Money travel emissions, our employee's mileage submissions are provided, via a survey, for each six-month period to generate an average mileage per day. For vehicles where a survey response is not returned, an estimated mileage per day is calculated using data from actual survey returns for the relevant vehicle type and usage (for example, business use only, or personal and business). The average mileage per day is multiplied by the number of days the car is held by the employee in the period. Estimated mileage is then applied to the 2024 DESNZ emission conversion factors based on the fuel type of the vehicle, and the type of company car (status and needs).

Our data score for scope 1 emissions is calculated using 12-months of actual data, covering the consumption of energy for our buildings and business travel, achieving a data score of 2, weighted at 100%.

Reporting frequency and controls	Verification
Our scope 1 emissions are externally disclosed within our Climate-related Financial Disclosures, and within our Annual Report and Accounts, to align to streamlined energy and carbon reporting (SECR) requirements, on an annual basis. For 2024/25, data is provided for the year to 31 December 2024 for Nationwide and 12-months to 30 June 2024 for Virgin Money. We have amended Nationwide's reporting date for scope 1 emissions to enable better measurement (using 12-months of actual data) and to align to Nationwide's scope 3 reporting period, and measurement of our scope 1 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. Data is validated and reported internally with data checks and controls undertaken for completeness, accuracy and variance to previous reporting periods.	EY provided limited independent assurance over our scope 1 carbon emissions disclosures for the year ended 31 March 2025.

[3] Greenhouse gas reporting: conversion factors 2024

Scope 2 emissions – electricity

Scope 2 emissions data is presented at Group level in our Climate-related Financial Disclosures 2025 for 2024/25, expressed as tCO_2e/y.

Methodology

We calculate, and disclose, both market-based, and location-based, scope 2 emissions.

A market-based approach allows flexibility to utilise market-based measures such as renewable energy to achieve net-zero. 100% of our scope 2 energy consumption is attributed to renewable sources, through our green energy tariffs and Nationwide's solar Purchase Power Agreement (PPA). A location-based approach considers operational absolute emissions only from average emissions intensity of grids on which energy consumption occurs.

To calculate the location-based emissions associated with our electricity usage, our electricity consumed over the year, measured in kilowatt hours (kWh), is multiplied by the 2024 DESNZ emission conversion factors for electricity generated. Our electricity consumption data is supplied by our billing bureaus. For Nationwide, consumption is recorded at the point of invoicing, which is when Nationwide assumes responsibility for the associated emissions. For Virgin Money, consumption is recorded at the point of receipt of the monthly report from the billing bureau. If invoices and actual consumption data are missing for periods where we know energy was consumed, our billing bureau supplies estimated data to fill those gaps. We note that our billing bureau's conduct various quality assurance checks to minimise the risk of unbilled consumption. Consumption data is provided via a combination of actual data (through automated, or manual, meter reading, usage data), and estimated data (for buildings where actual data is not available). As we review and rationalise our physical sites, we recognise that due to estimated invoicing from energy provider, subsequent energy rebates may be issued to us. During the reporting period, certain properties were reclassified based on Virgin Money's ownership and control. For Virgin Money properties which have been part sub-let, energy usage data has been provided to account for the estimated proportion of energy consumed by Virgin Money. The emissions associated with the proportion of energy consumed by third parties has been reclassified to scope 3 upstream category 13 (downstream leased assets). For properties Virgin Money does not own or manage, the emissions associated with these properties are categorised as scope 3 upstream category 8 (upstream leased assets). Emissions associated with these properties have been reclassified for prior year and baseline reporting periods to ensure consistency across the group.

Green tariff electricity

Our green tariff electricity comes from 100% zero-carbon sources (wind, hydro or solar) that have a renewable energy guarantee of origin (REGO) certificate. We pay a renewable energy premium which obligates our energy supplier to cover our carbon emissions through our green tariff. Our green tariff energy cost and consumption reporting is based on actual invoicing data provided by our billing bureau which is used to calculate the carbon equivalent in conjunction with the 2024 DESNZ emission conversion factors specifically for grid supplied electricity.

Power Purchase Agreement

Nationwide's PPA[4] represents the contribution of a solar power purchase agreement, producing emissions-free energy backed by REGO certificates, which certify that the electricity consumed has been produced from renewable sources. The PPA offset amount is dependent on external factors such as equipment uptime and atmospheric conditions. The PPA is supplied to Nationwide through a licenced intermediary. Any remaining carbon emissions not covered by the PPA is covered through our green tariff. Actual electricity usage data is provided by our energy suppliers. Our consumption is a combination of actual data through automated, or manual, meter readings, or estimated usage data.

Our data score for scope 2 emissions is based on 12-months of actual data, covering the consumption of renewable electricity, achieving a data score of 2, weighted at 100%

Reporting frequency and controls	Verification
Our scope 2 emissions are externally disclosed within our Climate-related Financial Disclosures, and within our Annual Report and Accounts, to align to SECR requirements, on an annual basis. For 2024/25, data is provided for the year to 31 December 2024 for Nationwide and 12-months to 30 June 2024 for Virgin Money. We have amended Nationwide's reporting date for scope 2 emissions to enable better measurement (using 12-months of actual data) and to align to Nationwide's scope 3 reporting period, and measurement of our scope 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. Data is validated and reported internally with data checks and controls undertaken for completeness, accuracy and variance to previous reporting periods.	EY provided limited independent assurance over our scope 2 (location-based) carbon emissions disclosures for the year ended 31 March 2025.

[4]Not inclusive of Virgin Money.

Scope 3 upstream emissions – categories 1, 2, and 4

Scope 3 upstream emissions data for Nationwide and Virgin Money is presented separately in our Climate-related Financial Disclosures 2025 for 2024/25, expressed as tCO_2e/y.

Methodology

We have calculated our scope 3 emissions for upstream activities across our whole supply chain. Currently, we report on the categories we believe to be the most material to our upstream emissions. These are purchased goods and services (category 1), capital goods (category 2) and upstream transportation and distribution (category 4). We exclude certain classifications of procurement spend from our category 1, 2 and 4 emissions calculations. This includes spend not considered a purchased good or service (for example, mandatory fees and charitable donations), items not categorised as supplier spend (for example, employee benefits), and spend captured by other scope 3 upstream categories. Exclusions have been aligned across the Group, including the prior year reporting period for Virgin Money.

Nationwide's scope 3 upstream emissions

Our emissions are calculated using publicly disclosed supplier emissions data covering scopes 1, 2, and 3 (categories 1-8, where possible) and revenue, from CDP responses and from the most recent publicly available annual reports, where available. Data gaps are supplemented using industry average emissions contained within the Scope 3 Evaluator tool[5], made available by the GHG Protocol and Quantis. Upstream emissions have been calculated using publicly disclosed supplier emissions data for around 72% of our spend, with the remainder using average emissions factors from the Quantis data source. Where gaps exist in a reported supplier's scope 3 emissions data, these are supplemented using the emissions of an appropriate industry peer, using expert judgement to check the suitable peer operates in the same sector and region, is of similar size, and has disclosed a full emissions inventory via CDP or publicly available annual reports. Inflation adjustments have been applied to the Quantis factors to align to inflation changes in 2024/25. A supplier's absolute emissions are multiplied by the proportion of our expenditure compared to the supplier's revenue (both converted to USD using year-to-date average exchange rates as appropriate) to determine our upstream emissions. Our procurement spend report is extracted at a point in time in mid-January, following the end of our calendar year reporting period when the majority of invoice spend has been submitted. Invoices can continue to be keyed after the data is extracted; however, these are deemed to be immaterial.

In the absence of a generally accepted methodology to calculate data quality scores for upstream supply chain emissions, we have interpreted PCAF's approach for business loans and unlisted equity as the basis for the calculation. A weighted data score of 2.85 has been calculated for Nationwide's scope 3 upstream emissions. Approximately 72% of our total procurement spend covers suppliers with actual emissions data from various external reporting sources (including CDP and annual reports), which is given a data score of 2, weighted at 72%. Estimated emissions data from Quantis has been sourced for suppliers who account for around 28% of our total procurement spend, giving a data score of 5, weighted at 28%.

Virgin Money's scope 3 upstream emissions

Our emissions are calculated using disclosed supplier emissions covering scopes 1, 2 and 3 (categories 1-8, where available) and revenue data captured by the CDP Supplier Engagement Programme for around 43% of our spend, by multiplying supplier specific emissions factors (tCO_2e/GBP revenue) provided by CDP, by the total spend per supplier. For around 28% of our spend, where supplier specific emissions factors are missing or inaccurate, CDP provides supplier category mapping and sector average emissions factors (tCO_2e/USD revenue) per category, converted to GBP using exchange rates provided by CDP, multiplied by supplier spend. For the remaining 29% of our spend, where CDP responses are not available, we use internal spend category mapping, which is multiplied by sector average emissions factors as noted above. During the reporting period, we have reviewed the spend categories included within category 1, 2, and 4, and rationalised these to align with the Group methodology noted above. These exclusions have also been applied to the prior year reporting period.

A weighted data score of 3.43 has been calculated for Virgin Money's scope 3 upstream emissions. Approximately 43% of our total spend covers suppliers with actual emissions data from CDP responses, which is given a data score of 2, weighted at 43%. Approximately 28% uses CDP supplier category mapping from CDP responses along with sector average emissions factors for each CDP category, given a data score of 4, weighted at 28%. The remainder of our spend (around 29%) uses internal spend mapping and sector average emissions factors which CDP provide for each spend category, giving a data score of 5, weighted at 29%.

Reporting frequency and controls	Verification
Our scope 3 upstream emissions are externally disclosed within our Climate-related Financial Disclosures, and within our Annual Report and Accounts on an annual basis. Our scope 3 upstream emissions have been calculated for the 12-months to 31 December 2024 for Nationwide and to 30 September 2024 for Virgin Money. For 2024/25, 2023/24 and 2021/22 (baseline), data is provided for year to 31 December 2024, 2023, and 2021 for Nationwide and year to 30 September 2023 and 2022 for Virgin Money, respectively. Data is validated and reported internally with data checks and controls undertaken for completeness, accuracy and variance to previous reporting periods.	EY provided limited independent assurance over our scope 3 upstream (category 1, 2, and 4) carbon emissions disclosures for the year ended 31 March 2025.

[5] Whilst we recognise the Quantis tool was decommissioned in 2023, we continue to use the Quantis factors in our scope 3 upstream emissions calculations, applying inflation adjustments as appropriate.

Scope 3 downstream emissions – mortgages

For our reported scope 3 downstream (investments) emissions, we calculate both absolute emissions (expressed as tCO_2e/y) and emissions intensity (expressed as kilograms of carbon dioxide equivalent per square metre of floor area per year ($kgCO_2e/m^2/y$)). Scope 3 mortgages emissions data for Nationwide and Virgin Money is presented separately in our Climate-related Financial Disclosures 2025 for 2024/25.

Methodology

Our methodology for calculating financed emissions, for mortgages, is aligned to the PCAF methodology, with mortgages emissions and emissions intensity weighted by loan to value (LTV) in order to calculate the proportion of emissions we finance: *Building emissions = CO_2 emissions (per m^2) x Floor space (m^2), Financed emissions = Building emissions x Attribution factor, where; Attribution factor = Σ Outstanding balance / Σ Property value at origination.* The approaches outlined below could indicate a level of variability in the outcome when compared to that calculated using more granular data sources.

LTV adjustments have been applied to the total carbon emissions for the book to calculate the attribution factor. The attribution factor is calculated at property level and is based on; (i) outstanding amount calculated as total outstanding loan value as at 31 December 2024 for Nationwide and 31 March 2024 for Virgin Money, and (ii) property value using an internally modelled or Automated Valuation Model (AVM) valuation, static as at 31 December 2020 (or 31 December 2021-2024 for new business during these years, if applicable) for Nationwide, or property value at origination of the loan for Virgin Money. Where mortgages are multi-collateralised, LTV is calculated at borrower level. LTV weighted carbon intensity ($kgCO_2e/m^2/y$) is calculated based on property level LTV weighted emissions ($kgCO_2e/y$) and property level absolute floor area in square metres (m^2). We believe this best reflects the emissions associated with our lending.

Nationwide's scope 3 downstream mortgages emissions

Our internal Energy Performance Certificate (EPC) model is used to calculate the emissions associated with our residential mortgage lending. Where a valid EPC exists, our EPC model calculates total property floor area using the floor area and carbon emissions data contained in a property's EPC. Where no valid EPC exists or we are unable to match the addresses of properties, our EPC Model uses artificial intelligence and machine learning algorithms to determine and estimate the EPC rating of a property. Nationwide's mortgage emissions are estimated using data from the EPC Open Data Communities for residential properties where an EPC exists and can be matched at property level (around 57% of the mortgage portfolio) and estimating EPC data across the remainder of the portfolio (around 43%) using interpolation based on housing data. For properties in Northern Ireland and Scotland, not included within the Open Data Communities database, and where an address match is not possible, EPCs are interpolated based on England and Wales data. Carbon emissions account for EPC covered emissions only (space/water heating, and lighting).

Nationwide's mortgage emissions data score of 3.43 has been calculated using a combination of available EPC data (for the proportion of the portfolio that has a valid EPC), giving a data score of 3, weighted at 57%, and interpolated EPC data (for the remainder of the portfolio), estimated using most similar property features and location specific attributes, giving a data score of 4, weighted at 43%.

Virgin Money's scope 3 downstream mortgages emissions

Our mortgage emissions are estimated by obtaining the EPC rating and floor space of our properties where a current or expired EPC exists (for around 78% of the mortgage portfolio), using data from the EPC Open Data Communities for residential properties. Total property floor area is calculated using the floor area data contained in a properties EPC, where available. For properties which have not been matched to an EPC, floor area is estimated based on region and property type or product type, based on portfolio data where an EPC is available. Average gas and electricity consumption per EPC rating and property type is obtained from Government National Energy Efficiency Data-Framework (NEED) consumption data, used to calculate an average consumption per square metre, per property type and EPC rating, using the average property size and type from our mortgage portfolio. This average consumption is matched to the portfolio based on the EPC rating and property type to estimate the consumption of a specific property. For 20% of the portfolio where an EPC is not available, our model estimates property size (in square metres) based on properties in our portfolio where an EPC is available, and average consumption per square metre for each property type and region from government NEED consumption data. For the remaining 2%, no EPC or property type data is available, and consumption is estimated based on those properties in the portfolio where an EPC is available, per product type and region. Estimated consumption for electricity and gas is converted to carbon emissions using the 2024 DESNZ emission conversion factors for the UK grid.

Virgin Money's mortgage emissions data score of 3.43 has been calculated based on the number of properties where EPC data is available (for approximately 78% of our properties), giving a data score of 3, weighted at 78%. For 20% of our properties, emissions are calculated using estimated floor space, with location and property specific attributes, and 2% of properties emissions are estimated based on product type and region, giving a data score of 5, weighted at 22%.

Reporting frequency and controls	Verification
Our scope 3 downstream mortgages emissions are disclosed within our Climate-related Financial Disclosures, and within our Annual Report and Accounts on an annual basis. Nationwide mortgage emissions have been calculated for the 12-months to 31 December 2024, with mortgage portfolio data and EPC data also at 31 December 2024. Virgin Money mortgage emissions have been calculated for the 12-months to 31 March 2024, with mortgage portfolio data and EPC data also at 31 March 2024. For 2024/25, 2023/24 and 2021/22 (baseline), data is provided for year to 31 December 2024, 2023, and 2021 for Nationwide and year to 31 March 2024, 2023 and 2021 for Virgin Money, respectively. Data is validated and reported internally with data checks, reconciliations and controls undertaken for completeness, accuracy and variance to previous reporting periods.	EY provided limited independent assurance over our absolute scope 3 downstream mortgages financed carbon emissions disclosures for the year ended 31 March 2025.

Scope 3 downstream emissions – business lending

For our reported scope 3 downstream (investments) emissions, we calculate both absolute emissions (expressed as tCO_2e/y), along with either a physical or economic emissions intensity. Scope 3 business lending emissions data is presented at Group level in our Climate-related Financial Disclosures 2025 for 2024/25.

Methodology

We disclose the emissions associated with our highest emitting business lending portfolios, in line with the PCAF standard. We apply the PCAF approach for calculating emissions associated with business loans and unlisted equity, as appropriate. We align our emissions accounting to our balance sheet, where our emissions estimated at loan level, and the methodology, vary depending on the data available. Our reported financed emissions include our share of our customers scope 1 and scope 2 emissions. Customers scope 3 emissions are not included due to the high level of uncertainty in estimating scope 3 emissions.

Actual customer emissions were sourced from publicly available information and financial statements., for approximately 5% of our disclosed business portfolios[6]. For around 61% of our disclosed business portfolios, we assign a PCAF revenue-based emissions factor to our customers, based on their Sector Industry Code (SIC). We use SICs which have been mapped to International Standard Industrial Classification of All Economic Activities (ISIC) Revision 4, for the purpose of assigning emission factors. SIC mapping can include an element of expert judgement. Where a SIC maps to multiple ISIC codes, the highest emission factor across those codes has been applied. Economic emission factors are adjusted for foreign exchange and inflation in line with PCAF guidance and applied to the customers revenue to estimate business emissions. The remainder of our disclosed business portfolios, around 34% is related to surface transport, where emissions are estimated based on the vehicle type, with an average fuel type and average distance travelled in the UK, along with the vehicle value at origination.

The attribution factor is calculated at business level and is based on: *Outstanding loan amount / (Total equity + Total debt)*. Where total debt is not available, we use the outstanding loan amount as a proxy. Where total equity is not available, we use total assets as a proxy. Our customer data required to estimate emissions (total assets, total equity, total debt and customer revenue), has been sourced as part of the customer application or annual review process. Where customer data required to determine the attribution factor is not available, the customer is excluded from the financed emission estimate. Where possible, we also use physical activity to calculate a physical intensity or calculate an economic intensity where this is not available.

We calculate emissions associated with the following business lending portfolios:

Agriculture – emissions include all customers within the agricultural, forestry and fishing sectors as defined by their SIC, with an outstanding balance greater than £1 million. This aligns with our portfolio segmentation where agriculture customers borrowing over £1 million are typically managed by specialist relationship directors and should have better data availability than smaller customers in this sector. To calculate physical intensity, we use farming revenue to represent the physical output of the agriculture sector, recognising there is no single physical output due to the complexity of subsector activities (tCO_2e/£m revenue). Our data score of 3.96 reflects customer specific emissions data accounting for 2% of agriculture balances, achieving a data score of 2, weighted at 2%. The remaining 98% of emissions are estimated based on customer revenue, achieving at data score of 4, weighted at 98%.

Oil and gas – emissions include all customers with an oil and gas SIC with an outstanding balance greater than £250,000. We calculate an economic intensity (tCO_2e/£m lent). Our data score of 3.02 reflects customer specific emissions data accounting for 49% of oil and gas balances, achieving a data score of 2, weighted at 49%. The remaining 51% of emissions are estimated based on economic activity, achieving at data score of 4, weighted at 51%.

Shipping – emissions include all customers with a shipping (water) SIC with an outstanding balance greater than £1.5 million. We calculate an economic intensity (tCO_2e/£m lent). Our data score of 3.93 reflects customer specific emissions data accounting for 3% of shipping balances, achieving a data score of 2, weighted at 3%. The remaining 97% of emissions are estimated based on economic activity, achieving at data score of 4, weighted at 97%.

Surface transport – emissions includes all vehicles within our asset finance portfolio, which has no balance limit applied. We calculate a physical emissions intensity (gCO_2e/km travelled). As our surface transport emissions are based on average vehicle emissions and average distance travelled, this achieves a data score of 5, weighted at 100%.

Reporting frequency and controls	Verification
Our scope 3 downstream business lending emissions (as a result of the Virgin Money acquisition) are externally disclosed within our Climate-related Financial Disclosures, and within our Annual Report and Accounts on an annual basis. For 2024/25 and 2023/24, data is provided for the year to 31 March 2024 and 2023, respectively. 2021/22 (baseline) data is provided for the year to 30 September 2021 and includes agriculture, oil and gas, and shipping. Surface transport emissions are included from the baseline period 2023/24 onwards. Data is validated and reported internally with data checks, reconciliations and controls undertaken for completeness, accuracy and variance to previous reporting periods.	EY provided limited independent assurance over our absolute scope 3 downstream agriculture financed carbon emissions disclosures for the year ended 31 March 2025. All other business lending sectors are out of scope of limited assurance.

[6]Gross lending covered by emissions.

Scope 3 downstream emissions – registered social landlords

For our reported scope 3 downstream (investments) emissions, we calculate both absolute emissions (expressed as tCO_2e/y) and emissions intensity (expressed as $kgCO_2e/m^2/y$). Scope 3 registered social landlords (RSL) emissions data is presented at Group level in our Climate-related Financial Disclosures 2025 for 2024/25, covering approximately 94% of our RSL lending.

Methodology

3

Our internal EPC model calculates the absolute emissions, and emissions intensity, of our RSL portfolio using EPC data where available, and estimates the EPC rating and emissions for those properties without a valid EPC.

Total property floor area for RSL is calculated using the floor area data contained in a property's EPC, where available. Where we are unable to match the addresses of properties, we use our EPC model to interpolate EPCs and estimate emissions based on data from England and Wales, at six-digit postcode level. Emissions are estimated using data from the EPC Open Data Communities for residential properties where an EPC exists and can be matched at six-digit postcode level (for around 46% of the RSL portfolio) and estimating EPC data across the remainder of the portfolio (for around 54%) using interpolation based on housing data. For properties which do not have postcode level data or are based in Northern Ireland and Scotland (where an address match is not possible), EPCs are interpolated by scaling England and Wales data. The carbon dioxide emissions account for EPC covered emissions only (space and water heating, and lighting).

LTVs have been used to calculate attribution factors, which are then applied to the total carbon emissions predicted at property level. Borrower level attribution factors are calculated based on: (i) total outstanding loan values as at 31 December 2024 and; (ii) total property values using a property valuation, static at 31 December 2020 (or 31 December 2021-2024 for new business during these years, where applicable, which will be held static going forwards). For instances where a borrower's attribution factor exceeds 1, we have capped this at 1. The approach to calculating attribution factor at borrower, rather than loan level, is aligned with the nature of the lending and has been confirmed as an appropriate approach by PCAF.

Our RSL emissions and emissions intensity have been weighted by LTV in order to calculate the proportion of emissions we finance., in line with PCAF methodology. LTV weighted carbon intensity ($kgCO_2e/m^2/y$) is calculated based upon property level LTV weighted emissions (tCO_2e/y) and property level absolute total floor area in square metres (m^2). We believe this best reflects the emissions associated with our lending.

Our RSL data score of 3.75 has been calculated using EPC data available for approximately 46% of the portfolio, giving a data score of 3, weighted at 46%; interpolated EPC data across 34% of the portfolio, giving a data score of 4, weighted at 34%, and the remaining 20% of the portfolio (through syndicated borrowers that does not reflect an individual property's location), giving a data score of 5, weighted at 20%.

Reporting frequency and controls	Verification
Our scope 3 downstream RSL emissions are externally disclosed within our Climate-related Financial Disclosures, and within our Annual Report and Accounts on an annual basis. Our RSL emissions have been calculated for the 12-months to 31 December 2024, with RSL portfolio data and EPC data at 31 December 2024. For 2024/25, 2023/24 and 2021/22 (baseline), data is provided for the year to 31 December 2024, 2023, and 2021, respectively. Data is validated and reported internally with data checks, reconciliations and controls undertaken for completeness, accuracy and variance to previous reporting periods.	EY provided limited independent assurance over our absolute scope 3 downstream RSL financed carbon emissions disclosures for the year ended 31 March 2025.

Scope 3 downstream emissions – commercial real estate

For our reported scope 3 downstream (investments) emissions, we calculate both absolute emissions (expressed as tCO_2e/y) and emissions intensity (expressed as $kgCO_2e/m^2/y$). Scope 3 commercial real estate (CRE) emissions data presented in our Climate-related Financial Disclosures 2025 for 2024/25 covers Nationwide's CRE portfolio only.

Methodology

3

Emissions and total property floor area for our CRE portfolio are calculated based on a proxy approach.

Building emissions (tCO_2e/y) and floor area (m^2) data sourced from the EPC Open Data Communities for non-domestic (England, Wales and Scotland) and residential (England and Wales) properties is averaged at two-digit postcode area level, to estimate absolute carbon emissions and estimate the floor area for each property in the CRE portfolio, at property level. For non-domestic and domestic properties in the CRE portfolio, data from the EPC Open Data Communities, for non-domestic and domestic properties respectively, is averaged at two-digit postcode area level to estimate the absolute carbon emissions and floor area at CRE property level. For Scottish residential properties, data from inspected properties (from the Scottish EPC Register) on Nationwide's mortgage book is averaged at two-digit postcode area level to estimate the absolute carbon emissions and floor area at CRE property level.

Emissions intensity is calculated where estimated carbon emissions are derived per unit of estimated property floor area. LTV weighted carbon intensity ($kgCO_2e/m^2/y$) is calculated based upon estimated property level LTV weighted emissions (tCO_2e/y) and property level absolute total floor area in square metres (m^2).

LTVs have been used to calculate attribution factors, which are then applied to the total carbon emissions predicted at borrower level. Borrower level attribution factors are calculated based on: (i) total outstanding loan values as at 31 December 2024 and; (ii) total property values using a property valuation, static as at 31 December 2020. As there is no new business in the CRE portfolio, due to it being in closed and in run-off, valuations at 31 December 2020 are held static going forward. The approach to calculating attribution factor at borrower, rather than loan, level is aligned with the nature of the lending and has been confirmed as an appropriate approach by PCAF.

Our CRE emissions data score of 4 reflects 100% use of proxy EPC data, and average building emissions and floor area data. As such, this could indicate a level of variability in the outcome when compared to that calculated using more granular data sources.

Reporting frequency and controls	Verification
Our scope 3 downstream CRE emissions are externally disclosed within our Climate-related Financial Disclosures, and within our Annual Report and Accounts on an annual basis. Our CRE emissions have been calculated for the 12-months to 31 December 2024, with CRE portfolio data and EPC data also at 31 December 2024. For 2024/25, 2023/24 and 2021/22 (baseline), data is provided for the year to 31 December 2024, 2023, and 2021, respectively. Data is validated and reported internally with data checks, reconciliations and controls undertaken for completeness, accuracy and variance to previous reporting periods.	EY provided limited independent assurance over our absolute scope 3 downstream CRE financed carbon emissions disclosures for the year ended 31 March 2025.

Data dependencies and limitations

We recognise there are certain limitations in climate data affecting climate-related metrics and targets, and their usefulness in strategic decision making. Due to limited availability of accurate, publicly available climate-related data and customer specific emissions data for our business customers, we have made a number of assumptions and judgements to reasonably model our carbon emissions and risk exposures. The most important are as follows:

Dependency and limitation	Details
Energy Performance Certificate (EPC) data limitations	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. The SAP calculates a property's expected annual energy cost and potential carbon emissions based on the structure of the property, the heating and hot water system, the internal lighting, and any renewable technologies used in the home. The higher the SAP score, the lower the running cost, with a score of 100 (EPC A) representing zero energy cost. EPCs are currently the best source of publicly available data on the energy efficiency of a property and whilst useful, they have their limitations, such as: • **Energy price dependencies** – the current methodology is sensitive to fuel prices and so a property on a grade boundary can improve its EPC rating purely by having its assessment undertaken when energy prices are low. • **Lack of carbon neutral incentives** – the methodology rates efficient gas boilers above carbon neutral sources like air or ground source heat pumps. • **Incomplete data set** – an EPC is required every time a property is built, sold or rented and is valid for 10 years; therefore, only around half of our mortgage properties have a valid EPC[7]. • **Out of date data** – changes to energy efficiency of a property (for example, due to improved insulation) will not be captured in the EPC unless the homeowner chooses to have the property reassessed. • **Not real-world** – the data within an EPC does not reflect the actual energy usage of a home. Emissions data is estimated and only represents emission estimates for space and water heating, and lighting. Potential energy efficiency measures are also estimated.
The upcoming changes to the Standard Assessment Procedure (SAP) methodology	In 2020, the UK Government commissioned a project to design the next version of SAP (SAP 11 - The Home Energy Model) taking into consideration potential enhancements to support net-zero commitments for buildings. The Home Energy Model is due to come into force in 2026. To support the creation of the model, the Government recently consulted on the potential metrics which could support future EPC assessments. The Model will consider improving the accuracy and robustness of the process to ensure it is fit for purpose to support net-zero (including measurement of the impact of energy efficient home improvements, including the installation of low-carbon heating solutions). Whilst this will improve the process of EPC ratings from this point, it will take longer for the improvements to filter through to the whole EPC register. Therefore, even if government progress with their ambition to decarbonise the electricity grid, until the SAP methodology is fully updated to reflect progress, and current EPCs are replaced with the new EPC approach, we are unlikely to see significant improvements in our calculated emissions, and emissions intensities, for our scope 3 (downstream) residential mortgages and RSL portfolios.
Calculating our scope 1 and 2 emissions	Our scope 1 and 2 emissions represent the total GHG emissions caused by our business operations, expressed as a carbon dioxide equivalent. To calculate this, we convert our energy usage for gas and electricity (in kWh) and business mileage for travel (in miles) into carbon emissions using the 2024 DESNZ emission conversion factors. Our exposure to other GHGs other than carbon dioxide is low. Due to reporting challenges, the refrigerant gases which are used in, and escape from, our cooling systems are currently excluded from our scope 1 emissions and targets. In the absence of automated smart meter data for gas and electricity, we utilise monthly meter readings or estimates to account for any unmeasured consumption, which can cause fluidity in numbers throughout the reporting period.

[7]For those properties where a valid EPC is unavailable, our EPC models estimate a property's floor area and emissions. Through time, we expect the availability of data to improve, and our modelling to evolve.

Data dependencies and limitations (continued)

Dependency and limitation	Details
Calculating our scope 3 downstream (investments) emissions	We align our emissions calculations for scope 3 downstream (investments) emissions (mortgages, business lending, RSL and CRE) to the PCAF GHG Reporting Standard. The methodology of PCAF is seen as best practice across the industry when calculating carbon emissions. However, we recognise certain limitations exist in this approach, with the most important as follows: • **Emissions calculation approach** – we report our scope 3 downstream (investments) emissions associated with our mortgages, business lending RSL and CRE portfolios in tonnes of carbon dioxide equivalent. For mortgages, RSL and CRE we use EPC data to calculate our financed emissions. As a financial services organisation, carbon dioxide is the most material GHG applicable to our portfolios and other types of GHG are deemed immaterial. • **Incomplete data** – our mortgages and RSL emissions are calculated using EPC data which contains property floor space and carbon emissions per square metre. However, EPC data is not available for every property within our portfolios. Where an EPC is unavailable, we use alternative approaches including internal modelling with address matching capabilities, to match our mortgage portfolio data to the EPC Open Data Communities database. This capability gives us better control of the data and enables us to assess the EPC composition of the portfolio more accurately. Currently, the EPC Open Data Communities database does not include properties in Northern Ireland and Scotland. Where we are unable to match the addresses of properties in these jurisdictions, we use our models to interpolate or extrapolate EPCs and estimate emissions based on data from England and Wales. For our closed CRE portfolio, we continue to use EPC data as a proxy, based on the data from the EPC Open Data Communities database, to estimate the carbon emissions of the portfolio. • **Interpretation of PCAF guidance** – we calculate both the absolute and LTV weighted emissions for our mortgages, RSL, and CRE portfolios. The absolute emissions have been weighted by LTV to calculate our financed emissions, in line with PCAF's methodology. LTV weighted carbon intensity ($kgCO_2e/m^2/y$) is calculated based upon property level LTV weighted emissions (tCO_2e/y) and property level absolute total floor area (m^2). We believe this best reflects the emissions intensity associated with our lending. • **Lag effect of data** – due to reliance on publicly available data to calculate our emissions (which has differing publication dates), such as customer-specific data from financial statements, EPC data, and government-provided emissions factors, the inputs into our emissions calculations do not always align, to each other, or to our financial statements. • **Availability of customer-specific emissions data** – the limitation of this data continues to present a challenge to us when calculating the emissions associated with our business lending. Data gaps exist where we are unable to access publicly available customer data. Where data points, which are used to estimate emissions, are missing, we have estimated the data points to fill the gaps (or have applied an alternative approach to estimating emissions). The Government continues to encourage (or require through legislative changes) businesses to report emissions data. However, this currently only includes the largest businesses in the UK. The small to medium enterprise nature of our business portfolio means there could be a considerable wait for these requirements to be filtered down to the businesses in our portfolio. • **On balance sheet exposures** – our approach to calculating the financed emissions associated with our business lending currently considers on balance sheet exposure, in line with the PCAF methodology. Undrawn balances are excluded from the calculation. • **Data scoring** – PCAF has also developed a methodology for disclosing a data score alongside emissions to help indicate the quality of emissions data. We disclose a data score (on a scale of 1 to 5, where 1 represents the highest data quality and 5 represents the lowest data quality) for our scope 1, 2, and 3 emissions. Data scores help support clear articulation of estimations used in our calculations. Whilst PCAF guidance only covers data scoring for financed emissions, we have internally interpreted this scoring methodology and adapted it to produce scores for scope 1, scope 2, and scope 3 upstream emissions.
Exclusion of homeworking emissions in our scope 3 upstream emissions calculations	We currently exclude homeworking emissions from our scope 3 upstream emissions due to the challenges with their calculation, such as the lack of real-time home energy usage data, lack of clarity on appliance usage, and potential for double-counting emissions attributable to homeworking for colleagues who are mortgage holders. Volatility in our scope 3 upstream emissions could also result from: • Fluctuations in supplier emissions and/or industry averages • Fluctuations in supplier revenues, not reflected in their emissions • Changes in the availability of supplier emissions data.