

# Climate-related Financial Disclosures 2026

# Foreword and contents

Nationwide is 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 is embedded into our strategy and mutual purpose, supported by our Mutual Good Commitment – **we aim to build a more sustainable world by supporting progress towards a greener society.**

We aim to take meaningful action by limiting the environmental impact of our business operations, helping customers to green their homes and businesses, and better manage 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.

Last year, in our Climate-related Financial Disclosures 2025, we explained that our scope 3 downstream intermediate (by 2030) science-based target for our mortgage portfolio would not be achieved, and that we would be keeping our targets under active review. Since we set our targets, there has been slow progress on much-needed government policy to support the greening of UK homes. Whilst we have continued to play our part in supporting the greening of UK homes through our green finance propositions, we have not seen the emissions reductions required to align to our intermediate (by 2030) science-based targets. Our business lending portfolios also face similar challenges, due to a lack of sector-specific climate policy and technological investment to decarbonise. Consequently, we will be revising our approach to targets in our future Transition Plan. We will engage with relevant external stakeholders as part of the development process, as appropriate.

In 2025/26, we continued to develop our management of environmental risk, including nature-related risks within our climate change risk management approach. In line with the requirements of the Prudential Regulation Authority (PRA), we continue to develop capabilities to best meet the requirements within the revised Supervisory Statement 5/25 (SS5/25) on enhancing banks' and insurers' approaches to managing the financial risks from climate change.

Section of this report	Pages	UK SRS S2 considerations
<b>Foreword and overview</b>	1-2	Our approach to managing climate-related risks and opportunities across our business and value chain.
<b>Strategy</b>	3-13	
<b>Risk management</b>	14-19	Our processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including how the processes are integrated into, and inform, our overall climate-related risk and management approach.
<b>Governance</b>	20-21	Our processes, controls and procedures to monitor, manage and oversee climate-related risks and opportunities.
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This disclosure includes Nationwide and its subsidiaries (including Virgin Money). The information set out in this report is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations<sup>1</sup> (Strategy, Risk management, Governance, and Metrics and targets) and details our understanding of the potential impact of climate change on Nationwide and our customers, and the potential impacts of our activities on climate change. This report also considers the proposed UK Sustainability Reporting Standards (SRS) Climate-related Disclosures Standard (S2), ahead of expected regulatory adoption, following UK endorsement.

Throughout this disclosure we refer to our current Intermediate (by 2030) net-zero-aligned Transition Plan 2023, which gives context on our approach to setting targets.

<sup>1</sup>Aligned with the Financial Conduct Authority's Listing Rules 6.6.6R(8), we follow the TCFD's Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021).

## Climate-related activity overview

The table below outlines the key activities we have undertaken in 2025/26, as well as future activities, and how these align to the four categories of the TCFD recommendations and recommended disclosures.

Key activities in this report	Section	Pages
<p><b>Supporting customers improve the energy efficiency of their homes</b> In 2025/26, we continued to offer low-cost green finance to support customers retrofit their homes, and make energy efficient home improvements, including extending our 0% Green Additional borrowing offering to up to 10,000 customers. This year, we also published research which highlights the impact of home energy efficiency improvements on house pricing.</p> <p><b>Future activity</b> – Continue to review the effectiveness of our green finance propositions to ensure they best support our customers in making energy efficient home improvements.</p>	S MT	4, 5, 33
<p><b>Encouraging our farming customers to transition towards low-carbon</b> In 2025/26, we launched Rapid, a free sustainable coaching tool, to our farming customers (in partnership with Trinity AgTech). Through Rapid, our agricultural customers will be able to understand their carbon footprint and receive a tailored plan with actions they can take to support decarbonisation of their farms.</p> <p><b>Future activity</b> – Continue to review the outputs from Rapid to better support our agricultural customers in their journey to decarbonise.</p>	S	7
<p><b>Engaging with government to advise and support climate policy</b> We continue to play an advocacy role with government, engaging with them on a variety of climate-related topics, in support of green policy development. This year, we supported the development of climate policies such as the Warm Homes Plan, Minimum Energy Efficiency Standards (MEES) regulation, and responded to consultations on climate-related topics, such as the UK SRS.</p> <p><b>Future activity</b> – Continue to engage with government, for example through the Green Homes Strategic Partnership, to develop policies that endorse affordable, green homes.</p>	S	8, 9
<p><b>Enhancing our climate and nature-related risk management capabilities</b> This year, we continued to enhance our approach to climate change risk management. We also evolved our understanding of the potential nature-related risks that could impact our business operations and supply chain. In 2025, we became the first UK bank or building society to achieve The Wildlife Trusts' Biodiversity Benchmark for our Head Office, Nationwide House, in Swindon, UK. This award was in recognition of our continual enhancement and protection of nature on office land.</p> <p><b>Future activity</b> – Continue to enhance our approach to climate change risk management, and develop our understanding of potential nature-related impacts.</p>	S RM G MT	11, 15, 21, 34

# Strategy

Environmental consciousness is 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.

We provide retail and business banking products and services to our customers. Our business model enables us to service a broad set of customers whilst supporting the UK's ambition to achieve net-zero by 2050.

## 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.

As part of our strategy, we consider both the potential risks and opportunities climate change could pose to us and our customers.

Climate-related opportunities are articulated across pillars one to five of our strategy, and include activities such as our green finance propositions, which aim to support our retail and business customers' transition towards net-zero. We also identify potential external opportunities, such as developments in climate policy through our advocacy work, that could support decarbonisation.

Our approach to managing climate-related risk is articulated in the sixth pillar of our strategy, and within the Risk management section of this report.

Our climate change strategy articulates how we manage environmental impacts for our stakeholders



<sup>2</sup>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 11.

## 1. Supporting the greening of UK homes

UK homes account for around 15% of the UK's carbon emissions<sup>3</sup>, with a significant proportion of homes not meeting the highest energy efficiency standards. The least energy efficient homes, characterised by poor insulation, could result in higher energy bills for customers.

As the second largest mortgage provider in the UK, we recognise the opportunity to support our customers in mitigating their impacts on, and improving their resilience to, climate change. Reducing emissions from UK homes will rely on increasing uptake of low-carbon heating technologies, such as heat pumps, and better insulation. By ensuring our customers have access to propositions that help finance the retrofitting of their homes, we aim to support the reduction in the UK's carbon emissions as we transition to net-zero. More information on our advocacy work with policymakers is on page 8.

As a mutual, 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. 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.

We also understand the important role finance plays in supporting UK businesses transition to net-zero. We lend to the energy and environment sector, aiming to support businesses, or projects, which innovate in cleaner energy solutions. These solutions aim to support the UK to achieve a clean power system by 2030<sup>4</sup>, and green UK homes. More information on our energy and environment lending is on page 7.

## Our green finance propositions

We have a number of green finance propositions that offer low-cost finance for home energy efficiency improvements.

Our Green Reward product offers cashback incentives for customers purchasing a higher energy-efficient property with a high Energy Performance Certificate (EPC) B or A<sup>5</sup>.

Our Green Additional Borrowing mortgage offers eligible customers a 0% interest loan of up to £20,000 for investments made on energy efficient home improvements. Customers can apply for the loan at any time. This year, we extended our 0% Green Additional Borrowing mortgage pilot to up to 10,000 customers. Through enhancing the potential reach of the product, we hope that more customers will use it to finance their green home improvements. Information on the uptake of our Green Additional Borrowing is in the Metrics and targets section on page 33.

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.

This year, we will be launching a proposition with Eco Approach<sup>6</sup>, to offer our buy to let customers, through The Mortgage Works, a low-cost solution to assess the energy efficiency of their properties. With the recent revision to the Government's MEES regulation (requiring all buy to let properties to have an EPC of C or better by 2030), we recognise our role in supporting our landlords through the transition.

Research conducted by The Mortgage Works suggests around 60% of landlords are either unaware of MEES requirements or unclear about how they will achieve compliance<sup>7</sup>. Our proposition aims to help address this gap.

<sup>3</sup>2024 UK Greenhouse Gas Emissions, Final Figures

<sup>4</sup>Clean Power 2030: Action Plan: A new era of clean electricity

<sup>5</sup>Green Reward offer for energy efficient homes | Nationwide

<sup>6</sup>Eco Approach - Together on the Right Path

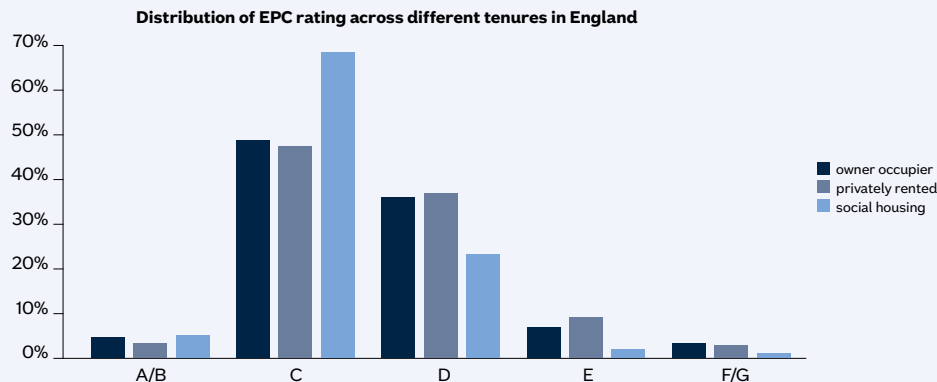
<sup>7</sup>Private Rented Sector Report - Summer 2025

## Researching the impact of energy efficiency on UK house prices

This year, Nationwide conducted research into the impact EPCs have on UK house prices, publishing The Mortgage Works Private Rental Energy Performance Report<sup>8</sup>.

In 2024, around 56% of the English housing stock was rated EPC C or higher, up from 26% in 2014<sup>9</sup>. The rate of improvement has slowed in recent years, but continues to be supported by more energy efficient new build homes.

New builds typically have a much higher energy efficiency rating (around 97% are rated EPC C or above), although housing development, across the UK, is slow<sup>10</sup>. The energy efficiency across different tenures also varies significantly (as outlined in the chart, below), with social housing having the highest EPC ratings on average due to current regulation.



Source: MHCLG English Housing Survey (2024)

Older properties (particularly those built pre-1919) tend to have much poorer energy efficiency ratings. For example, around 24% of dwellings in England built pre-1919 have an EPC rating of E to G, compared to just 2% of those built after 1990.

English Housing Survey data<sup>11</sup> for 2024 suggests 42% of England's dwellings have the potential to be improved to EPC C or higher, with around 2% unable to reach band C, and the remainder already EPC C or higher. In 2024, the average cost to improve homes to EPC C was around £7,500. This implies an overall estimated total cost for upgrading the entire English housing stock of around £80 billion. Unsurprisingly, homes rated EPC F or G have a considerably higher average cost to reach EPC C, compared to EPC D homes (around £17,000 and £6,000 respectively).

<sup>8</sup>The Mortgage Works Private Rental Energy Performance Report.

<sup>9</sup>English Housing Survey 2024 to 2025: headline findings on housing quality and energy efficiency

<sup>10</sup>Housing stock typically increases around 1% per year.

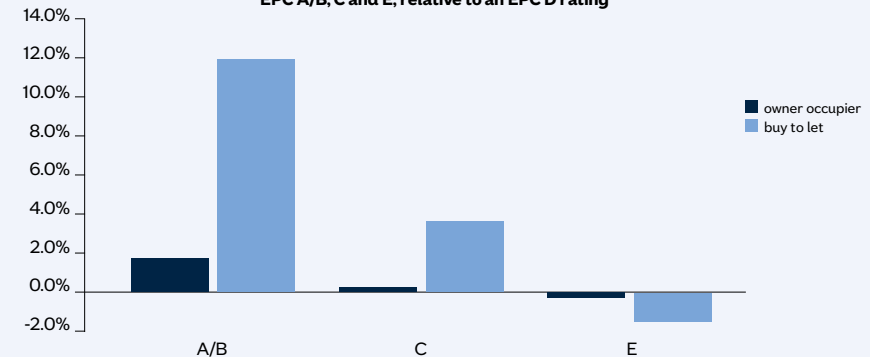
<sup>11</sup>Based on data from English Housing Survey 2024.

As part of its 2026 Warm Homes Plan<sup>12</sup>, the Government's aspiration is to upgrade five million homes by 2035. However, the current pace of improvements is slow, given the scale of the challenge<sup>13</sup>. This suggests a need for further incentives to help decarbonise, and improve the energy efficiency (such as through better insulation), of UK homes.

## Understanding the value homeowners place on energy efficiency

Using our house price data, and publicly available EPC data for homes in England, we examined the extent to which those buying properties (either to live in or as a buy to let) pay a premium, or discount, due to the EPC rating. Our research also accounted for other observable property characteristics (such as number of bedrooms, location and whether it is newly built) to estimate the impact on house prices.

**Price premia and discount of buy to let and owner occupier properties across EPC A/B, C and E, relative to an EPC D rating**



Source: Nationwide analysis based on data for England (2025)

Our analysis suggests that buy to let borrowers place greater value on higher energy efficient properties than owner occupier borrowers. A more energy efficient buy to let property, rated A or B, attracts a significant premium of around 12%, compared to a similar property rated EPC D. For owner occupiers, an EPC A or B rated home attracts around a 2% premium. The value associated with higher EPC ratings in the buy to let sector has increased notably following the introduction MEES, highlighting the impact that policy measures can have. As we approach the 2030 deadline for MEES requirements for buy to let landlords, we will continue to monitor the potential impacts on property price.

<sup>12</sup>Warm Homes Plan

<sup>13</sup>In its 2025 Progress to Parliament report, the CCC states that progress to date in home retrofit, and uptake of technologies such as heat pumps, is not at the pace required to achieve net-zero.

## Completing our Oakfield development site

As at the end of 2025/26, we completed development of our award-winning<sup>14</sup> Oakfield housing site, which consists of 239 EPC A-rated homes, built on a brownfield site in Swindon, UK. Each home is fitted with an air source heat pump and solar panels, and the development is completely gas-free.

We enhanced the nature surrounding the site, planting trees that encourage insects and birds, 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). As a lender, we have an opportunity to support SMEs transition towards a net-zero future, by providing access to finance. However, SME action is also dependent on wider supply chain pressures and government policy action, both of which are outside of our control.

To-date, around 75% of SMEs have taken at least one action towards achieving net-zero<sup>15</sup>, such as understanding their carbon footprint and putting in place decarbonisation measures. However, progress varies, and challenges exist, including lack of sector-specific government policies and transition pathways to support the transition towards net-zero.

We continue to aim to support our business customers as they transition towards a net-zero economy and recognise that different industry sectors face unique sustainability challenges. We are focusing our efforts on helping businesses in our highest emitting business sectors, including agriculture, surface transport and shipping. Emissions associated with our lending to oil and gas (which is predominately field services businesses who provide services, such as employee transportation, to the oil and gas industry) are limited. We do not lend to companies directly involved in oil and gas extraction or production. More information on our business lending emissions is in the Metrics and targets section on page 26.

## Engaging businesses through our sustainability tool offerings

We continue to offer our Mobiliser Fund, through which we aim to provide 20% of our commercial business lending (not inclusive of Nationwide registered social landlords or Nationwide commercial real estate) to businesses demonstrating they are working towards a more sustainable future by 2027. Half of the Fund aims to support businesses in higher emitting sectors taking positive action, and half aims to support businesses whose core goods and services accelerate positive social and/or environmental change, through our Sustainability Changemakers programme. At the end of 2025/26, 18% of our business lending was through our Mobiliser Fund.

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<sup>16</sup>. The SBC helps us to understand how customers are approaching climate risks, how their strategies may evolve over time, and how we may support their transition to a low-carbon economy. The Future-Fit Business Benchmark's 'Positive Pursuits' are used to define whether a business can qualify for a waiver of their loan arrangement fee, through our Sustainability Changemakers programme. Business customers who borrow over £2.5 million are required to complete the SBC at origination and annual renewal. Customers who borrow over £2.5 million account for approximately 80% of our commercial business balances.

Over 250 colleagues across our business lending and risk functions, including relationship managers who support our larger business customers (customers who typically borrow over £1 million), have completed Future-Fit Fundamentals training, to inform them of the principles of the Future-Fit Benchmark. We are currently developing further training for colleagues, such as on sector transition guidance, to better support our colleagues in their engagement with business customers.

<sup>14</sup>The Oakfield site won a [Housing Design Project Award](#) in recognition of its sustainable, community-focused design.

<sup>15</sup>SMEs and Net Zero: UK Business Consensus Report 2025

<sup>16</sup>A non-profit organisation whose mission is to deliver a vision of an environmentally restorative, socially just, and economically inclusive society. To find out more, visit: [benchmark.futurefitbusiness.org](https://benchmark.futurefitbusiness.org).

## Supporting local farmers to embrace a low-carbon future

Agriculture is responsible for around 12% of total UK emissions<sup>17</sup>. It is recognised as one of the hardest to abate sectors and so overcoming the challenges to decarbonising it<sup>18</sup>, as much as feasible, is key for the UK's net-zero by 2050 ambition.

Transitioning agriculture towards a low-carbon future requires alignment across regulators, financial services, and the food supply chain. We anticipate the introduction of wider climate-related agricultural policy by UK government, with clear, long term and practical actions (such as the renewing of the Sustainable Farming Incentive<sup>19</sup>), will enable a move to low-carbon agricultural practices and use of low-carbon technologies.

Our Agri E Fund is a dedicated fund to support farmers in creating a greener future. The Fund provides lending for green projects, such as renewable energy initiatives, to help our agriculture borrowers reduce their emissions, or generate an alternative source of revenue. Demand for the product remains low as farmers await clarity on policy before progressing with green investment.

We continue to support our agricultural customers with their decarbonisation ambitions. This year, we partnered with Trinity AgTech<sup>20</sup> to launch Rapid, a farmland carbon measurement tool. We are the first UK bank to bring this tool to the market, at no cost to our customers.

Through Rapid, selected agricultural borrowers can get a high-level carbon estimate of their farm and review potential actions to both mitigate their impacts on, or adapt to, climate change. The insights that we gather through Rapid will enable us to get more granular detail on the green practices of our agricultural customers. It will also enable us to provide better, bespoke, support to our agricultural customers as they transition towards a low-carbon future.

## Supporting our social landlords through sustainable loans

We continue to provide sustainability linked loans (SLLs) to Nationwide registered social landlord (RSL) borrowers. RSL borrowers can receive a rate reduction on their loan if they meet predefined sustainability key performance indicators (KPIs). SLL options are offered to the customer at the inception of a loan and incorporated 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.

Unlike traditional green loans, which are tied to the proceeds for specific projects, our SLLs offer a financial incentive linked to our RSL borrowers' sustainability performance. Sustainability KPIs are developed with our RSL borrowers to ensure they are appropriately ambitious in support of their sustainability strategy. Performance against the KPIs is monitored and validated on an annual basis.

Examples of borrower KPIs linked to climate-related topics include, but are not limited to, targets for reducing greenhouse gas emissions from their housing stock, and improvements in the energy efficiency of their buildings. Once customers achieve the agreed KPIs, we provide the pre-agreed interest rate reduction on the loan. Further information on the progress of our SLL lending is in the Metrics and targets section on page 33.

## Financing a clean energy system

The UK's aim to achieve a clean power system by 2030 is an opportunity for low-carbon energy providers, who will play a critical role in decarbonising the energy grid. Recognising the opportunity, we have an energy and environment lending portfolio, which aims to support businesses or projects that enable the energy transition.

As we transition towards a low-carbon energy system, decarbonisation of the oil and gas sector is fundamental to achieving net-zero. We have internal controls and procedures, outlined in our sensitive sector statement<sup>21</sup>, which ensure that we do not provide lending to businesses generating revenue directly from oil and gas extraction or production. As a result, our lending to oil and gas field services (approximately 1% of our commercial business lending) means our exposure from oil and gas is limited. More information is in the Metrics and targets section on page 26.

<sup>17</sup>2024 UK Greenhouse Gas Emissions, Final Figures

<sup>18</sup>The Seventh Carbon Budget recognises the challenges faced in decarbonising the agriculture sector, predicting remaining emissions will reach net-zero through adjustments in land use.

<sup>19</sup>An update on the Sustainable Farming Incentive

<sup>20</sup>Trinity Agtech - Take control of your Natural Capital

<sup>21</sup>Sensitive sector statement | Nationwide

## Understanding the impact of transport on the transition

The UK has a strong dependency on the transport sector<sup>22</sup>, which is responsible for approximately 30% of the UK's carbon emissions<sup>23</sup>, making it one of the UK's highest emitting sectors. We lend to surface transport businesses (including cars, vans, heavy goods vehicles, buses and trains).

The transition of this sector to a net-zero future is dependent on low-carbon technology, including electrification and use of biofuels. Following the Government's consultation on electric vehicles (EVs) in 2025, we will continue to engage with policymakers and industry actors to support the phase out of pure petrol and diesel cars by 2030.

We also lend to businesses in the shipping sector, including those who support activities such as transportation of essential goods and offshore renewables. The shipping sector is currently responsible for around 3% of UK carbon emissions<sup>24</sup>. Decarbonisation of this sector is reliant on a range of fuel types, such as low-carbon ammonia, and synthetic methanol<sup>24</sup>. A clear pathway for decarbonisation of the shipping sector is required to meet the UK's net-zero target, and it is expected that the much-needed update to the Clean Maritime Plan will help address some of these issues. We will continue to work with our shipping customers as they navigate the challenges in transitioning to a low-carbon economy.

## 3. Advocating for a net-zero future

Advocacy is a critical tool that supports delivery of our climate strategy and Mutual Good Commitments. 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, business customers, and wider society. It is our ambition to support the UK's aspiration to be net-zero by 2050, but we know we cannot achieve this alone. We will continue to collaborate cross-industry and with government to support the changes needed to transition the economy to net-zero.

## Influencing policymakers to support the greening of UK homes and business

We engage with the Government on green homes and business policy through a range of channels, including direct bilateral meetings, coordinated activity via our trade associations, and participation in cross-industry forums and initiatives. We continue to monitor key policies directly relating to issues such as the decarbonisation of homes and climate finance.

We welcome the commitment made by the Government to upgrade five million homes by 2030, in its recently published Warm Homes Plan<sup>25</sup>. We hope the ongoing support for home retrofit, including committed £15 billion in funding, and a target to install 450,000 heat pumps annually by 2030, will continue to support the decarbonisation of UK homes. In line with the release of the Warm Homes Plan, we were pleased to see confirmation of the revised MEES requirements for UK landlords (with the expectation for privately rented homes to reach EPC C by 2030), and we continue to engage with the Department of Energy Security and Net Zero (DESNZ) and HM Treasury on these changes.

We also advocate for our business customers, by providing insights into sustainability challenges and opportunities to policymakers, where appropriate. We continue to engage with industry bodies such as the Loan Markets Association and the Partnership for Carbon Accounting Financials (PCAF), to help build their understanding of business needs and challenges, particularly for SMEs, regarding transitioning to a low-carbon economy. We also play an advocacy role in supporting our more material sectors, by participating in events, such as UK agricultural trade events, to help better understand the key climate-related challenges and opportunities faced by our borrowers.

This year, our engagement with policymakers also included:

- Working with DESNZ on the development of a low-cost loan scheme for home retrofit.
- Participating in industry events and collaboration opportunities to advance the net-zero agenda, particularly around green home retrofit and the policy changes we advocate for.
- Participating in the Government's Green Homes Finance Strategic Partnership and working groups.
- Attending numerous bilateral meetings with both the UK and Scottish governments regarding Nationwide's 0% interest Green Additional Borrowing mortgage and research paper<sup>26</sup>.

<sup>22</sup>The domestic transport sector consists of emissions from road vehicles, domestic aviation and shipping (including military), fishing vessels, and railways.

<sup>23</sup>2024 UK Greenhouse Gas Emissions, Final Figures

<sup>24</sup>The Seventh Carbon Budget - Climate Change Committee

<sup>25</sup>Warm Homes Plan

<sup>26</sup>How low-cost finance supports the greening of UK homes | Nationwide

- Discussing our green finance propositions and developments in green home policy with members of UK and Scottish parliaments during branch visits.
- Responding to government consultations relating to sustainability policy, including revised buy to let MEES requirements and sustainability reporting standards.
- Contributing to UK Finance Sustainable Leadership publication on the role finance plays in supporting the transition. The report includes best practice case studies on our 0% interest Green Additional Borrowing mortgage product, and our Sustainable Business Coach proposition.

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 continue to support this agenda.

### Partnering for mutual success

We participate in the following sustainability-focused industry and cross-industry groups, to increase our knowledge and effect real change:

- UK Finance's Sustainability Committee and Working Groups (including the SME and Climate Disclosure Code Working Groups)
- Building Societies Association's Green Finance Task Force
- Partnership for Carbon Accounting Financials
- Signatory to the United Nations Global Compact and UN Environment Programme Finance Initiative's Principles for Responsible Banking
- The Green Finance Institute's Warm Homes Plan Working Group
- The Finance Initiative for Sustainable Procurement
- The Future-Fit Foundation

By working with these organisations, we can increase expertise and understanding around those areas where it can make the greatest impact.

## 4. Greening our business operations and supply chain

### Working towards decarbonising our business operations

We recognise that, 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. Nationwide is the largest single-branded branch network in the UK, and this year, we extended our branch promise (to keep every one of our branches open) to 2030.

As at the end of 2025/26, we removed gas from almost 100% of our Nationwide-branded branches and data centres. We also have an ambition to remove gas from our Virgin Money branches (which account for approximately 15% of our branch network) over the coming years. This year, in further support of this ambition, we delivered energy efficiency improvements to some of our Virgin Money branches, such as adding or updating insulation and introducing building metering systems.

### Continually sourcing renewable electricity

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

We are continuing to explore the ways to make our buildings more energy efficient, for example we are in the process of upgrading the lighting in our Head Office in Swindon to light-emitting diodes, as well as removing gas from our water heating system. This year, we also installed energy efficient technologies including more efficient chillers, sub-metering, and energy management systems, at some of our data centres.

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 our admin sites and data centres, where feasible.

### Enhancing the nature around our office

We are becoming increasingly conscious of nature-related risk. This year, we achieved The Wildlife Trusts' Biodiversity Benchmark for our Head Office in Swindon, becoming the first UK bank or building society to achieve this award for continual nature enhancement and protection on office land<sup>27</sup>.

<sup>27</sup>World's biggest building society gives nature a home too | The Wildlife Trusts

In 2025/26 we made further enhancements by creating an orchard with produce from local suppliers, removing invasive tree species and replacing them with new trees, installing bee hotels made from recycled employee uniform, and allowing grass and wildflowers to grow throughout the spring and summer to promote a better habitat for invertebrates. A nature trail, pond and community orchard are available to use by the public and our colleagues.

Our Biodiversity Standard<sup>28</sup> continues to outline our aims for managing the biodiversity surrounding our operations.

### Encouraging green practices across our supply chain

As well as reducing the environmental impact of our own operations, we promote sustainable practices across our supply chain by integrating climate-related considerations into our procurement processes. This includes sustainability requirements within our supplier codes, such as our Third Party Code of Practice (the Code)<sup>29</sup>, which is embedded in our contracting process, and has been extended across the Group.

We also apply proportionate science-based target expectations to certain contracts (those with a minimum spend of £3 million and a minimum contract tenure of 12-months). By the end of 2025, suppliers accounting for around 60% of our scope 3 upstream emissions, and 80% of our total spend, had either set or committed to setting targets. We surpassed our target for 67% of Nationwide suppliers, by emissions, to have set or committed to setting a target by the end of 2025, as set out in our Transition Plan.

This year, we enhanced our partnership with EcoVadis, a sustainability ratings provider, extending it across the Group. As at the end of 2025, 180 suppliers, representing approximately 70% of our supply chain, by spend, have joined EcoVadis. In line with our Transition Plan, we are aiming for 90% 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. Around 115 of our most climate material suppliers<sup>30</sup> were also invited to complete the EcoVadis Carbon Action Manager scorecard assessment – a tool that helps organisations identify, and support them address, their carbon emissions risks.

In 2026, we launched our Supplier Decarbonisation Toolkit which provides links to publicly available resources, with the aim to support measurement of carbon emissions and the setting of science-based targets. We hope that the Toolkit will support our suppliers in better understanding the emissions associated with their businesses.

We have started to enhance our data collection around supply chain sustainability, by sourcing service-specific data from key suppliers<sup>31</sup>. Obtaining service-specific data will help us better assess the emissions of the services we purchase. We also hope this data will help our relationship managers understand the carbon emissions impact of their purchasing decisions, which could support progress towards our scope 3 upstream intermediate (by 2030) science-based target.

## 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 sustainability. We continue to enhance our sustainability training offering, including delivering a learning pathway on our approach to sustainability, climate-related risk management, and why it matters to Nationwide. We also have a sustainability information sheet which is designed to support colleagues with their understanding of sustainability at Nationwide.

Our colleagues engage in volunteering activities to promote the protection of the environment and promote biodiversity, both at our Head Office in Swindon, and with charity partners through our social impact strategy.

We train employees who are engaged in managing climate-related activities across the value chain, including colleagues in Procurement and Business lending. Training covers topics such as responsible purchasing, value chain decarbonisation, and how to better support customers transition to net-zero.

### Our Green Network

Our Green Network is our largest employee network. The network leads 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.

This year, the network hosted webinars on topics including The Wildlife Trusts' Biodiversity Benchmark on Earth Day, and the importance of nature for wellbeing (in partnership with our Man2Man network in celebration of International Men's Day).

<sup>28</sup>Biodiversity standard | Nationwide

<sup>29</sup>Third Party Code of Practice 2026 | Nationwide

<sup>30</sup>We define these as suppliers who meet a set of internal climate criteria relating to spend and emissions.

<sup>31</sup>The key suppliers span sectors including media, cloud solutions, transportation, information technology, hardware and consulting which were determined based on their spend and emissions exposure.

## 6. Enhancing our climate-related risk capabilities

### Ensuring we are managing climate change risks

We manage climate and nature-related risk, across short, medium, and long term horizons, through our Group Risk Management Framework (GRMF). This supports appropriate identification, monitoring, management and reporting across all principal risk categories, along with full traceability. More information is in the Risk management section from page 14.

We consider the impacts from climate change and nature, as causes to our principal risks, 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 degradation of natural assets (such as water, land, and biodiversity), and/or the resulting disruption of ecosystems.

#### 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, such as through developments in regulation, changing customer demand, or technology aimed at biodiversity loss prevention.

### Understanding the impact of nature-related risk

This year, we continued to develop our understanding of the potential impacts from nature. We expanded our assessment, using the Task Force on Nature-related Financial Disclosures (TNFD's) Locate, Evaluate, Assess and Prepare (LEAP) approach, across the Group, to understand the potential nature-related risks associated with our business operations and supply chain.

We have assessed the potential nature-exposure of our business operations, using the World Wildlife Fund Biodiversity Risk Filter to identify nature-related risks (such as water scarcity, ecosystem condition, proximity to key biodiversity areas, pollution and soil condition). We also enhanced our approach to identifying nature-related risks within our supply chain by assessing potential dependencies, impacts, and commodity usage. We used the ENCORE<sup>32</sup> tool to establish risk ratings for relevant supply chain sectors, and the Science Based Target Network's Materiality Screening Tool to identify high-impact commodities. Our assessment continues to demonstrate that the current exposure to our operations and supply chain from nature-related risk is immaterial.

We will continue to develop our nature-related risk approach, leveraging the TNFD guidance and LEAP framework, in the future as appropriate. 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, and as data availability improves, this will support future enhancements to nature-related risk management.

### Assessing climate-related risk data in our lending decisions

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

Nationwide's Property Risk Hub, 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.

<sup>32</sup>ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool endorsed by the TNFD.

By utilising the Property Risk Hub, we are able to better understand and mitigate potential physical impacts from climate-related risk, meaning our physical risk exposure from climate change is low.

We use physical risk data to assess individual property-related risks when originating new residential mortgages to 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. Physical risk data is included in the Metrics and targets section on page 31.

Our lending policies reflect MEES regulation. 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 revised expectations for buy to let landlords to improve the energy efficiency of tenanted properties to EPC C by 2030. As a result, we are considering the potential impact on our credit decisioning processes.

We also aim to mitigate climate-related risks within our business lending portfolio. This year, we enhanced our sensitive sector statement, to include additional considerations such as protected areas. Our statement is used to support our credit policy, which sets out controls for business lending across the portfolio. We ask a number of risk-related questions at origination, that help us assess the creditworthiness of our customers (including questions related to climate-related risk). On an ongoing basis, relationship managers are required to consider any material changes to ESG as part of the renewals process.

### **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).

Based on the outcomes of our previous 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, indicates that the materiality of short term outcomes is not currently 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 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 which explores our business model risk and strategic vulnerabilities over a ten-year period, and within discrete climate tail risk analysis. We will continue to develop our capabilities, across the Group, as we further develop our approach to climate-related risk.

## Scenario analysis

We conduct scenario analysis to explore a range of plausible climate-related scenarios, considering physical and transition risks. We undertake scenario analysis on a regular basis, developing our processes based on evolving climate science and modelling capabilities. This analysis helps us to assess the resilience of our business model and strategy, to quantify financial exposures, and identify where risk management actions may be required. It also supports our capital and provisioning processes and informs our broader approach to climate-related financial planning.

In 2025, as part of our ICAAP, and in line with regulatory guidance, we assessed our business lending portfolio under two 25-year climate scenarios, as follows:

- A heightened transition risk scenario where sudden government policy change drives accelerated movement towards a low-carbon economy, with temperatures aligned to a below 2°C pathway.
- A pronounced physical risk scenario driven by accelerated global warming, above a 2°C pathway, and more frequent extreme weather events.

Our models used climate-adjusted macroeconomic forecasts and sector-specific risk drivers, for example increased operating costs or weaker collateral values. We selected relatively severe scenarios, as we recognise that more significant expected credit loss impacts could arise under accelerated or more severe transition or physical risk pathways. Insights generated from this climate scenario analysis exercise, along with previous exercises, include:

- Transition risk, manifesting through abrupt introduction of policy, has the potential to elevate impairments in the short term, particularly for those sectors, or borrowers, with high carbon emissions or lower energy-efficient assets.
- Physical climate impacts, both localised and UK-wide, can trigger persistent, long term increases in impairments due to cumulative economic stress and asset damage.
- Vulnerability to climate risks will vary materially dependent on the sectors to which we are exposed.

This analysis reiterates that climate-related risks do not currently challenge the resilience of our business model. We understand the significant uncertainties regarding the measurement of future-looking climate risks and the reliance on certain assumptions. We will continue to refine and develop our climate change scenario analysis capability in 2026, supporting further assessment of potential climate-related financial risk, and to ensure our scenarios remain relevant and proportionate to our business model.

## Demonstrating how we are managing climate-related risk to our investors and regulators

Nationwide actively engages with our investors and ESG rating agencies on topics, including climate-related risks and opportunities, as part of our investor relations activity. As well as holding ESG-specific investor meetings, we monitor regulatory and market developments to ensure we are able to support investors' disclosure requirements and preferences, where possible.

Nationwide's ESG ratings profile has continued to strengthen in the year. Our Morningstar Sustainalytics ESG Risk Rating improved to 7.0 (negligible risk)<sup>33</sup> from 11.8, and our MSCI ESG Rating remains AAA. We are members of the S&P Global Sustainability Yearbook 2026, which recognises best practice.

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 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, we took an active role in engaging with government consultations on sustainability reporting, including on the UK SRS. More information regarding our engagement with policymakers is on page 8.

<sup>33</sup>Sustainalytics ESG risk ratings include a numeric component, whilst also placing companies into broad risk categories (such as negligible, low, medium, high, severe).

# Risk management

## Our approach to risk management

Climate and nature are considered as causes to our principal risks, managed through our Group Risk Management Framework (GRMF).

The embedding of risks within our GRMF enables the Board and executive management team to make better, more informed, business decisions, which influence Nationwide's strategy and benefit our customers. The GRMF encompasses the following core components: risk appetite, risk management, policies and controls, risk reporting and enablers and governance. In combination, these components ensure our approach to risk management is appropriate and proportionate, and risk management activities are performed consistently and reliably. The GRMF underlines the risk management of all our lending activities.

This year, we reviewed Nationwide's approach to climate risk management in line with publication of the Prudential Regulation Authority (PRA)'s Supervisory Statement 5/25 – *Enhancing banks' and insurers' approaches to managing climate-related risks*. Our ongoing progress in developing and embedding climate risk management across the Group should enable us to continue to meet regulatory expectations.

### 1. Risk appetite

Risk appetite articulates how much risk we are prepared to take in 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 help mitigate the impact of physical and transition climate risks to Nationwide. These measures track:

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

We use these metrics to control new lending to properties which are at a potential risk of climate driven impacts, and review triggers and limits annually.

Appetite metrics track data from Nationwide's Property Risk Hub, which assesses a property's exposure to physical risks during 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. These metrics help manage 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.

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

### 2. Risk management

Risk management refers to the processes, tools and systems within our GRMF, required to manage risk within appetite across the Group. Climate change and nature risk must be considered within the management of all Nationwide's principal risks. Where climate change or nature are assessed as a potential 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 use risk assessment tools to understand whether climate change is currently a material driver of risk, and its potential impact on our business model. Climate-related risks also continue to be considered as a risk input to our stress testing activities, including the reverse stress testing process.

### 3. Policies and controls

Policies and standards define the activities and controls required to ensure that risks are managed appropriately, in line with risk appetite. We articulate key climate-related operating principles, controls and activities required across our GRMF within our Group Climate Change and Nature Risk Standard, as detailed in the diagram opposite. Our Standard aids with identifying, assessing, monitoring, managing, and reporting of risks, and is reviewed annually. The Standard articulates the principles and requirements that must be met to manage risks driven by climate change and nature loss, and how these risks may occur across the GRMF. The Standard applies to all principal risks as well as owners of climate-related risk governance, strategy, disclosures, and scenario analysis.

Our sensitive sector statement, which is reviewed on an annual basis, sets our business lending approach, ensuring that we do not lend to sectors that are deemed to have high social or environmental risks. More information on our lending approach can be found in the Strategy section on page 12.

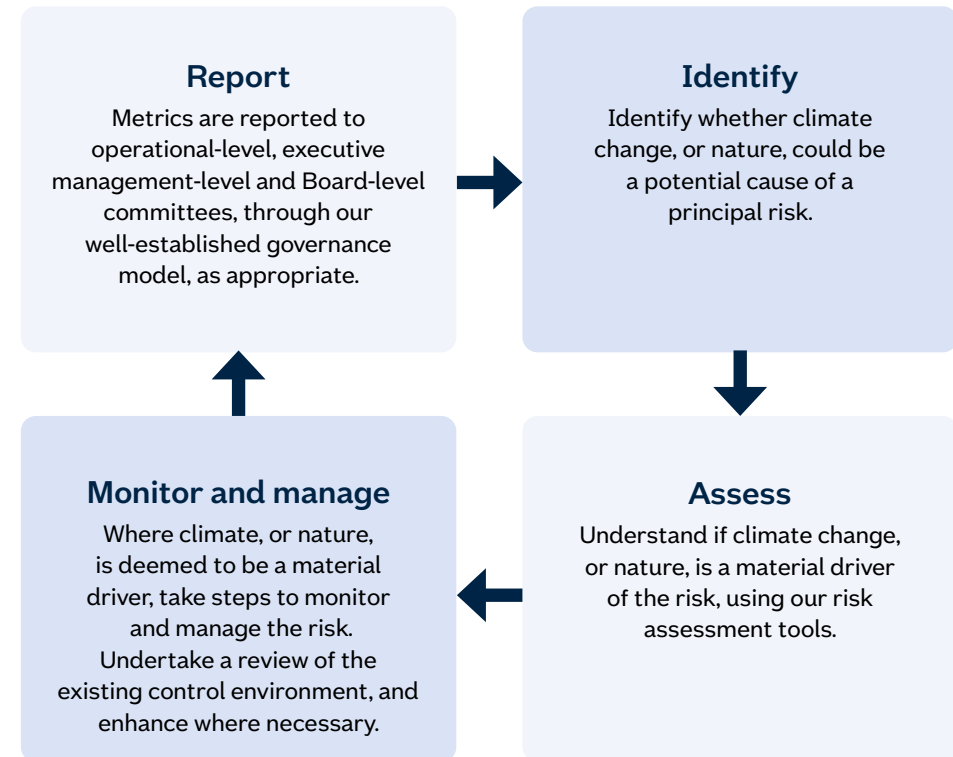
### 4. Risk reporting

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, supporting better outcomes. Risk owners ensure the development of appropriate risk metrics. These metrics are reported to the appropriate operational-level committees including our Group Climate Change Risk Committee and Group Stress Testing Committee, as required. Further information is in the Governance section from page 20.

### 5. Enablers and governance

Enablers and governance ensure that the GRMF is effectively and efficiently implemented across all risks, and help supports our risk culture. The GRMF sets governance mechanisms by which risk oversight is exercised, and risk decisions are taken, including process and authorities for risk acceptance, where risks sit outside the limits of our risk appetite statement. These enablers and governance ensure that our GRMF adheres to the UK Corporate Governance Code and implementation of GRMF is a key mechanism through which Nationwide's Senior Managers adhere to the Senior Managers Regime. This is underpinned by our corporate values, behaviours, and ethics, which influence the decisions we make. More information on our corporate values can be found in our Annual Report and Accounts<sup>34</sup>.

### Our Climate Change and Nature Risk Standard approach



<sup>34</sup>Results and accounts | Nationwide

## How climate-related risks are assessed in our GRMF

This section outlines how we assess and manage the impact of climate change, and nature, across our principal risks. Our assessment considers the impacts of physical and transition risk through a double materiality (inbound and outbound) lens across short (0-5 years), medium (5-15 years) and long term (15+ years) time horizons, as follows:

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

Our inbound risk assessment was informed by quantitative analysis including scenario analysis. Our outbound risk assessment was informed by our ESG materiality assessment, and is judgement based. More information on our ESG materiality assessment, which included climate and nature-related themes, will be included in our ESG Disclosures 2026.

We also assess a potential risk indicator for each principal risk, which are based on the outcome of Nationwide's climate scenario analysis<sup>35</sup>. We continue to identify credit risk as the most material climate-related risk due to our residential mortgages and business lending portfolios.

**Credit risk** – The risk of loss due to customers or counterparts failing to meet their financial obligations.

### Potential climate and nature-driven impacts on Credit risk

Driver	Risk description examples	Time horizon	Risk indicator
<b>P</b>	<ul style="list-style-type: none"> <li>→ Increased customer default on mortgage loans, arising from our failure to adequately assess physical climate-driven risks, including severe weather events</li> <li>→ Adverse impacts on mortgage and/or business security value arising from physical climate or nature-related impacts such as flooding, coastal erosion, storm damage or soil erosion</li> <li>→ Increased business customer default in sectors which are more impacted by nature degradation, such as agriculture</li> </ul>	Long	Low
<b>T</b>	<ul style="list-style-type: none"> <li>→ Losses driven by business customers unable to adapt to a low-carbon transition</li> <li>← Inappropriate credit policies unjustly or inaccurately reducing access to credit</li> </ul>	Medium – long	Low

We have adapted our approach to credit risk to incorporate the potential impacts of physical and transition climate-related risks. We apply climate risk criteria to our credit assessment process, including in our policy management framework, and to 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. Nature-related risks can exacerbate climate physical risks, including through subsidence and flood risk, which are assessed through our Property Risk Hub at mortgage origination, and within screening questions used as part of our origination process for large business lending customers. We also monitor transition risks of our business lending customers.

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

**P** Physical risk driver

**T** Transitional risk driver

<sup>35</sup>Potential risk indicators are based on the outcome of Nationwide's climate scenario analysis, and subsequent sensitivity analysis for inbound risks only. Low indicates an estimated maximum increase in annual expected credit losses of less than £50 million, and very low indicates an estimated maximum increase in annual expected credit losses of less than £25 million.

**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.

#### Potential climate and nature-driven impacts on Capital risk (including Pension risk)

Driver	Risk description examples	Time horizon	Risk indicator
<b>P</b> <b>T</b>	→ Unforeseen climate-related impacts unexpectedly increase the need to hold additional capital, resulting in greater capital requirements	Medium – long	Very low
<b>T</b>	→ Increase in value of pension scheme liabilities or reduction in pension scheme assets driven by climate or nature-related impacts, resulting in increased cash funding obligations	Long	Very low

Both physical and transition climate-related risks, associated with our mortgages and business lending portfolios, are considered and quantified as part of the ICAAP, using outputs from our climate scenario analysis. Detail on the outcome of our ICAAP assessment is in the Strategy section on page 12.

Capital risk also includes risks associated with our employee pension schemes. As part of our climate ambition, our defined benefit funds (which are legally separate entities) consider ESG impacts, through activities including climate scenario analysis, and the production of their own climate-related disclosures<sup>36</sup> which assess their exposure to climate-related risk.

**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 climate and nature-driven impacts on Business risk

Driver	Risk description examples	Time horizon	Risk indicator
<b>P</b>	→ Income is impacted as a result of physical impacts, such as loss of operations	Long	Very low
<b>T</b>	→ Failure to adjust towards a low-carbon economy, impacting our ability to mitigate against the transitional effects of climate change which could impact our business → Failure to adequately identify and mitigate climate and/or nature-related risks on a forward-looking basis	Short – medium	Very low

Potential causes of business risk, such as climate change, are monitored regularly using insight, risk indicators, and judgement to identify any change in the level of risk. We also monitor any mitigating actions we take (such as through scenario analysis), and their effectiveness. 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 and nature-related regulatory, policy, and market landscape. Our climate scenario analysis also assesses resilience to macroeconomic, physical and transition risk impacts of climate change.

In the most recent business risk profile review, we continued to identify three mitigating activities for climate change, including our climate scenario analysis activity, our climate change plan (including progress towards our Transition Plan), and our climate change governance model.

<sup>36</sup>Nationwide Pension Fund Climate Risk Report 2024-25, Yorkshire & Clydesdale Bank Pension Scheme Climate Report

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

#### Potential climate and nature-driven impacts on Operational and conduct risk

Driver	Risk description examples	Time horizon	Risk indicator
Premises, safety, health and environment risk (PSHE)			
<b>P</b>	<ul style="list-style-type: none"> <li>→ Significant disruption to our operational capabilities, for example from physical damage to our branch network or admin centres, as a result of climate or nature-related events</li> <li>→ Reputational damage associated with negatively impacting the climate and/or biodiversity local to admin sites</li> </ul>	Medium – long	Very low
<b>P T</b>	← Reduced availability of the branch network or operability of account servicing facilities driven by elevated physical risks or inconsistent approach to relevant PSHE regulation	Medium	Very low
Third party risk			
<b>P</b>	← Elevated operational costs arising from chronic climate change impacts, acute physical climate events, or nature-related impacts, disrupting our supply chain	Medium – long	Very low
<b>T</b>	<ul style="list-style-type: none"> <li>← Failure to adequately implement controls to support our supply chain in meeting their ESG ambitions and ensure third parties comply with environmental regulations</li> <li>→ Increased legal or reputational impacts associated with acquisition of nature damaging goods or services where improperly monitored</li> </ul>	Medium	Very low

#### Compliance risk

<b>T</b>	<ul style="list-style-type: none"> <li>→ Failure to identify or accurately interpret regulatory or legal climate or nature-related requirements negatively impacting Nationwide's reputation</li> <li>← Failure to accurately comply with regulatory and/or legal requirements which impact the ability of institutional investors or customers to make informed investment decisions</li> </ul>	Short – long	Very low
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#### Reporting risk

<b>T</b>	<ul style="list-style-type: none"> <li>→ Errors or misstatements within key reports undermine decisions made by external parties, such as customers, regulators and investors, or result in litigation from counterparties or other stakeholders</li> <li>← Failure to adhere to environmental regulations, or increased reputational risk impacts associated with failing to adapt to evolving consumer expectations</li> </ul>	Short – medium	Very low
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We have embedded the consideration of physical and transition risks from climate change within our operational risk management processes. Training is provided, as required, to support Nationwide's first line risk practitioners within operational risk in their role, to help them identify, assess, monitor, manage, and report potential climate risk impacts. Our Group Artificial Intelligence (AI) Council also considers ESG principles in their decisioning process.

As part of our climate-related risk management for PSHE risk, we monitor, on a quarterly basis, the physical risk exposure to our branch network, data centres and admin sites. We also actively manage the biodiversity at our Head Office in Swindon, and have undertaken a nature risk assessment of our operational assets, including our data centres, following TNFD's LEAP approach.

We continue to strengthen ESG considerations in our supplier selection and third party risk management processes. During our onboarding process, new suppliers are requested to confirm compliance with our Third Party Code of Practice which sets out requirements related to climate change. We have also undertaken an assessment of the impacts and dependencies of nature on our supply chain, including those in high nature risk sectors or locations.

Controls are in place to help manage potential risk driven by climate and nature to our compliance and reporting, including greenwashing risk. We consider climate change when designing new products and services, and have enhanced our Communications Risk Policy and Green Claims Guide. We also conduct an annual greenwashing review across our websites. 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.

**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.

#### Potential climate and nature-driven impacts on Liquidity and funding risk

Driver	Risk description examples	Time horizon	Risk indicator
<b>P</b>	→ Localised physical risk events could trigger short term cash requirements	Medium – long	Very low
<b>T</b>	→ Economic distress and behaviour driven by macroeconomic impacts leading to lower deposits	Medium – long	Very low

We assess the potential impact of climate change on our liquidity requirements as part of the ILAAP. We also aim to maintain investor confidence through the transparency and robustness of our ongoing engagement and climate-related reporting, to help mitigate potential climate or nature-related risk to liquidity.

**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.

#### Potential climate and nature-driven impacts on Market risk

Driver	Risk description examples	Time horizon	Risk indicator
<b>P T</b>	→ Changing customer behaviour in relation to their mortgages or deposits caused by macroeconomic market forces driven by climate change → Interest rate volatility as a result of economic uncertainty arising from climate effects	Medium – long	Very low

While climate is yet to materially impact our market risk profile, it is kept under active review and will continue to be assessed in line with our GRMF approach and Climate Change and Nature Risk Standard. 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.

Credit ratings for Treasury assets (such as liquid bonds issued by sovereigns, supranational organisations, sub sovereigns, and covered bonds) are assessed to determine if they adequately capture climate-driven risks.

# Governance

## How we govern climate-related risks and opportunities

Our climate change governance model provides clear oversight and management responsibilities of climate-related issues, including nature-related matters (where appropriate), as outlined below. Climate change considerations are embedded across our governance structure. For committees which consider climate-related matters, their specific roles and responsibilities in relation to climate change are outlined within their terms of reference, where appropriate. More information on our governance framework can be found in our Annual Report and Accounts.

### The Board

Our Board has ultimate accountability for all climate change risk-related matters at Nationwide and sets strategic direction for our climate change ambitions. Our Board approves the strategy, including any climate-related components, and has diverse experience and skills across Environmental, Social, and Governance (ESG). Further information on our Board composition can be found in our Annual Report and Accounts.

### Board-level committees

Our Board committees are engaged on climate-related matters at least on an annual basis. Throughout 2025/26, this included:

- Audit Committee reviewing, and endorsing, our Climate-related Financial Disclosures 2026.
- Remuneration Committee tracking progress against the directors' Long Term Performance Plan (LTTP). 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. The LTTP is linked to a scorecard that measures ESG metrics (which are incorporated into a Transformation scorecard with a 30% total weighting), including progress towards our scope 1 intermediate (by 2030) science-based target. This provides alignment with the Group's long term strategic priorities and ESG objectives.
- Risk Committee reviewing how we have considered climate change within the ICAAP.

### Group Chief Executive Officer (CEO)

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

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

### Executive management-level committees

Our Group Responsible Business Committee engages regularly (on a quarterly basis) on ESG-related matters, including climate change. It will discuss and approve, where required, climate and nature-related matters, and report to the Executive Committee and Board as required. In 2025/26, this included:

- Reviewing progress towards our Mutual Good Commitments, including our intermediate (by 2030) science-based targets.
- Discussing climate change and nature management information (MI), as appropriate.
- Discussing our investors' ongoing interest regarding ESG matters, including our ESG ratings.
- Discussing material ESG topics that were identified as part of our 2025 ESG materiality assessment, including topics relating to climate and nature.
- Discussing the regulatory and policy landscape, and the implications for Nationwide, for example the regulatory requirements under SS5/25.
- Reviewing enhancements as part of the annual review of our sensitive sector statement.

Our Executive Risk Committee has been engaged on Business risk, which considers the impacts from climate change.

Our Executive Committee received quarterly updates on progress towards our scope 1 and 2 intermediate (by 2030) science-based targets as part of the Board Performance Plan.

### Operational-level committees

Our Group Climate Change Risk Committee frequently engages (on a monthly basis) on climate change and nature, to discuss and approve, where appropriate, climate and nature-related matters, and report to executive management-level committees as required. In 2025/26, this included:

- Discussing our climate change and nature MI on a quarterly basis, including the progress of our intermediate (by 2030) science-based targets.
- Discussing the regulatory and policy landscape, and the implications for Nationwide, for example the regulatory requirements under SS5/25 and the proposed UK SRS.
- Reviewing, and approving, our Group climate change and sustainability plan.
- Reviewing and approving 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).
- Approving enhancements as part of the annual review of our sensitive sector statement.
- Reviewing how we considered climate change within the ICAAP, and discussing the scope of our 2026 climate change scenario analysis activity.

Our Group Stress Testing Committee engages regularly on climate-related matters, to discuss and approve, where required, climate stress testing and/or scenario analysis activity. In 2025/26, this included:

- Reviewing the scope of our 2026 climate change scenario analysis activity and detailed scenario assumptions.
- Reviewing the potential Business risk impacts from climate change, including the consideration of climate change in scenario analysis.

### Our climate change operating model

Day-to-day ownership for responding to climate change and nature sits with the Director of Strategy, Performance and Sustainability who reports into the Group Chief Financial Officer and who is supported by the Head of Sustainability. 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, Mortgages, Business Banking, 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.

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

### ! Important information on our scope 1, 2, and 3 targets

Our Mutual Good Commitment – we aim to build a more sustainable world by supporting progress towards a greener society – is supported by our scope 1, 2, and 3 intermediate (by 2030) science-based targets.

Our scope 1 and 2 science-based targets are within our control, and we have confidence in our ability to achieve them, due to our progress in reducing energy use, removing gas from our buildings, and the continued procurement of renewable electricity. Our scope 3 upstream (categories 1, 2 and 4) science-based target is, by definition, partially within our control. Whilst we manage our procurement processes, there are limits to our influence over our suppliers and their ambitions to reduce emissions. This influence can be limited, particularly if they are global or may be more influenced by clients with more spending power. Some of our supplier choices are limited, for example if a specific good or service is only available from suppliers with high carbon emissions.

We continue to face significant challenges meeting our intermediate (by 2030) science-based targets for our mortgages and business lending portfolios.

We welcome progress from UK government on policies including the Warm Homes Plan, MEES and other sustainable regulation policy (including UK SRS) over the past year. We have played an active role in advising government on the topic of home energy efficiency and responding to consultations on sustainability reporting. However, despite development in government-led climate policy, the Climate Change Committee's (CCC's) Seventh Carbon Budget<sup>37</sup> states that the UK requires 'urgent action' to reach net-zero, including action from UK government and the wider public. The uptake of a number of retrofitting measures across both business and retail, such as heat pump installations for UK residential properties, low-carbon solutions, and industrial electrification across business sectors, is low and needs to increase substantially by the end of the decade.

As a lender, 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, even if current government policies<sup>38</sup> are delivered in full, the UK is not going to achieve the emissions reductions required to align with net-zero and the highly ambitious targets of the Science Based Targets initiative.

We have previously stated that our intermediate (by 2030) science-based target for mortgages will not be achieved, and we face similar challenges in achieving our intermediate (by 2030) science-based targets for our business lending portfolios (which, at present, we consider to be highly unlikely to be achieved). In both cases, we have very limited influence over practical measures to reduce emissions from our borrowers, and no control over the development of much-needed government policy required to support these sectors transition to net-zero. We previously stated that we were keeping our targets under active review.

Consequently, due to the challenges outlined above, we will be revising our approach to our targets in our future Transition Plan. We will engage with relevant external stakeholders as part of the development process, as appropriate.

Detail on the methodologies used to calculate our scope 1, 2, and 3 emissions metrics included in this section, any updates to our methodological approach, and information on our data dependencies and limitations, is in our Climate-related Financial Disclosures: Basis of Reporting 2026.

<sup>37</sup>The Seventh Carbon Budget - Climate Change Committee

<sup>38</sup>Including the Government's commitment, in law, to achieve its ambitious emissions reduction targets (including to achieve net-zero by 2050 and to reduce emissions by 81% by 2035 compared with 1990 levels), and its current policy to install 450,000 heat pumps per year by 2030 as part of its Warm Homes Plan, and target to fully decarbonise the electricity grid by 2030.

## Our scope 1 and 2 emissions targets

This year, we have reduced scope 1 emissions, over which we have full control, across our business operations, to help progress towards our intermediate (by 2030) science-based target and Transition Plan. This is due to our ongoing efforts to reduce our operational emissions. By the end of 2025 we had removed gas from almost 100% of our Nationwide-branded branches and data centres. We are on track to achieve our scope 1 emissions reduction target.

Our scope 2 emissions continue to be calculated using a market-based approach<sup>39</sup>. 100% of our scope 2 energy consumption is attributed to renewable sources, through a solar power purchase agreement (PPA), which produces emissions-free energy from a 50MWh solar farm in the UK, and use of 100% green tariff electricity (wind, solar and hydro). In 2025/26, approximately 51% of our energy was supplied from our PPA, with the remainder sourced through a green electricity tariff that has a renewable energy guarantee of origin (REGO) certificate. On-site electricity is also supported by Solar Photovoltaic panels on the roof of our Head Office in Swindon.

Our scope 2 science-based target commits us to continually sourcing 100% renewable electricity through to 2030, and we are on track to meet our target.

## Current progress towards our scope 1 and 2 intermediate (by 2030) science-based targets

Scope 1 intermediate (by 2030) science-based target						
Absolute emissions at 2021/22 baseline year (tCO <sub>2</sub> e/y)	Absolute emissions at 2025/26 current year (tCO <sub>2</sub> e/y)	Percentage reduction in absolute emissions at 2025/26 current year, compared to 2021/22 baseline year	Absolute emissions at 2030 target year (tCO <sub>2</sub> e/y)	Percentage reduction in emissions required by current year 2025/26 to meet 2030 target	Progress indicator towards target	Percentage reduction in absolute emissions to 2030 target year from 2021/22 baseline year
5,673	<b>2,763</b>	<b>51%</b>	3,290	21%	On track	42%
Scope 2 target set using market-based approach to continually source 100% renewable electricity						
Percentage renewable electricity sourced at 2021/22 baseline year	Percentage renewable electricity sourced at 2025/26 current year	Percentage renewable electricity sourced at 2030 target year	Progress indicator towards target			
100%	<b>100%</b>	100%	On track			

<sup>39</sup>A market-based approach allows flexibility to utilise market-based measures such as renewable energy to achieve net-zero.

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

This year, we aligned our scope 3 upstream emissions target pathway across the Group, and have recalculated our 2021/22 baseline to reflect emissions at a Group-level.

Our target covers 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 88% of our total scope 3 upstream emissions across categories 1-8<sup>40</sup>.

Our scope 3 upstream emissions decreased in 2025/26 compared to 2024/25, due to switching to some less emissions intensive suppliers, and a reduction in spend for certain physical goods.

## Current progress towards our scope 3 upstream (categories 1, 2 and 4) target

Scope 3 upstream intermediate (by 2030) science-based target						
Absolute emissions at 2021/22 baseline year (tCO <sub>2</sub> e/y)	Absolute emissions at 2025/26 current year (tCO <sub>2</sub> e/y)	Percentage reduction in absolute emissions at 2025/26 current year, compared to 2021/22 baseline year	Absolute emissions in 2030 target year (tCO <sub>2</sub> e/y)	Percentage reduction in emissions required by current year 2025/26 to meet 2030 target	Progress indicator towards target	Percentage reduction in absolute emissions to 2030 target year from 2021/22 baseline year
345,500	<b>266,000</b>	<b>23%</b>	200,500	21%	On track	42%

<sup>40</sup>Definitions of categories 1-8 are in the Glossary on page 36. For details regarding exclusions of certain scope 3 upstream categories, please refer to our Climate-related Financial Disclosures: Basis of Reporting 2026.

## Our scope 3 downstream (category 15) science-based targets – mortgages and business lending

In 2025/26, our downstream, financed (scope 3 category 15) emissions account for around 92% of our total emissions across scopes 1, 2, and 3. Around 92% of our total scope 3 downstream emissions are associated with our residential mortgages lending.

### Mortgages

Our internal modelling continues to demonstrate that our intermediate (by 2030) science-based target for mortgages is not going to be achieved, as outlined on page 22.

This year, we aligned our scope 3 downstream mortgages emissions and target tracking at a Group level, and recalculated our 2021/22 baseline.

Our calculated emissions intensity is approximately 2% lower in 2025/26 compared to 2024/25, and 5% lower in 2025/26, compared to our 2021/22 base year, due to a modest improvement in the energy efficiency of the properties in our portfolio. This is behind the total projected emissions intensity reduction required in 2025/26 of 22%, compared to our 2021/22 baseline, to align to our intermediate (by 2030) science-based target.

### Business lending

We also continue to disclose the emissions associated with our business lending, aligned to the UK's<sup>41</sup> definition of high emitting sectors, where feasible. Achieving alignment to our intermediate (by 2030) science-based targets for business lending is subject to similar challenges to those of our residential mortgage portfolio, whereby we are significantly reliant on sector-specific government policy and regulation, and action by UK businesses, both of which are uncertain and outside our control. More information is on page 22.

Our business emissions associated with our science-based targets cover lending greater than £1.5 million in the shipping portfolio, and greater than £250,000 in the oil and gas portfolio.

This year, we made enhancements to the methodology used to calculate emissions associated with our shipping and oil and gas lending. In line with PCAF, we updated our methodology to use emissions factors from the Comprehensive Environment Data Archive (CEDA). As a result, we have restated prior year data and recalculated our 2021/22 baselines. The use of CEDA emissions factors results in more accurate emissions, mapped at a sub-sector, and UK, level, and better reflects the emissions associated with our lending.

Due to data challenges with the calculation of our surface transport and agricultural emissions, and associated emissions intensity, we have paused disclosure of our surface transport and agriculture emissions and target progress this year.

Due to the nature of our agriculture book (which is mostly comprised of SME and micro-businesses) we observe challenges in obtaining customer-specific data needed to support carbon accounting. We will be reviewing our approach to calculating emissions associated with agriculture in the coming year, and will be reviewing our approach to surface transport in the future, as appropriate.

### Registered social landlords (RSL)

Our scope 3 downstream RSL absolute emissions (which cover around 95% of our total RSL lending) and total floor area, decreased in 2025/26, compared to 2024/25, due to a decrease in the number of properties on the book. Our calculated emissions intensity is approximately 2% lower in 2025/26, compared to our 2021/22 base year, which is behind the total projected emissions intensity reduction required of 23% to align with our intermediate (by 2030) science-based target.

Our scope 3 RSL LTV weighted carbon emissions intensity has increased compared to last year. Our credit risk policy supports increased lending to RSL borrowers without the need for further collateral. This means that it is likely that potential reductions in our RSL LTV weighted emissions intensity will be volatile over time, and therefore may not appropriately reflect the absolute emissions reductions (nor energy efficient improvements) observed in our emissions accounting. We will look to address this when we consider scope 3 downstream targets in our future Transition Plan, as appropriate.

### Shipping

Our calculated scope 3 downstream emissions intensity, associated with our shipping target, is less than 1% lower in 2025/26, compared to 2024/25. Our calculated emissions intensity in 2025/26 is 26% lower than our 2021/22 base year, and we are on track to meet our intermediate (by 2030) science-based target. Our emissions associated with shipping represent less than 1% of our total scope 3 downstream emissions and are considered immaterial.

<sup>41</sup>As per the [The Seventh Carbon Budget - Climate Change Committee](#) Figure 1.4.

### Oil and gas

Our calculated oil and gas economic emissions intensity is approximately 21% lower in 2025/26 compared to 2024/25, and 36% lower in 2025/26, compared to our 2021/22 base year. This is ahead of the total projected emissions intensity reduction required in 2025/26 of 26% compared to our 2021/22 baseline, to align to our intermediate (by 2030) science-based target.

The emissions associated with our lending to oil and gas have reduced as a proportion of overall lending through implementation of the CEDA emissions factors, and now more appropriately reflects the field services nature of our lending to the sector. Our emissions associated with oil and gas represent less than 1% of our total scope 3 downstream emissions and are considered immaterial.

### Commercial real estate (CRE)

We are ahead of our CRE intermediate (by 2030) science-based target, which has been set on the Nationwide portfolio only. Since Nationwide closed its CRE book in 2016, we have reduced the portfolio size by approximately 90% (from £2.6 billion in 2016/17 to £0.15 billion in 2025/26). This year our calculated emissions intensity increased by 5% in 2025/26, compared to 2024/25, and is 46% lower in 2025/26, compared to our 2021/22 baseline. Our scope 3 CRE emissions and LTV weighted emissions have reduced in comparison to last year, due to the continued managed run-off of the Nationwide portfolio.

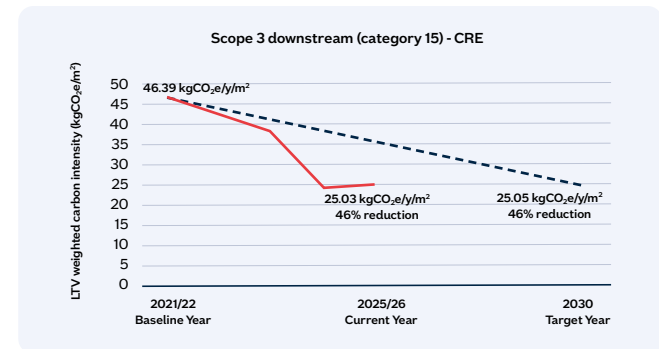
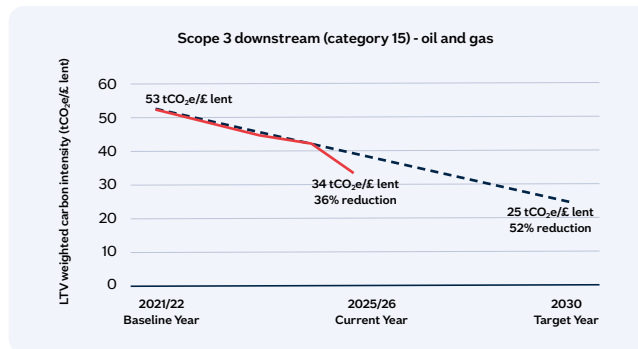
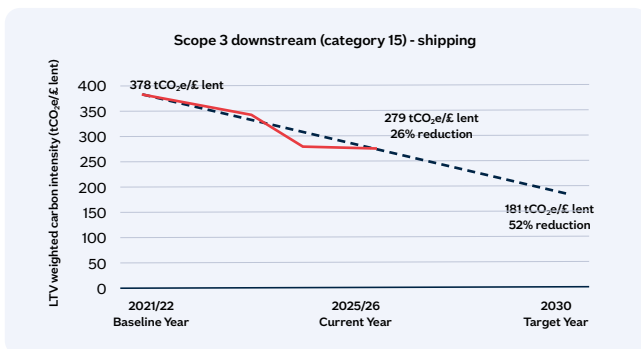
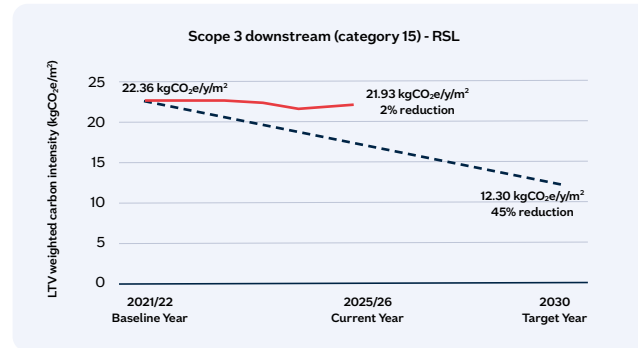
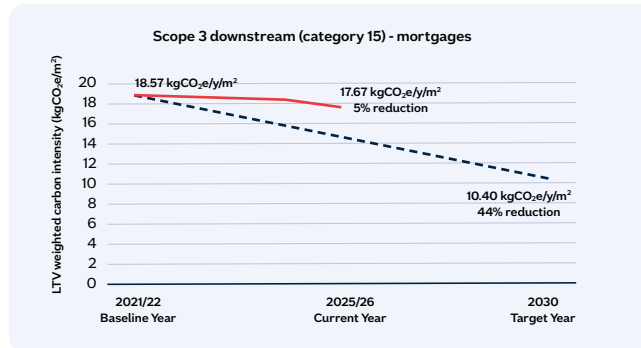
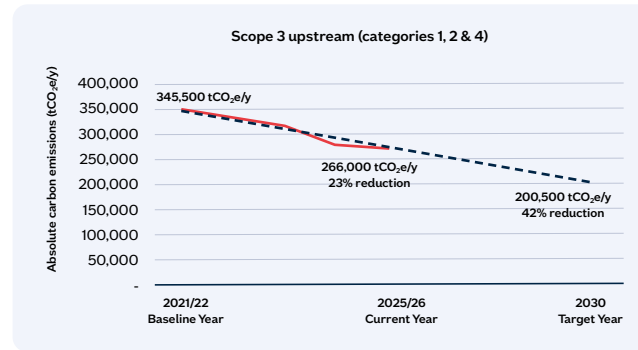
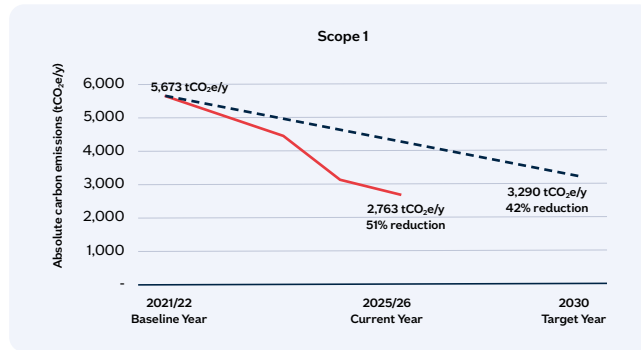
### Current progress towards our scope 3 downstream targets

Scope 3 downstream intermediate (by 2030) science-based targets									
Sector	Financed emissions at 2021/22 baseline year (tCO <sub>2</sub> e/y) <sup>42</sup>	Emissions intensity at 2021/22 baseline year	Financed emissions at 2025/26 current year (tCO <sub>2</sub> e/y)	Emissions intensity at 2025/26 current year	Percentage reduction in emissions intensity at 2025/26 current year, compared to 2021/22 baseline year	Emissions intensity at 2030 target year	Percentage reduction in emissions intensity required at current year 2025/26 to meet 2030 target	Progress indicator towards target	Percentage reduction in emissions intensity to 2030 target year from 2021/22 baseline year
Mortgages	3,411,000	19 kgCO <sub>2</sub> e/m <sup>2</sup> /y	<b>3,035,000</b>	<b>18</b> kgCO <sub>2</sub> e/m <sup>2</sup>	<b>5%</b>	10 kgCO <sub>2</sub> e/m <sup>2</sup> /y	22%	Off track	44%
RSL	346,000	22 kgCO <sub>2</sub> e/m <sup>2</sup> /y	<b>203,000</b>	<b>22</b> kgCO <sub>2</sub> e/m <sup>2</sup>	<b>2%</b>	12 kgCO <sub>2</sub> e/m <sup>2</sup> /y	23%	Off track	45%
Shipping	53,000	378 tCO <sub>2</sub> e/£m lent	<b>31,000</b>	<b>279</b> tCO <sub>2</sub> e/£m lent	<b>26%</b>	181 tCO <sub>2</sub> e/£ lent	26%	On track	52%
Oil and gas	4,100	53 tCO <sub>2</sub> e/£m lent	<b>4,100</b>	<b>34</b> tCO <sub>2</sub> e/£m lent	<b>36%</b>	25 tCO <sub>2</sub> e/£m lent	26%	On track	52%
CRE	96,000	46 kgCO <sub>2</sub> e/m <sup>2</sup> /y	<b>19,000</b>	<b>25</b> kgCO <sub>2</sub> e/m <sup>2</sup> /y	<b>46%</b>	25 kgCO <sub>2</sub> e/m <sup>2</sup> /y	23%	On track	46%

<sup>42</sup>2021/22 baseline emissions, and emissions intensities, for shipping and oil and gas have been restated.

## Overview of progress towards our intermediate (by 2030) science-based targets

The charts below outline the progress made towards our scope 1, 2, and 3 intermediate (by 2030) science-based targets. The science-based pathways used for our targets align to externally recognised scenarios. More information on the scenarios used is in our Climate-related Financial Disclosures 2025 and our Intermediate Net-Zero Ambitions 2022 – Basis of Preparation.



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

We report our carbon emissions in line with the Government's Streamlined Energy and Carbon Reporting (SECR) regulatory requirements and measure our emissions in accordance with the Greenhouse Gas Protocol and PCAF. Further information on our scope 1, 2, and 3 emissions methodology and data score approach for 2025/26 reporting year is detailed in our Climate-related Financial Disclosures: Basis of Reporting 2026.

Scope 1 and 2 emissions in tonnes of carbon dioxide per year (tCO <sub>2</sub> e/y) <sup>43</sup>	2025/26	2024/25	(Baseline) 2021/22
Scope 1 – energy and travel <sup>EY</sup>	2,763	3,128	5,673
Scope 2 – electricity <sup>EY</sup>	14,353	18,165	21,098
<b>Total gross scope 1 and 2 emissions</b>	<b>17,116</b>	21,293	26,771
Less PPA carbon reduction for scope 2	(7,388)	(8,613)	(9,822)
Less green tariff electricity for scope 2	(6,965)	(9,552)	(11,276)
Absolute carbon outturn	2,763	3,128	5,673
<b>Total carbon dioxide in tonnes per full time employee (FTE)</b>	<b>0.10</b>	0.15	0.28
Data score	2.00	2.00	1.46
Energy usage data in megawatt hours (MWh)	2025/26	2024/25	(Baseline) 2021/22
Electricity	81,092	87,730	100,176
Gas	14,444	16,109	30,983
Upstream scope 3 emissions (tCO <sub>2</sub> e/y) <sup>44</sup>	2025/26	2024/25	(Baseline) 2021/22
Category 1: Purchased goods and services	234,000	229,000	270,500
Category 2: Capital Goods	14,000	20,500	45,500
Category 4: Upstream transportation and distribution	18,000	26,000	29,500
<b>Total upstream scope 3 carbon dioxide emissions <sup>EY</sup></b>	<b>266,000</b>	275,500	345,500
Data score	2.95	3.13	3.04

<sup>43</sup>Prior year and baseline figures for scope 1 and 2 emissions are presented for comparative purposes. Please refer to our 2025 Climate-Related Financial Disclosures for details of the applicable 12-month reporting period in which emissions were calculated.

<sup>44</sup>Prior year and baseline figures for upstream scope 3 emissions have been restated (to align to current year methodology), and are presented for comparative purposes. Please refer to our 2025 Climate-Related Financial Disclosures for details of the applicable 12-month reporting period in which emissions were calculated.

<sup>EY</sup> 2025/26 values are subject to independent limited assurance by EY. Further information is available on page 30, in our Climate-related Financial Disclosures: Basis of Reporting 2026, and in EY's limited assurance report 2026. Please refer to the report for full details of scope.

<b>Downstream scope 3 emissions – mortgages and business lending (tCO<sub>2</sub>e/y)</b>			
<b>Mortgages</b>	<b>2025/26</b>	<b>2024/25</b>	<b>(Baseline) 2021/22</b>
Total property floor area in square metres (m <sup>2</sup> )	171,800,000	175,500,000	183,700,000
Absolute carbon emissions	5,992,000	6,505,000	7,347,000
Absolute carbon intensity – carbon dioxide per square metre of floor area in kilograms per year (kgCO <sub>2</sub> e/m <sup>2</sup> /y)	34.89	37.06	40.00
<b>LTV weighted carbon emissions<sup>45</sup> EY</b>	<b>3,035,000</b>	3,158,000	3,411,000
<b>LTV weighted carbon intensity<sup>45</sup> (kgCO<sub>2</sub>e/m<sup>2</sup>/y)</b>	<b>17.67</b>	17.99	18.57
Data score	3.60	3.51	3.53
<b>Registered social landlords</b>	<b>2025/26</b>	<b>2024/25</b>	<b>(Baseline) 2021/22</b>
Total property floor area (m <sup>2</sup> )	9,261,000	9,891,000	15,490,000
Absolute carbon emissions	361,000	401,000	747,000
Absolute carbon intensity (kgCO <sub>2</sub> e/m <sup>2</sup> /y)	38.95	40.59	48.24
<b>LTV weighted carbon emissions<sup>45</sup> EY</b>	<b>203,000</b>	204,000	346,000
<b>LTV weighted carbon intensity<sup>45</sup> (kgCO<sub>2</sub>e/m<sup>2</sup>/y)</b>	<b>21.93</b>	21.51	22.36
Data score	3.86	3.75	4.00
<b>Shipping</b>	<b>2025/26</b>	<b>2024/25</b>	<b>(Baseline) 2021/22</b>
Percentage of portfolio balances covered by emissions	96%	95%	94%
Gross lending covered by emissions (£m)	110	137	141
<b>LTV weighted carbon emissions<sup>45</sup> EY</b>	<b>31,000</b>	38,000	53,000
<b>Economic LTV weighted carbon intensity<sup>45</sup> (tCO<sub>2</sub>e/y/£m lent)</b>	<b>279</b>	280	378
Data score	4.00	4.07	4.27

<sup>45</sup>Prior year and baseline scope 3 financed emissions for shipping and oil and gas have been restated due to changes in methodology and the application of CEDA emissions factors in line with PCAF guidance. Prior year and baseline scope 3 financed emissions for mortgages have been restated due to alignment of emissions at Group level. Prior year scope 3 financed emissions for registered social landlords have been restated due to ongoing review of our calculation methodology.

<sup>EY</sup> 2025/26 values are subject to independent limited assurance by EY. Further information is available on page 30, in our Climate-related Financial Disclosures: Basis of Reporting 2026, and in EY's limited assurance report 2026. Please refer to the report for full details of scope.

<b>Oil and gas</b>	<b>2025/26</b>	<b>2024/25</b>	<b>(Baseline) 2021/22</b>
Percentage of portfolio balances covered by emissions	99%	99%	95%
Gross lending covered by emissions (£m)	120	139	78
<b>LTV weighted carbon emissions<sup>46</sup> EY</b>	<b>4,100</b>	5,900	4,100
<b>Economic LTV weighted carbon intensity<sup>46</sup> (tCO<sub>2</sub>e/y/£m lent)</b>	<b>34</b>	43	53
Data score	3.34	3.35	4.34
<b>Commercial real estate</b>	<b>2025/26</b>	<b>2024/25</b>	<b>(Baseline) 2021/22</b>
Total property floor area in square metres (m <sup>2</sup> )	746,000	969,000	2,062,000
Absolute carbon emissions	67,000	87,000	259,000
Absolute carbon intensity (kgCO <sub>2</sub> e/m <sup>2</sup> /y)	90.04	89.65	125.40
<b>LTV weighted carbon emissions</b>	<b>19,000</b>	23,000	96,000
<b>LTV weighted carbon intensity (kgCO<sub>2</sub>e/m<sup>2</sup>/y)</b>	<b>25.03</b>	23.87	46.39
Data score	4.00	4.00	4.00

### 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 2026. This includes: scope 1, 2 and 3 upstream and downstream (investments) emissions (for mortgages, registered social landlords, shipping, and oil and gas) for the 12-month period ended 31 December 2025. Assured metrics and KPIs are indicated throughout. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, as promulgated by the International Auditing and Assurance Standards Board (IAASB). 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.

<sup>46</sup>Prior year and baseline scope 3 financed emissions for shipping and oil and gas have been restated due to methodology changes and the application of CEDA emissions factors in line with PCAF guidance. Prior year and baseline scope 3 financed emissions for mortgages have been restated due to alignment of emissions at Group level. Prior year scope 3 financed emissions for registered social landlords have been restated due to ongoing review of our calculation methodology.

# Metrics and targets – climate-related risk and opportunities

## Physical risk metrics

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

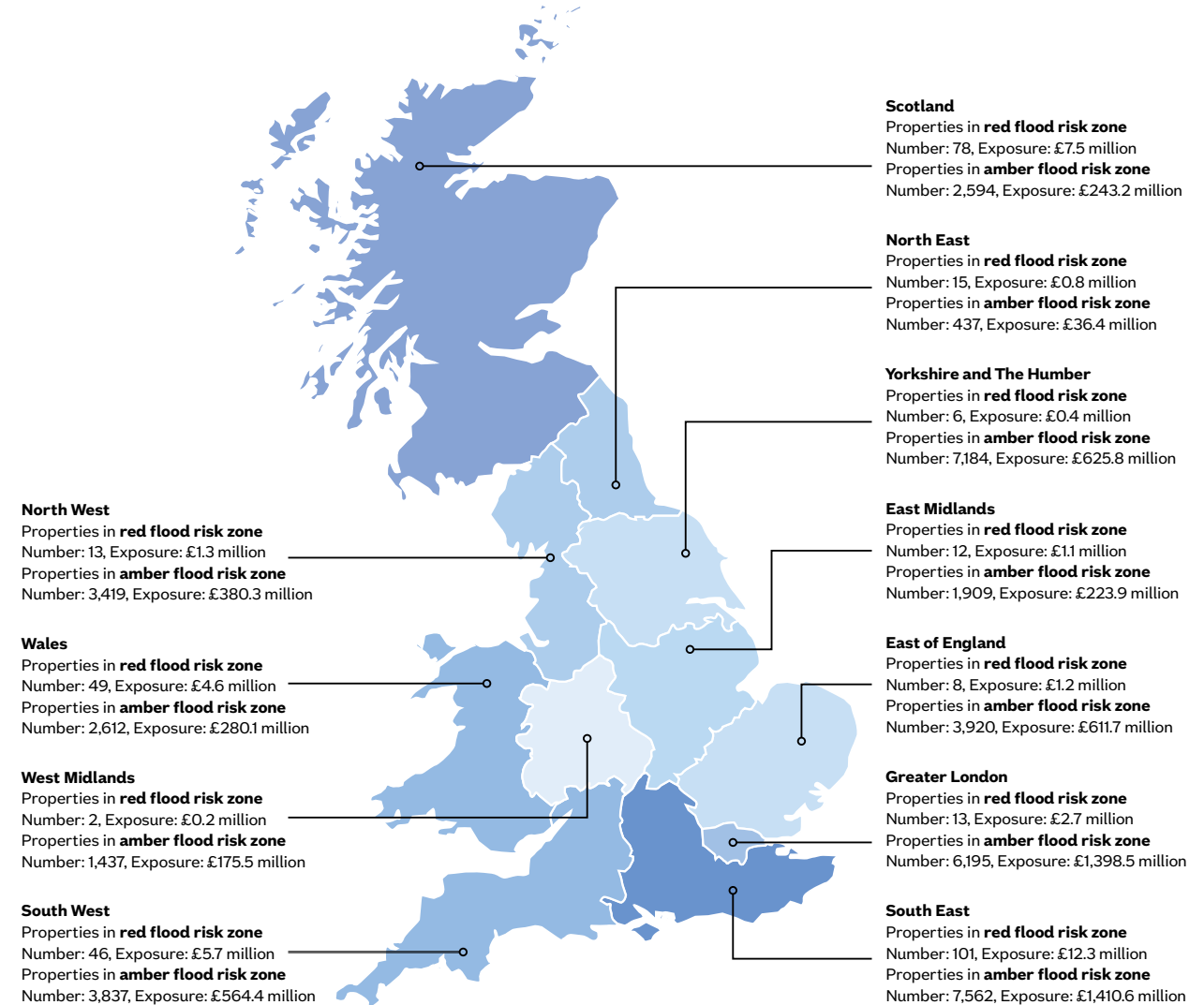
We do not lend to new properties at high risk of flooding (red flood risk zones) to ensure we are lending in a responsible, sustainable way that safeguards our customers. We continue to lend to properties within the amber flood risk zones, as long as these properties are insurable under normal terms. 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.

## Physical risk data

The map opposite depicts the flood risk profile of our buy to let and owner occupier mortgage portfolio by UK region. Data is presented for 2025/26<sup>47</sup> at a Group level.

Darker shades of blue indicate a higher proportion of homes in red flood risk zones.

## Red and amber flood risk exposure data per UK region



<sup>47</sup>2025/26 flood risk data is at 31 December 2025.

## Transition risk metrics

The use of EPC data is 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. 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 2026.

Approximately 49% 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, where 46% was EPC C or better. Around 49% of owner-occupier properties, and around 49% of buy to let properties, are rated EPC C or better.

### Transition risk data

Current valid EPCs – owner-occupier mortgages	2025/26 <sup>48</sup>			2024/25		
	Number	Exposure £bn	% of book	Number	Exposure £bn	% of book
EPC Rated A/B/C <sup>49</sup>	355,104	66.86	25	351,729	62.14	24
EPC Rated D/E	352,710	68.35	24	383,295	69.07	26
EPC Rated F/G	15,963	3.14	1	19,725	3.67	2
No EPC / unmatched	725,879	83.54	50	695,699	76.23	48
Current valid EPCs – buy to let and legacy mortgages	2025/26			2024/25		
	Number	Exposure £bn	% of book	Number	Exposure £bn	% of book
EPC Rated A/B/C <sup>49</sup>	160,477	24.15	37	151,891	22.66	35
EPC Rated D/E	167,427	23.79	38	180,959	25.18	41
EPC Rated F/G	915	0.12	0	1,659	0.20	0
No EPC / unmatched	108,497	12.68	25	106,556	12.12	24

### Climate change complaint and loss data

Complaint and loss event data related to climate risk are tracked<sup>50</sup>. This data helps inform our understanding of any material impact on our operations and customers. There were no climate-related complaints in this financial year (2024/25: 1). There was one operational and conduct risk loss event and near miss recorded with a climate change root cause (2024/25: 1). We will continue to monitor this activity, particularly if the frequency of occurrence of more extreme weather events increases.

<sup>48</sup>Data is presented at Group-level as at 31 December 2025.

<sup>49</sup>Approximately 18% of owner occupier properties are rated EPC A/B. Approximately 6% of buy to let properties are rated EPC A/B.

<sup>50</sup>Complaint and loss data is currently tracked for the Nationwide sub-group only.

## Green finance metrics

Nationwide tracks climate-related opportunities related to our green finance initiatives (including business and mortgage propositions). We aim to support our RSL borrowers through SLL's and residential mortgage customers in making green home improvements.

Whilst the uptake of our 0% interest Green Additional Borrowing mortgage product continues to increase, it is not at the rate needed to make a significant difference to greening UK homes. We hope that by extending our proposition to more customers, it will help encourage further increased uptake of energy efficient home improvements. More information on our 0% interest Green Additional Borrowing mortgage product is in the Strategy section on page 4. Uptake of our Green Reward mortgage remains low.

### Green finance data

<b>0% interest Green Additional Borrowing mortgage</b>	<b>2025/26</b>	<b>2024/25</b>
Number of completed applications within the financial year	2,239	1,362
Total value of completed applications within the financial year (£m)	32	18
<b>RSL sustainability linked loans (SLLs)</b>	<b>2025/26</b>	<b>2024/25</b>
Cumulative total value of RSL SLLs as at the end of the financial year (£m)	634	584
RSL SLLs as a percentage of total RSL lending as at the end of the financial year	9%	9%

## Metrics and targets – nature-related risk metrics

Nationwide follows a waste hierarchy approach to managing waste, prioritising reduction, reuse, then recycling. We continue to divert as much waste as possible from landfill. We aim to divert 95% of our annual waste from landfill to align to industry standards, where 90-95% diversion from landfill is considered best practice for zero-waste offices. In 2025/26 we achieved around 98%.

Our waste diverted from landfill is either recycled (2025/26: 60%), incinerated to create energy-from-waste (2025/26: 35%), treated through anaerobic digestion (2025/26: 5%), or as hazardous waste (2025/26: 0.07%). We aim to keep hazardous waste to a minimum.

We continue to report on our water and waste consumption. We have seen a decrease in water consumption and 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 <sup>51</sup>	2025/26 <sup>52</sup>	2024/25
Water use in cubic metres	134,403	158,924
Water emissions (tCO <sub>2</sub> e/y)	26	24
Water use in cubic metres per FTE	5.00	7.44
Waste generated in tonnes	1,718	2,009
Waste emissions (tCO <sub>2</sub> e/y)	8	13

This year, as part of our overarching goal of reducing waste and increasing recycling rates, we introduced food waste bins across both our admin sites and branch network. We also held several information stalls at our Head Office in Swindon, UK, to help our colleagues to better understand the importance of correct waste segregation. We will continue to explore initiatives to promote nature through our operations across the Group in the future, as appropriate.

<sup>51</sup>Water emissions are calculated using water usage (water use in cubic metres) data, sourced from invoicing from our water suppliers, multiplied by the 2025 DESNZ emissions factors for UK water supply, to calculate the tonnes of carbon dioxide equivalent per year. Waste data is sourced from our waste providers and covers waste across our operational buildings such as branches, admin sites and data centres, and suppliers who support our business operations, using actual data. Waste emissions are calculated using waste usage (waste generated in tonnes) data, multiplied by the 2025 DESNZ emissions factors for UK waste combustion, to calculate the tonnes of carbon dioxide equivalent per year.

<sup>52</sup>Data is presented at Group-level for the 12-months to 31 December 2025. Prior year data is presented at Group-level and reporting periods are stated in our Climate-related Financial Disclosure 2025.

## 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 Nationwide. 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
Climate Change Committee (CCC)	An independent, statutory body established under the Climate Change Act 2008. It advises the UK and devolved governments on emissions targets and reports to Parliament on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.
Energy Performance Certificate (EPC)	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.
Minimum Energy Efficiency Standards (MEES)	Government standards introduced in 2018 which originally required domestic privately rented properties to have an EPC rating of E or better. Recently updated MEES for England and Wales now requires all privately rented properties to be EPC C or above by 2030.
Oil and gas	We predominately lend to companies that serve the oil and gas industry. We do not lend to companies directly involved with the extraction or production of fossil fuels.
Partnership for Carbon Accounting Financials (PCAF)	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 5/25 (SS5/25)	The PRA's SS5/25 is a regulatory document that was published in 2025 and sets out the PRA's updated expectations for how banks and insurers should identify, manage, and govern climate-related financial risks. It replaces SS3/19.
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 currently use the tools and methodologies of the Science Based Target Initiative (SBTi). The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the Worldwide Fund for Nature, and 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 cover emissions resulting from the goods 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.
Warm Homes Plan	Published in 2026, the Warm Homes Plan is 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.