Task Force on Climate-related Financial Disclosures report

We are pleased to present our fourth Task Force on Climate-related Financial Disclosures ("TCFD") report. Our disclosures comply with FCA Listing Rule 9.8.6R(8) and are consistent with the TCFD's 2017 Recommendations. Where practicable, we have also incorporated the 2021 Annex to the Implementing Guidance.

TCFD recommendations	Our progress	Future focus
Sustainability and climate governance Describe the Board's oversight of climate-related risks and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities. *See pages 30 to 31.*	• Board oversight of climate-related risks and opportunities is supported by defined roles and responsibilities across the Board and its committees. • The Group Chief Risk Officer ("GCRO"), under the Senior Managers and Certification Regime, is accountable for identifying and managing financial risks linked to climate change. • The climate risk governance framework undergoes continuous review to ensure climate risk remains fully embedded within the wider risk management framework and aligned with management decision-making forums. • Members of the climate reporting team completed the new Partnership for Carbon Accounting Financials ("PCAF") Academy learning programme for signatories, enhancing expertise in applying PCAF standards and financed emissions accounting.	• Continue to strengthen climate knowledge at Board and senior management level. • Advance climate skills and competencies across our people and stakeholders, with a focus on rapidly evolving technologies and their deployment in the UK market.
Climate strategy Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. Describe the impact of climate risks and opportunities on the organisation's business strategy and planning. Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario. *See pages 32 to 33.*	• Our new strategy is guided by three principles: Simplify, Optimise and Grow. • We have aligned our climate positioning more closely with our business-led strategy, supporting customers in their transition to a lower-carbon future. • Enhanced data availability within Asset Finance and Leasing, embedding fuel-type information to improve emissions analysis. • Launched a £20 million Green Asset Fund to build expertise in emerging sectors and technologies, with c.£8 million deployed by year end. • Joined the Irish Growth and Sustainability Loan Scheme to enable Irish customers to invest in climate action and environmental sustainability.	• Continue to manage and reduce operational emissions while advancing our financed emissions transition plan. • Continue to advance climate data capabilities to improve measurement, reporting and strategic decision-making. • Respond proactively to evolving regulation and emerging best practice across the industry. • Expand sustainable finance activities, including alternatively fuelled vehicles in Motor Finance, eco-homes and renewable energy projects. • Enhance resilience by tightening lending appetite (e.g. for high-emission vehicles and poorly EPC rated properties).
Risk management Describe the organisation's processes for identifying and assessing climate-related risks. Describe the organisation's processes for managing climate-related risks. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management. *See pages 33 to 36.*	• Strengthened existing data, reporting and oversight of climate-related risk exposures. • Integrated climate risk assessment into principal and emerging risk processes. • Continued to report credit exposures relative to climate risk and risk appetite. • Updated policies, standards and the enterprise risk framework to embed climate risk. • Advanced climate risk culture with clear corporate responsibility recognition. • Updated due diligence questionnaires to collect climate and ESG data from Tier 1 and Tier 2 suppliers and procurement processes that incorporate environmental and climate-related criteria alongside sustainability innovation and performance.	• Further enhance data use to support quantitative risk measurement and strategy. • Develop an approach to further integrate climate analysis into group stress testing, including the ICAAP and resilience scenarios. • Increase engagement with customers, partners and suppliers on climate impacts. • Ongoing assessment of climate impacts within resilience and risk frameworks. • Regular horizon scanning to identify regulatory changes and opportunities.

TCFD recommendations	Our progress	Future focus
Metrics and targets Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose Scope 1 and 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. *See pages 37 to 39.*	• Our operational emissions have reduced by more than 53% since our 2019 baseline. • Enhanced measurement of our operational carbon footprint, including expanded coverage across Scope 3 categories. • Consistently applied assessment of Scope 3 financed emissions, primarily within the loan book, using evolving PCAF methodologies. • Achieved strong external recognition, with a CDP "B" rating, MSCI "AA" rating and Sustainalytics ESG risk score of 21.5. • Continued compliance with regulatory, legal and industry-standard emissions reporting, evidencing measurable progress.	• Continue to build on progress towards our ambition of net zero by 2050. • Strengthen customer climate data capabilities to facilitate enhanced financed emissions reporting, risk assessment and portfolio strategy.

Sustainability and climate governance

The integration of climate into our governance structure

As our climate risk framework has continued to mature, the group's governance structure has evolved to ensure clear accountability for climate-related roles and responsibilities, and to support a fully integrated approach to both risks and opportunities.

Oversight is embedded across the Board, executive committees, and the three lines of defence, supported by regular updates to relevant committees and forums. This ensures climate considerations are consistently reflected in strategic planning, the setting of group-level risk appetites, and the monitoring of divisional appetites.

Reporting and management information provide the insights needed for informed decision-making, while alignment between climate strategy and executive remuneration reinforces accountability. Climate and environmental, social and governance ("ESG") objectives are embedded within the Executive Committee's scorecard and Long Term Incentive Plan.

Board oversight

Board

The Board is responsible for the long-term success of the group and for delivering sustainable value to shareholders and wider stakeholders. It fulfils these responsibilities both directly and through its subsidiary committees.

In overseeing the group's long-term sustainability, the Board is accountable for the overall delivery of our climate and ESG strategy. It receives regular updates on implementation and progress from the executive team, and approves the group's risk appetite statements, including those relating to climate risk.

Board Risk Committee

Operating under authority delegated by the Board, the Board Risk Committee ("BRC") oversees risk management across the group, including risks arising from climate change. The BRC monitors the measures in place to manage climate risk and receives regular updates on the embedding of climate risk into the group's wider risk framework. This includes reviewing emerging portfolio information, tracking the evolution of climate-related risk appetite, and considering risks and opportunities.

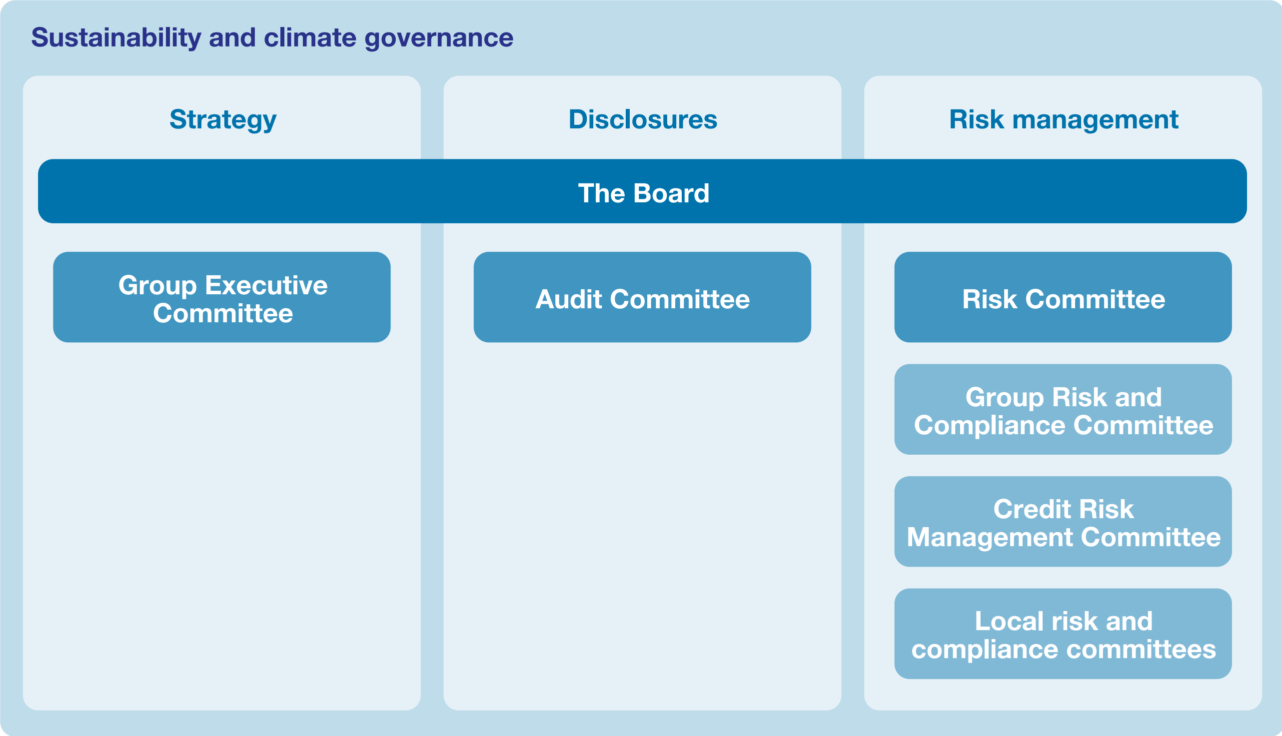
Audit Committee

Operating under authority delegated by the Board, the Audit Committee oversees financial and regulatory reporting across the group, together with the effectiveness of internal financial controls. The committee is also responsible for ensuring the clarity and completeness of environmental, sustainability, and climate-related disclosures within the group's Annual Report.

Executive

Chief Executive

The Chief Executive holds ultimate responsibility for climate-related issues affecting the group and its customers, with overall accountability to the Board and shareholders for ensuring sustainable and responsible practices, including environmental matters. Accountability for the group's climate and ESG strategy also rests with the Chief Executive, with elements delegated to members of the executive team to ensure effective delivery and integration into business practices.



Group Chief Risk Officer

In Banking, and in line with the Senior Managers and Certification Regime, the GCRO has specific responsibility for climate risk management. This includes:

- Embedding climate risks within business planning and risk appetite statements.
- Conducting climate-related scenario analysis across different time horizons.
- Ensuring Board-level visibility with clear roles and responsibilities.
- Considering climate risk materiality within the annual Internal Capital Adequacy Assessment Process ("ICAAP").

The GCRO is supported by the Board and executive team, who collectively oversee delivery of the group's climate risk objectives and provide challenge and approval of the broader climate and ESG strategy.

Group Executive Committee

The Executive Committee evaluates and implements initiatives to ensure a sustainable business model that incorporates all risks and opportunities, including ESG and climate. At group level, it oversees the development of the climate strategy, covering ambitions, operational and financing activities, targets, and metrics. The committee also coordinates divisional strategies and supports the Chief Executive in making recommendations to the Board for approval.

Group Risk and Compliance Committee

At executive level, climate risk management is overseen by the Group Risk and Compliance Committee ("GRCC"), which reviews and challenges the framework used to manage financial risks from climate change. The committee receives regular framework updates, with climate risk management information embedded within established risk reporting processes.

Credit Risk Management Committee

The Credit Risk Management Committee ("CRMC") is responsible for monitoring the group's credit risk profile, including climate-related credit risk considerations. Over the past year, it has received regular updates on Banking's credit risk assessment framework and associated management information, which highlight the potential climate risk sensitivity of different sectors and asset classes. The CRMC has also reviewed and approved the integration of climate considerations into credit risk policies and standards.

Training and competency

Both the Board and executive team are committed to developing and embedding strong climate and ESG competencies. Regular updates to the Board and management committees over the past year have supported this, raising awareness of the risks and opportunities presented by climate change and tracking progress against the group's response.

Capability has been strengthened across the wider organisation through additional training, including accredited climate qualifications where relevant. This year, members of the climate reporting team completed the new PCAF Academy learning programme for signatories, enhancing their expertise in applying PCAF standards and financed emissions accounting.

Climate strategy

As a group supporting many sectors of the UK economy, we recognise our responsibility to enable the transition to a low-carbon future and remain committed to the goals of the Paris Agreement.

We have moved away from intermediate group-level climate targets to focus instead on aligning our climate positioning with our business-led strategy of supporting customers in their transition. Our lending must evolve in step with our customers' transition pathways and as UK businesses adopt clean technologies, greener assets and new business models, we stand ready to provide the financing solutions that facilitate change and drive the wider economic transition.

Opportunities in the energy market and battery electric vehicles remain strong, and future growth in these areas will be led by customer demand rather than by top-down targets, ensuring our ambitions reflect the real transition journeys of our clients.

We recognise the urgency of tackling the environmental, economic and social impacts of climate change, which affect all stakeholder groups. Identifying and managing the risks and opportunities of climate change to our business model remains a key strategic focus for the Board and senior management.

The three pillars of our climate strategy

1. Achieving net zero operations

We have made significant progress on our climate actions, reducing operational emissions by 53% since our 2019 baseline and advancing towards our ambition of achieving net zero by 2050. This significantly exceeds the level of reduction typically required to align with science-based emissions pathways consistent with a 1.5°C global warming scenario. It reflects our dedication to, and progress in, decarbonising our operations and demonstrates the effectiveness of the actions we have taken to date.

To strengthen alignment with our business-led strategy, we have moved away from intermediate group-level targets and instead focused on supporting customers in their transition to a lower-carbon future.

Reducing our own emissions remains a priority and underpins our wider net zero ambition. Beyond meeting mandatory SECR requirements, we provide enhanced disclosure of our full operational footprint, covering Scope 1, Scope 2 and all relevant Scope 3 categories.

Engaging our supply chain on climate action is delivering benefits. We are working closely with major suppliers, while also collaborating with business customers where we represent part of their supply chain emissions, creating a multiplier effect across the value chain.

We are strengthening the monitoring and calculation of our operational impacts, with a focus on improving data quality and availability. In 2025, reported Scope 1 and 2 emissions were obtained for 43% of supplier spend, up from 31% in 2024, enhancing the accuracy of our Scope 3 Category 1 disclosures. Supply chain engagement is delivering measurable benefits, both through collaboration with our largest suppliers and with business customers for whom we represent a share of their supply chain emissions.

Our workplace team continues to work with our facilities management partner to reduce emissions across all properties. Our success here is reflected in a 20.4% reduction in total Scope 1 and 2 location-based operational emissions in 2025 compared to 2024.

We remain committed to achieving a net zero car fleet. While the pace of transition has been influenced by UK EV market dynamics, our recognised leadership in battery electric vehicle adoption has delivered strong progress: as of July 2025, 61.6% of our fleet is fully electric and 37.1% is plug-in hybrid.

This transition has further reduced our fleet's emissions, with average CO_2 output now at 14.7 gCO_2/km (2024: 20.7 gCO_2/km).

2. Reducing our financed emissions

We support the goals of the Paris Agreement by aligning our financing activities with net zero commitments and helping customers meet their transition targets. Understanding the climate impacts of our lending portfolios, while identifying green growth opportunities, is central to our climate plan.

In 2025, we continued to apply our climate assessment of assets and businesses across our lending portfolios, with a summary of Scope 3 financed emissions provided on page 39. Governance has been strengthened by transferring ownership of financed emissions reporting from the central team to the Risk function, embedding climate oversight alongside credit risk management.

In Motor Finance, we continue to reduce our appetite for high-emitting vehicles. We have enhanced data quality across Asset Finance and Leasing, embedding fuel type information to improve emissions measurement and portfolio analysis. Scope 3 emissions fell, driven by a gradual transition towards lower-emission vehicles, alongside loan book reduction. This is evidenced by the drop in Scope 3 total financed emissions from 1,435,576 tCO_2e in 2024 to 1,303,568 tCO_2e in 2025.

As members of PCAF, we are working with peer banks to further improve data sourcing and carbon accounting, strengthening our understanding of portfolio impacts and supporting the continued development of our climate strategy.

3. Financing the transition

We are enabling the adoption of cleaner technologies and business model adaptation through our green growth lending strategy, leveraging our expertise while maintaining alignment with our risk appetite.

We see significant growth opportunities in green asset lending across both established and emerging asset classes. As a specialist lender with deep customer insight, we are well positioned to support clients in adopting cleaner technologies and achieving their sustainability goals.

The energy market and BEVs remain key areas of opportunity. Road transport is one of our largest lending sectors and we are already supporting rapid deployment of BEVs by fleet customers across passenger and goods vehicles. In Motor Finance, we are expanding our BEV offering to accelerate this transition.

In FY 2025, our Asset Finance and Leasing business launched a £20 million Green Asset Fund to build expertise in emerging sectors and technologies, with c.£8 million deployed by year end. We are also participating in the Irish Growth and Sustainability Loan Scheme, enabling customers in Ireland to invest in climate action and environmental sustainability.

Beyond transport, we are financing eco-homes and sustainable developments. While lending volumes in these sectors are currently modest, we expect growth to increase as customer demand rises and regulatory frameworks strengthen.

Battery electric vehicles funding

		2025 £million	2024 £million
Green lending	Zero emissions battery electric vehicles achieved in financial year	**154.4**	152.4
Green lending	Zero emissions battery electric vehicles achieved since 2023	**470.8**	316.4

Physical and transitional climate impacts

Risk	Description	Timeline	Potential impacts
Physical climate impacts			
Increasing frequency and severity of extreme weather events, such as persistent heat and severe flooding, together with long-term shifts in climatic conditions.	Physical damage to customer assets and disruption to sector productivity, including labour impacts in construction and reduced crop yields in agriculture.	Medium to long term	Credit risk – counterparty and collateral.
	Disruption or damage to our properties and those of suppliers or partners, including critical sites such as data centres and call centres.	Long term	Supply chain risk. Business continuity impacts and disruption to customers.
Transitional climate impacts			
Market disruption from the transition to a low-carbon economy, driven by new regulation, evolving policy, technological change and shifting customer demand.	Significant technological shifts within key sectors, such as impacts on existing transport activities.	Medium to long term	Credit risk – counterparty and collateral. Uncertainty around new and legacy asset values.
	Uncertainty and change across UK sectors where our SME customers operate, driven by shifting customer expectations and increasing focus on energy efficiency and environmental performance.	Medium to long term	Credit risk from counterparties and collateral, with market uncertainty potentially reducing customer investment activity in the short term.
	Changing customer operating models and higher investment in clean assets, such as onsite renewable generation, energy storage and EV charging, are creating demand for new products and underwriting approaches.	Medium term	New business models. Need for new skills and capabilities across the bank.
Changing stakeholder climate expectations.	Stakeholders, including investors, customers and employees, are increasingly invested in our climate plan, while market appetites are shifting away from high-carbon sectors such as fossil fuel extraction and carbon-intensive transport.	Medium to long term	Reputational risk affecting our ability to attract and retain talent, as well as our attractiveness to investors and savers.

Risk management

How we identify, assess and manage climate-related risks

Our group Enterprise Risk Management Framework, outlined on page 68 of the Risk Report, ensures a consistent approach to managing climate-related risks across the organisation.

Physical risks are treated as cross-cutting, with potential impacts considered across our principal risks, while transition risks are measured and monitored through our emerging risk processes.

Alignment of group-wide framework with climate-related risks and opportunities

Aligning our risk management framework with climate-related risks and opportunities remains a priority, with ongoing assessment and monitoring of our banking book and impacts across other principal risks. The continued enhancement of standards and policies is strengthening the maturity of climate risk within our end-to-end risk processes.

We recognise that this is a multi-year journey, with both physical and transition risks, and the frameworks to assess them, still evolving across the industry. The impacts of climate change across different time horizons, and our proportional response, will remain integral to our wider risk assessment, financial planning and strategy development.

Our business planning time horizons

Short term (0-1 year)	Time horizon for annual budgeting and capital assessment.
Medium term (1-3 years)	Time horizon for business strategy and financial planning. Also aligns with typical ICAAP scenario analysis horizon.
Long term (more than 3 years)	Time horizon beyond typical financial planning cycle. Impacts primarily assessed using long-term scenario analysis noting most material climate risks will crystallise in this horizon.

Risk culture and awareness

A strong risk culture is embedded across the group, aligned with our purpose, strategy, cultural attributes and values. The management of climate risks and opportunities is fully integrated within this culture.

Internal controls

To support the ongoing integration of climate risk into our control environment, recent enhancements have reinforced climate considerations within policy documentation and ensured that internal processes are complemented by the activities of key suppliers and partners.

Governance

A key element of embedding climate risk into our group-wide risk management framework is the application of a coherent three lines of defence model, as outlined on page 72 in the Risk report. As this embedding continues, our climate governance structure continues to evolve, ensuring clear roles and responsibilities and an integrated approach to both risks and opportunities. Recent enhancements include strategic accountability being placed more clearly with each business divisional Chief Executive rolling up to the Executive Committee at group level, with the Board retaining overall accountability for the delivery of our climate and ESG strategy. Risk reporting is via existing risk reporting pathways into risk committees. This structure is detailed on page 31.

Stress testing

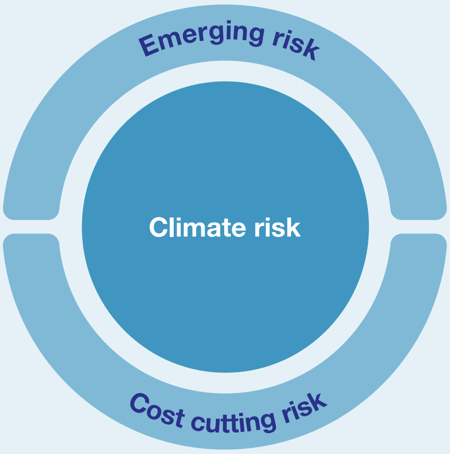
Building on our long-horizon scenario analysis, recent work has taken account of the short tenor of our loan book (15 months average) and the stability of risk exposures across assets and counterparties. In the next financial year, our focus will be on developing a considered approach to further integrating climate analysis into group stress testing, including the ICAAP and resilience scenarios.

Risk appetite

Climate risk is integrated into the group's risk appetite statements, aligning risk management with overall strategy. At present, quantitative measures are primarily used for monitoring; however, we are continuing to explore more tailored and formal risk appetites by risk area. This is particularly relevant in credit risk, where quantifiable metrics can be measured against limits specific to business considerations. We expect these to be based on sectoral transition risk assessments, aligned to our ambition to reach net zero by 2050.

Climate cross-cutting risks

The physical nature of climate change has the potential to impact across the suite of our existing principal risks.



Noting the longer time horizons for some transitional climate impacts to crystallise (such as on policy and reputation) we track transitional impacts of climate risk as one of our core emerging risks.

Risks identified across the group with potential climate-related impacts

Credit
Counterparty and collateral impacts

Operational
Premises, people and third-party partners

Third parties and suppliers

Traded market

Regulatory

Conduct

Reputational

Funding and liquidity

Climate-related data

A cross-cutting risk impacting across multiple principal risks

In assessing both the risks and opportunities of climate impacts, and in preparing our TCFD disclosures, we have aimed to provide appropriate granularity, proportionate to the materiality of the climate-related risks identified across the group.

Our analysis of the risk universe indicates that we are not materially exposed to loss or disruption in the short to medium term.

Over the long term, however, increased risk is expected, driven primarily by potential transition impacts. Severe physical risks are also considered only likely to materialise over the long term, although we recognise that acute events are already occurring. These risks are mitigated by our resilient business model, supported by an average loan tenor of 15 months and a customer base concentrated in the UK and Republic of Ireland.

The primary focus of our climate-related risk management is on credit and operational risk, which we consider represent the greatest potential impacts. We acknowledge that transition developments over the medium to long term could present additional exposures if not managed appropriately and in a timely manner and we remain committed to actions that preserve the resilience of our operating model. Further details on our approach to emerging risks are provided on page 79 of the Risk Report.

We are also working towards enhancements in assessment, monitoring and reporting to strengthen the quantitative lens, complementing the established qualitative approach already embedded.

Credit risk

Our focus remains primarily on credit risk, given its materiality to the Banking division and the wider group and its sensitivity to potential climate impacts. Both physical and transition risks have the potential to affect counterparties and collateral.

Our current methodology, applied across £8.8 billion (91%) of the Banking division loan book, identifies exposures most sensitive to climate change. While the approach does not account for the time horizons over which climate impacts may crystallise, it is valuable in highlighting exposures with greatest sensitivity:

- energy-consuming assets such as motor vehicles in our Motor Finance and Asset Finance businesses; and
- non-renewable energy generation assets and general business lending in high-impact sectors.

Sensitivity dashboards are presented regularly to risk committees, ensuring climate risk is considered consistently across the organisation. An overview of risk committees is provided on page 70.

Operational risk

The group recognises that climate change presents both physical and transition risks that may affect operational resilience, including:

- the integrity of buildings;
- the continuity of services; and
- the reliability of third-party providers.

In line with the TCFD framework, we have taken steps to identify, assess and manage these risks within our operational risk management processes. As part of this integration, we have reviewed and strengthened our business continuity and crisis management frameworks to ensure climate-related disruptions, such as extreme weather events or supply chain interruptions, are reflected in preparedness planning. This work is focused on protecting our people, customers and infrastructure.

Operational risk standards have been updated to capture climate-related causal factors. We are embedding climate considerations in assessments of operational resilience for critical services and in change management risk assessments, enhancing our ability to anticipate and mitigate the impact of climate-related events on essential services.

Third parties and suppliers

We recognise that climate change may affect key third parties and suppliers, creating potential operational disruptions. To address this, we have enhanced our third-party risk management framework. Updated due diligence questionnaires now collect climate and ESG data from tier 1 and tier 2 suppliers, while procurement processes incorporate environmental and climate-related criteria alongside sustainability innovation and performance.

In support of our broader climate strategy, we are actively engaging with suppliers to encourage alignment with our climate goals.

Through these actions, the group is strengthening climate resilience across its operations and supply chain, in line with regulatory expectations and stakeholder priorities.

Other risks

We are integrating climate risk across all relevant risk areas, ensuring it is embedded within our business strategy. This includes ongoing assessment of our model's resilience to ensure we are prepared to manage climate-related risks.

Traded market

We continue to monitor traded market risk for Winterflood Securities. The business's role as a market maker inherently limits long-term positions, providing a strong safeguard against material risk exposures.

Regulatory risks

The evolving regulatory landscape presents ongoing risk and we remain committed to full compliance with new and emerging requirements. We have strengthened horizon scanning to ensure changes are identified early and assigned to the appropriate functions. In particular, the Prudential Regulation Authority's ("PRA") Consultation Paper CP10/25, expected to precede an update to Supervisory Statement (SS) 3/19, is likely to reinforce expectations on managing climate-related financial risks. We will assess, understand and implement all impacts to maintain alignment as the regulatory position develops.

Conduct

Climate impacts are embedded within our conduct responsibilities, reflecting our commitment to delivering good customer outcomes.

Reputational

The group recognises that reputational risk may arise over the longer term if we fail to respond effectively to the transitional impacts of climate change, including evolving regulation, technological change and shifting stakeholder expectations. Climate-related reputational risk is embedded within our wider risk identification and assessment processes, ensuring it is considered across principal risk types.

To maintain trust and credibility, we proactively manage these risks through continuous evaluation of our climate strategy, disclosures and performance, ensuring alignment with stakeholder expectations and emerging best practice.

Funding and liquidity

Funding and liquidity impacts are continually reassessed, with regular updates to Treasury committees. Key focus areas include debt capital market implications, potential shifts in investor behaviour and reputational impacts, particularly those linked to evolving disclosure requirements.

Climate-related data

Although we have demonstrated significant progress in accessing supplier data, obtaining Scope 1 and 2 emissions from suppliers representing 43% of spend, data quality remains a challenge. We remain committed to enhancing climate risk data to enable more accurate measurement and monitoring. This will, in turn, support stronger risk mitigation and closer strategic alignment.

We are also advancing our climate and broader sustainability reporting and management information capabilities. These improvements will deliver more decision-useful insights, helping to shape the group's strategy for managing risks and opportunities and to inform the development of more tailored risk appetites.

Metrics and targets

We have reduced operational emissions by 53% since 2019, significantly ahead of the reductions typically required to align with a 1.5°C science-based pathway. This progress demonstrates the effectiveness of our actions and provides a strong foundation for achieving our target of net zero by 2050.

Our climate strategy addresses three areas: operational emissions, emissions from our lending portfolios, and supply chain impacts. This section of the report outlines our operational emissions targets, measurement and reductions (see page 37), followed by our financed emissions assessment and ambitions (see pages 38 to 39).

Operational emissions

Our methodology for calculating and disclosing greenhouse gas ("GHG") emissions and energy use follows the World Resources Institute GHG Protocol Corporate Standard, the GHG Protocol Corporate Value Chain (Scope 3) Standard and the SECR requirements. We report all material Scope 1 and 2 emissions, alongside indirect Scope 3 operational emissions where relevant. Scope 1 covers fuel emissions from buildings and company vehicles, while Scope 2 covers electricity use.

Building-related emissions

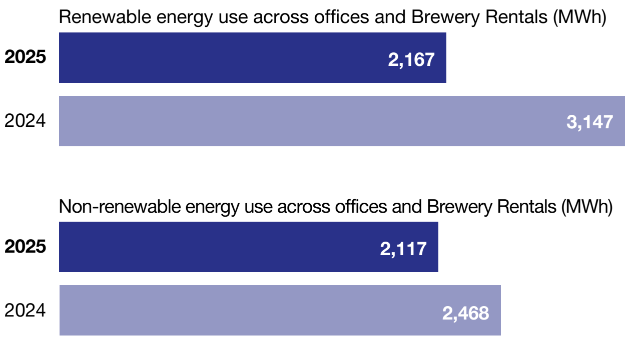
For building-related emissions, including industrial processes at our Brewery Rentals sites, we continue to advance energy efficiency plans in partnership with our facilities management provider. These plans include measures such as energy-efficient equipment, monitoring infrastructure, electrification and renewable energy options. Energy use across office and Brewery Rental sites is down 23.7%, from 5,615 MWh in 2024 to 4,284 MWh in 2025.

Close Brothers announced the sale of the Brewery Rentals business on 15 July 2025 and the transaction completed on 31 August 2025.

Total energy usage across offices and Brewery Rentals

4,284 MWh

2024: 5,615 MWh



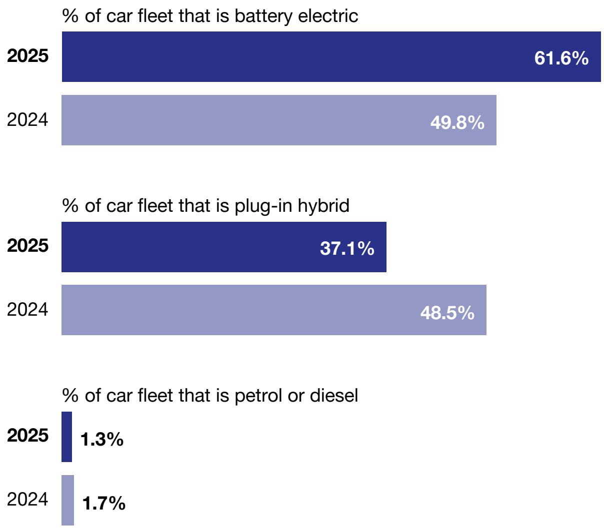
Fleet-related emissions

We have also continued the electrification of our company car fleet (617 cars in total, down from 643 in 2024). At 31 July 2025, 61.6% of our fleet was fully electric. When combined, fully electric and plug-in hybrid make up 98.7% of our fleet.

Average stated emissions across company car fleet

14.7 gCO_2/km

2024: 20.7 gCO_2/km



In-house data

During the year, with support from external sustainability experts and an emissions measurement and reporting platform, we significantly enhanced our in-house climate data capability. This has strengthened operational footprinting across all Scope 1 and 2 categories, as well as relevant Scope 3 categories. Carbon accounting processes are embedded via close liaison with internal departments, enabling provision of more frequent, decision-useful climate-related management information across the group.

Our operational impacts

Greenhouse gas emissions[1,2,4,5]	Emissions source	Market-based 2025 tCO_2e	Market-based 2024 tCO_2e	Location-based 2025 tCO_2e	Location-based 2024 tCO_2e
Scope 1	Buildings – fuel and refrigerants[3]	**176**	273	**261**	301
	Owned vehicles – fuel[3]	**1,347**	1,690	**1,347**	1,690
Total Scope 1		**1,523**	1,963	**1,608**	1,991
Of which UK total Scope 1		**1,365**	1,939	**1,449**	1,967
Scope 2	Buildings – electricity[3]	**247**	263	**609**	809
	Owned vehicles – electricity[3]	**112**	125	**112**	125
Total Scope 2		**359**	388	**721**	934
Of which UK total Scope 2		**347**	359	**704**	899
Total Scope 1 and 2 (Operational)		**1,882**	2,351	**2,329**	2,925
Of which UK total Scope 1 and 2		**1,712**	2,298	**2,153**	2,866
Scope 3 (Operational)	Category 1 – Purchased goods and services[3]			**22,119**	21,337
	Category 2 – Capital goods[3]			**5,064**	8,750
	Category 3 – Fuel and energy-related emissions[3]			**306**	386
	Category 4 – Upstream transportation and distribution[3]			**528**	587
	Category 5 – Waste generated in operations[3]			**54**	24
	Category 6 – Business travel			**859**	649
	Category 7 – Employee commuting[3]			**3,622**	3,776
	Category 9 – Downstream transport and distribution[3]			**367**	391
Total Scope 3 (Operational)				**32,919**	35,900
Total Scope 1, 2 and 3 (Operational)				**35,248**	38,825

Energy use	2025 GWh	2024 GWh
Total energy use	**11.17**	14.33
Of which UK total energy use	**10.76**	13.64

Emissions intensity	Market-based tCO_2e per employee 2025	Market-based tCO_2e per employee 2024	Location-based tCO_2e per employee 2025	Location-based tCO_2e per employee 2024
Operational Scope 1 and 2 emissions intensity	**0.61**	0.75	**0.75**	0.94
Operational Scope 1, 2 and 3 emissions intensity			**11.37**	11.32
Calculated using: Average number of employees in year	**3,101**	3,124	**3,101**	3,124

1. We have reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Our reporting year runs from August 2024 to July 2025. The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control.
2. Emissions have been calculated using the Greenhouse Gas Protocol Corporate Standard and cover all greenhouse gases (converted to tCO_2e). We have used emissions factors published by the UK Department for Business, Energy & Industrial Strategy and the International Energy Agency.
3. During the year-end process for carbon accounting, we identified some adjustments needed to our 2024 comparable Scope 1, 2 and 3 emissions. The 2024 Scope 1, 2 and 3 emissions above have been restated to ensure consistency with this year's disclosed emissions methodologies as well as to address some issues with the quality of the data collected last year for 2024.
4. 2019 (the baseline year), 2024 and 2025 have been recalculated to exclude the sale of Close Brothers Asset Management but do include emissions associated with Winterflood Securities and Brewery Rentals.
5. These reported emissions have not been audited by a third party.

Operational efficiencies

In FY 2025, total Scope 1 and 2 market-based GHG emissions fell from 2,351 tCO_2e in 2024 to 1,882 tCO_2e, equivalent of falling from 0.75 tCO_2e to 0.61 tCO_2e per employee and a 20% reduction.

Across the year, our premises continued to source renewable energy wherever under our control, resulting in market-based building electricity emissions lower in 2025 than 2024, at just 247 tCO_2e.

During the year, several structural changes to optimise our estate and associated energy usage, supported reductions in our operational footprint, including the closure of buildings such as 101 Wigmore Street, Olympic Court and Wimbledon Bridge House.

We also implemented a series of targeted energy efficiency measures across our estate. At 10 Crown Place, we introduced a number of boiler efficiency initiatives, including isolating back-end valves on units out of operation, using outside air temperature hold-off during the summer to stop boiler operation, reducing the boiler return setpoint from 70°C to 60°C, reintroducing boiler sequencing and refining time schedules to remove unnecessary weekend operation. Time schedules were also added to variable refrigerant flows ("VRFs") to optimise performance.

Elsewhere, at Roman House and Spinner Point, the communications room setpoint was increased to 21°C to improve efficiency, while at Spinner Point, air conditioning and lighting were isolated in office areas not in use.

Financed emissions: Banking

Our greatest opportunity, and the focus of our strategy, to reduce greenhouse gas emissions lies in supporting our customers' transition to a low-carbon economy, helping them adopt energy-efficient and low-carbon technologies. Measuring progress requires us to quantify the emissions attributable to the assets and businesses in our loan book, providing the foundation for meeting the targets and ambitions set out in our climate strategy.

We have refined our financed emissions reporting, continuing to enhance our framework and supporting data. Set out below is our assessment of financed emissions relating to our loan book on 31 July 2025.

We have continued to refine our financed emissions assessment by combining loan book data with external sources, working alongside peers in PCAF to refine methodologies, particularly for carbon-intensive sectors such as transport.

Our 2025 assessment applied the latest PCAF Financed Emissions Standard (2nd edition), using methodologies for business loans, project finance and motor vehicle loans. In total, 95.9% of our loan book is now in scope of GHG assessment. Of this:

- 57.1% was assessed under the business loans methodology, with emissions apportioned in line with financed value;
- 2.8% under the project finance methodology, accounting for our share of project emissions; and
- 36.0% under the motor vehicle loans methodology, covering annual in-use emissions of financed vehicles.

Our financed impacts: Banking[2,4]

		2025				2024			
Financed emissions in loan book – Bank	PCAF methodology	**Proportion of loan book**	**Financed emissions[1,2] tCO_2e**	**PCAF data quality score**	**Economic emissions intensity $ktCO_2e$/ £ million**	Proportion of loan book	Financed emissions[1,2] tCO_2e	PCAF data quality score	Economic emissions intensity $ktCO_2e$/ £ million
Scope 3 (category 15 – loan book only)	Motor vehicle loans	**36.0%**	**550,321**	**2.9**	**0.16**	35.8%	595,124	2.8	0.17
	Business loans	**57.1%**	**336,738**	**5.0**	**0.06**	56.1%	326,655	5.0	0.06
	Project finance	**2.8%**	**228,267**	**5.0**	**0.85**	2.7%	242,849	5.0	0.91
	Not assessed/ out of scope[3]	**4.1%**				5.4%			

		Financed emissions[1,2] tCO_2e	**PCAF data quality score**	Financed emissions[1,2] tCO_2e	PCAF data quality score
Scope 3 (category 13 – downstream leased assets)	Related to Vehicle Hire	**188,242**	**1.0**	270,948	1.0
Total emissions tCO_2e		**1,303,568**		1,435,576	

1. Currently, our financed emissions calculations only include the customer or asset's Scope 1 and 2 emissions. In the future, we will consider the wider emissions related to financed assets and businesses. Initial sectors are likely to include (i) motor vehicles (upstream embedded emissions of manufacture) and (ii) property construction finance (embedded emissions from materials and in-use emissions of housing).
2. PCAF data quality score takes values from 1 (high) to 5 (low). Our first assessment in 2022 was around 5. We have made significant improvements to our data sourcing from both internal systems and third-party sources. For motor vehicles, we have sourced vehicle-specific emissions and actual mileage from UK government agencies.
3. A small proportion of our loan book has not been assessed this year (or is out of scope) due to lack of market-agreed carbon accounting methodologies. We continue to work with PCAF and other banks to consider these areas.
4. These reported emissions have not been audited by a third party.
5. Total baseline carbon consumption (excluding CBAM) in 2019 – 4,019 tCO_2e.