

## **Environment report**

The Society's metrics are driven by our climate change targets which were to be carbon neutral for Scope 1 emissions and to claim net zero merits against Scope 2 emissions by December 2021. Further targets are to be net zero for Scope 1, 2 and partial Scope 3 emissions by 2030, with an ambition to be entirely net zero by 2040.

We are pleased to confirm that we achieved our Scope 1 and Scope 2 emissions targets for 2021. In 2021, we produced 2,320 location based tCO<sub>2</sub>e against our Scope 1, 2 and partial Scope 3 emissions which is equal to a 10% reduction compared with 2020. This success was mainly driven by energy management as well as environmental measures.

We manage our energy consumption through strategic measures, like the targeted energy efficiency measures and adaptive measures in portfolio management; therefore we set the framework for continued improvement. This strategic orientation is then implemented throughout the Society, leading to tangible changes such as: implementing measures like switching to LEDs, refurbishing windows, removing gas consumption where possible or optimising building services (such as heating, cooling, ventilation and lighting). To ensure successful implementation, as well as for monitoring purposes, for our 2020 emissions data we have been externally certified for the accuracy of our energy reporting (ISO 14064-1).

## Scope 1 and 2 emissions data

Energy consumption		2021	2020	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural gas (kWh)	3,352,305	3,150,749	6%
	Direct transport (kWh)	200,486	229,849	(13)%
	Gas oil (kWh)	19,089	3,932	385%
	Green diesel HVO (kWh)	19,860	—	—%
	Refrigerants (kg)	16	16	—%
	<b>Total Scope 1 energy (kWh) excl refrigerants</b>	<b>3,591,740</b>	<b>3,384,530</b>	<b>6%</b>
Scope 2: Electricity purchased	Total electricity (kWh)	6,694,859	7,216,648	(7)%
<b>Total Scope 1 and 2 energy consumption (kWh)</b>		<b>10,286,599</b>	<b>10,601,178</b>	<b>(3)%</b>

Emissions assessment		2021	2020	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural gas (tCO <sub>2</sub> e)	614	580	6%
	Direct transport (tCO <sub>2</sub> e)	50	57	(12)%
	Gas oil (tCO <sub>2</sub> e)	5	1	400%
	Green diesel HVO (tCO <sub>2</sub> e)	0.07	—	—%
	Refrigerants (tCO <sub>2</sub> e)	33	33	—%
	<b>Total Scope 1 energy (tCO<sub>2</sub>e)</b>	<b>702</b>	<b>671</b>	<b>5%</b>
Scope 2 Electricity purchased heat and steam generated	Location based (LB) (tCO <sub>2</sub> e)	1,422	1,682	(15)%
Location based	<b>Total Scope 1 and 2 emissions (tCO<sub>2</sub>e)</b>	<b>2,124</b>	<b>2,353</b>	<b>(10)%</b>
Scope 3: Indirect emissions	Electricity T&D losses (tCO <sub>2</sub> e)	126	145	(13)%
	Water (tCO <sub>2</sub> e)	5	12	(58)%
	Indirect transport (tCO <sub>2</sub> e)	65	57	14%
	<b>Total Scope 3 (indirect) emissions (tCO<sub>2</sub>e)</b>	<b>196</b>	<b>214</b>	<b>(8)%</b>
<b>Total Scope 1, 2 (LB) and 3 (indirect) emissions (tCO<sub>2</sub>e)</b>		<b>2,320</b>	<b>2,567</b>	<b>(10)%</b>

Intensity metric assessment		2021	2020	Variance
Intensity ratio (total gross Scope 1 and 2)	tCO <sub>2</sub> e/ net interest income £m	4.46	5.76	(23)%
Intensity ratio (total gross Scope 1, 2 and 3)	tCO <sub>2</sub> e/ net interest income £m	4.87	6.28	(22)%

Notes on the above table emissions data:

- Exclusions: no mandatory emissions have been excluded from this report.
- Emissions factors applied: Defra 2021.
- Methodology: the report is aligned with GHG Protocol and Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance.
- Estimations: 20% of the energy data (kWh) and 19% of the emissions data (tCO<sub>2</sub>e) are based on extrapolated values.
- Scope of emissions included in the report: electricity, natural gas, direct transport, gas, oil, green diesel HVO, refrigerants, water and indirect transport.
- We are currently awaiting further renewable energy guarantees of origin (REGO) information to calculate the market-based emissions.