Task Force on Climate-related Financial Disclosures

Listing Rule UKLR 16.3.23 requires that the Group provides climate-related financial disclosures consistent with the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD).

The Board confirms that it has disclosed sufficient information to comply with TCFD and Companies Act 2006 requirements as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. The Group will continue to enhance these disclosures over time in line with regulatory expectations and emerging best practice.

The Board is conscious that regulatory expectations and industry best practices continue to evolve and further work is required to enhance our climate risk operating model.

The disclosures below were drafted to be consistent with TCFD recommendations aligned to the UK legislation on The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 – and provide transparent reporting to assist our stakeholders in understanding the impact of climate change on the Group. The current assessment indicates a low climate risk impact to the business, however we remain cognisant that climate risks may evolve over time.

In the table overleaf, we make reference to the progress made against each of the TCFD pillars, cross referencing the Sustainability Report, during 2025 and where relevant ongoing considerations for 2026 and beyond.

The following pages in the TCFD report cover the Group's Risk Management approach to climate risk and provides quantitative analysis (e.g. geographical and asset quality related to EPC) on the Group's lending portfolio and scenario analysis outcome.

Task Force on Climate-related Financial Disclosures continued

TCFD Ref	TCFD Recommendation	Disclosure Location	Looking Ahead
GOVERNANCE			
1a	Describe the Board's oversight of climate-related risks and opportunities.	Sustainability Report: ESG Governance page 91	• Ongoing enhancement to ensure effective oversight of climate-related risks and opportunities • Ongoing monitoring and assessment of performance targets aligned to the Group's Climate Risk Strategy • Ongoing review of the Group's climate risk appetite in accordance with the Group's Risk Appetite framework • Educate and create awareness via workshops, internal training and external gatherings to support the Group's Climate Transition Plan and to improve internal expertise
1b	Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability Report: ESG Governance pages 91 - 92	• Consider further embedding of climate-related risks within the Group's other sub-risk management frameworks, where required • Continue to monitor and manage performance against emissions reduction targets for financed (mortgages) and direct emissions
STRATEGY			
2a	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	TCFD Report: Strategy 2a page 98 Sustainability Report: Strategic Pillar – Just Transition pages 72 - 73	• Continue to seek opportunities relating to climate-friendly products, whilst being cognisant of any governmental changes and any conduct risks • Consider climate financial risks within the Group's planning processes subject to governmental and regulatory changes (e.g. MEES – Minimum Energy Efficiency Standard) • Enhance analytical approaches to assess climate change in conjunction with the Group's Principal Risk types
2b	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Sustainability Report: Strategic Pillar – Just Transition pages 72 - 73 TCFD Report: Embedding scenario analysis page 98	• Increase awareness via internal and external market research to ensure impacts are appropriately assessed in line with the Group's business, strategy and financial planning • Monitor and manage Scope 3 financed emissions against agreed targets • Ensure the Group's climate risk underwriting criteria complies with evolving governmental and regulatory standards • Ensure impacts related to changes in governmental and regulatory standards are considered as part of the Group's business, strategy and financial planning • The Group remains optimistic in identifying new product opportunities resulting from the impacts delivered by the transformation programme

Task Force on Climate-related Financial Disclosures continued

TCFD Ref	TCFD Recommendation	Disclosure Location	Looking Ahead
STRATEGY (continued)			
2c	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD Report: Portfolio profiling and scenario analysis insights page 98 - 100	• Continue to monitor standards relating to climate scenarios ensuring scenario selection is fit for purpose
RISK MANAGEMENT			
3a	Describe the organisation's processes for identifying and assessing climate-related risks.	TCFD Report: Climate-related Risk Management page 100 - 101	• Support brokers/borrowers in educating and provide awareness of energy efficiency and their carbon footprint • Continue to produce climate risk management information with trend analysis and alignment to the Group's scenario analysis selection • Consider enhancements to the ESG Materiality assessment
3b	Describe the organisation's processes for managing climate-related risks.	TCFD Report: Processes for managing climate-related risks page 101	• Monitor the EPC profile and related risk indicators that will support the Group in managing its climate-related risks • Identify enhancements to internal training that would support the Group in managing climate-related risks
3c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	TCFD Report: Processes for identifying and assessing climate-related risks page 101	• Continue to enhance the overall risk management to ensure climate-related risks are integrated into the Group's Principal Risks
METRICS & TARGETS			
4a	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability Report: Strategic Pillar – Just Transition page 72 - 73 TCFD Report: Metrics and Targets page 102	• Continue to utilise metrics and targets to support thought leadership and internal discussions via committees and working groups • Review the metrics and targets of physical and transitional risk to support and manage the Group's climate risk profile and risk appetite thresholds • Consider carbon pricing to support the implementation of the Transition Plan
4b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Sustainability Report: Greenhouse gas emissions page 79 - 80	• Assess the risks and opportunities associated with Scope 1, 2 and 3 emissions and manage accordingly • Track performance against the agreed Climate Transition Plan, taking management actions if required • Seek enhancements on metrics and targets as risk management and transition planning matures
4c	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Sustainability Report: ESG Governance page 91 - 92	• Continue to utilise quantitative indicators based on the Group's risks and opportunities to assess performance against targets

Task Force on Climate-related Financial Disclosures continued

Portfolio profiling and scenario analysis insights (TCFD recommendations: Strategy 2a, 2c and Metrics and targets 4a)

OSB Group plc is a leading mortgage lender predominantly in the professional Buy-to-Let and specialist Residential market sub-segments secured against residential property. The Group also provides loans to limited companies and individuals secured against commercial and semi-commercial properties, residential development financing, funding lines to non-bank finance companies and asset finance lending.

At present the Group has identified the physical risks as a result of extreme weather conditions which could reduce the value of properties as well as the ability of borrowers to afford or refinance their mortgages, as the most material physical climate risks to be assessed and managed. The Group has also identified the transitional risks relating to changes in regulatory policy resulting in material levels of investment being required to ensure minimum EPC requirements are met. This spend, for example, may be required to ensure Buy-to-Let properties are eligible to let, loan to value levels are not adversely impacted, void periods and defaults do not materialise which would result in loan losses and higher capital requirements. As such, the Group considers the above risks as the most material and therefore focuses on their assessment, monitoring and management.

The climate risks relating to the Group's operational premises are considered less material than the physical and transitional risks to the properties which underpin the Group's loan portfolios.

Overview

The Group profiles the mortgage portfolio through both Physical and Transitional Risk measures, completing a full comparative analysis on an annual basis.

Physical risks

Exposure to flood, subsidence and coastal erosion are considered in the physical risk profiling.

Properties are geolocated within a one-metre accuracy for the purpose of physical peril impact considerations. This resolution is essential because flood and subsidence risk factors can vary considerably between neighbouring properties.

The Group's physical risk profile remained broadly stable during 2025, when compared to 2024.

Sensitivity analysis completed using Representative Concentration Pathway[1] (RCP) scenarios on increases in global temperatures by 2100 shown in the above table. Utilising the RCP scenarios ensures the Group's approach aligns with domestic requirements such as UK-related climate stress test models (CBES) and also physical models such as the UKCP18. In summary, the RCP is widely used globally and using these scenarios provides a common language within the financial market.

The sensitivity analysis compares the least severe scenario (RCP 2.6) to the most severe (RCP 8.5).

Scenario	Change in temperature (°C) by 2100
RCP 2.6	1.6 (0.9–2.3)
RCP 4.5	2.4 (1.7–3.2)
RCP 6.0	2.8 (2.0–3.7)
RCP 8.5	4.3 (3.2–5.4)

Note: figures within the brackets above detail the range in temperatures. Single figures outside the brackets indicate the averages.

Flood risk

At a Group level, our flood analysis shows that the exposure to the probability of flood over the next decade increases by 0.04% (2024: 0.04%) from the best-case scenario to the worst-case scenario, only 0.48% (2024: 0.44%) of the Group's portfolio is in an area with a flood risk currently greater than 20%.

Regional mapping analysis (see diagram to the right) shows the proportion of the Group's mortgage portfolio by property that is exposed to a flood probability greater than 20% within each UK region. The highest regional concentration is to the South East, representing 20.4% of properties in the region.

Only 0.9% of properties (218 properties) in this region are exposed to a flood risk currently greater than 20%. Northern Ireland has the highest proportion of properties with a flood probability of greater than 20%, however this amounts to only one property in the Group's portfolio.

Subsidence

Sensitivity analysis for subsidence indicates the increase from best-case to worst-case increase is 0.05% (2024: 0.05%), with the portfolio risk of subsidence being less than 0.5% (2024: less than 0.5%).

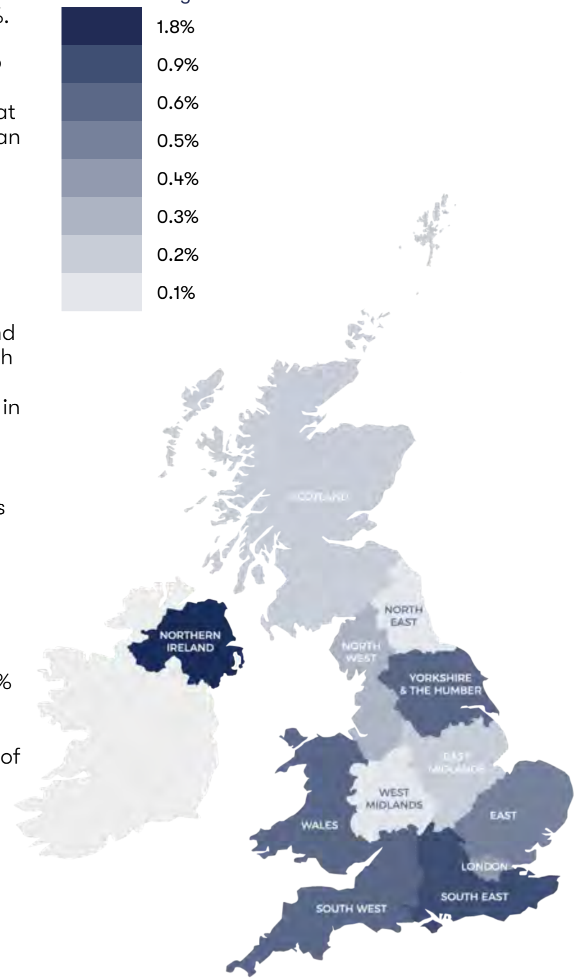
Coastal erosion

For coastal erosion, across the Group 92.4% (2024: 92.6%) of the portfolio is more than 1,000 metres from the coastline. Of the properties within 1,000 metres, only 0.08% of properties on the portfolio (100 properties) are in areas likely to experience coastal erosion (2024: 0.09%, 110 properties).

Analysis outcome

The physical impact of climate change on our real estate portfolio across the UK is expected to be limited.

% of properties with a flood probability >20% in the region



1. Based on the Intergovernmental Panel for Climate Change (IPCC) fifth assessment report (AR5) in 2014.

Task Force on Climate-related Financial Disclosures continued

Transitional risks

Exposure by Energy Performance Certificate (EPC) rating is considered in the Transition Risk profiling.

For transitional risk, EPC ratings are based on a Standard Assessment Procedure calculation which uses a government methodology to determine the energy performance of properties by considering factors such as construction materials, heating systems, insulation and air leakage.

The Group observed marginal improvements in EPC ratings for existing stock assessed in both 2025 and 2024. In addition, enhancements in the climate data processes improved insight into the transitional risk profile.

At a Group level, c.45.5% of properties (2024: 42.8%) have an EPC rating of C or better, c.43.2% (2024: 44.7%) have an EPC rating of D, c.10.0% (2024: 11.1%) an EPC rating of E and c.1.2% (2024: 1.3%) have an EPC rating of F or G. Of the properties with an EPC rating of D or worse, c.93.0% (2024: 92.7%) have the potential to reach at least an EPC rating of C as shown in the following page.

Adverse movements in the EPC rating distribution of the Group's loan portfolios and any potential change in government policy have the potential to result in larger future financial impact for the Group. The Group actively monitors and assesses the possible financial risks associated with the EPC rating distribution of the Group's loan portfolios and horizon scans for any changes in regulatory or governmental policy.

Embedding scenario analysis

The Group's ICAAP approach includes the financial impact of climate-related risks on flood, subsidence, coastal erosion and minimum EPC ratings. As part of the stress testing, the Group's ICAAP considers a range of scenarios aligned to the Prudential Regulation Authority's (PRA's) Climate Biennal Exploratory Scenario (CBES) (where the 2050 global temperature range is from 1.8°C to a 3.3°C) within the five-year financial planning and the 2025 outputs indicated that the Group has a low risk to climate change, and its strategy and business model performs resiliently across a number of climate scenarios.

97% of the Group's total lending is related to carbon-related assets (i.e. mortgages) excluding Development Finance, Funding Lines and Asset Finance portfolios and contributes to the Group's total emissions (indirect emissions, Scope 3 Category 15 – Financed Emissions). Details of the Group's strategic approach in transitioning into a low-carbon economy consistent with a 2°C or lower climate scenario is outlined in the Group's Climate Transition Plan and refer to the Sustainability Report – Just Transition page 71.

Governmental policies are key drivers impacting the Group's risk strategy and risk decisions to address climate-related risks and opportunities. The current UK governmental outlook remains uncertain for the mortgage market and how the changes will impact the Minimum Energy Efficiency Standard (MEES) Regulations which the Group's current lending policies comply with. Therefore, risk monitoring and analysis are established to monitor the EPC distribution of our lending portfolio aligned to the Group's Financed Emissions reduction targets (aligned to a 2°C or lower climate scenario).

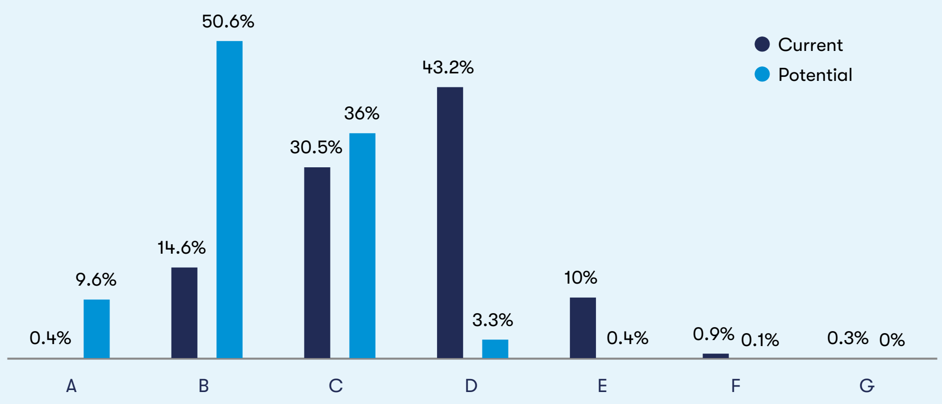
The Group's climate risk management covers a wide range of risk analysis including; climate risk appetite monitoring, conducting scenarios and assumptions for the Group's ICAAP assessment and other ad hoc data analysis in order to support the Group in assessing climate-related financial impacts. The Group's current risk appetite, IFRS 9 and ICAAP outputs on climate risk assessments have all indicated that the Group is currently exposed to a low climate-related financial risk, using the materiality assessment scale which supports other financial disclosures within the Group's Annual Report and Accounts.

Looking ahead

The Group will continue to ensure climate risk assessments (e.g. ICAAP output or risk-related analysis) support the Group's management of the climate risk profile.

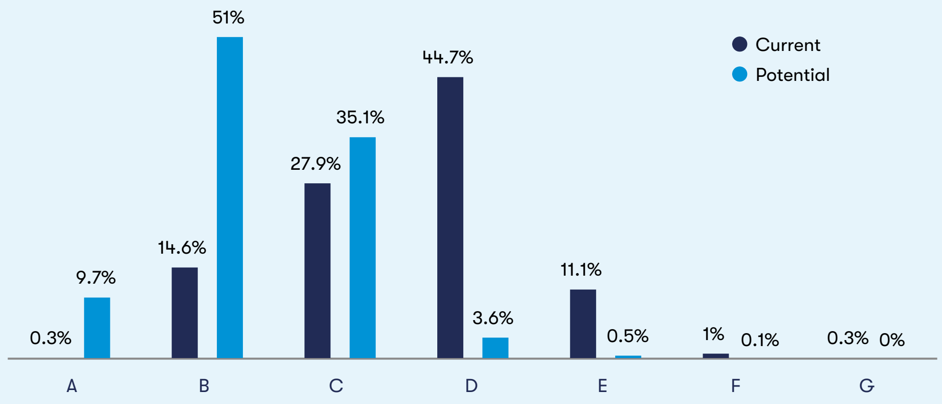
Task Force on Climate-related Financial Disclosures continued

2025 Group EPC Distribution – Current vs Potential



2025 current proportion of EPC D to G which have a EPC Potential of C or above; D: 95.6%, E: 85.1%, F: 65.4%, G: 55.2%

2024 Group EPC Distribution – Current vs Potential



2024 current proportion of EPC D to G which have a EPC Potential of C or above; D: 95.6%, E: 84.8%, F: 63.3%, G: 55.9%

Potential climate-related impacts on Group's principal risks (financial risks):

Following from the Strategy section of the Group's TCFD(2a), the below outlines the time horizon and potential risk associated with each principal risk type.

Principal risk type	Climate risk type	Description	Time Horizon	Potential Risk
Credit risk	Physical	Extreme weather events (such as heatwaves, floods, wildfires and storms) that can lead to physical damage to the value of assets or collateral held	Long-term	Low
	Transition	Arise from the process of adjustment towards a low-carbon-economy which could impact the value of the assets and lead to stranded assets	Short-term	Low
Market risk	Transition	Adverse movements impacted by climate change impacting customer behaviour	Short-term	Low
Liquidity and funding	Physical	Adverse movements impacted by climate change impacting foreign exchange volatility. Transition risk currently sits outside of the planning horizon	Short-term	Low
Solvency	Physical and transition	Climate-related risks which would require the Group to hold additional capital	Short-term	Low

Task Force on Climate-related Financial Disclosures continued

Climate-related Risk Management

Processes for identifying and assessing climate-related risks

The Group prioritises risk identification and assessment of climate change based on legislative requirements, such as the Strategic Report (UK Companies Act) and also PRA's Supervisory Statement 3/19. In addition, the Group have in place horizon scanning to monitor emerging regulatory or legislative changes that can impact the Group.

In 2025, to prepare for upcoming legislations, Climate Risk is identified in the Group's Enterprise Risk Register under the Business and Strategy principal risk type. However, the Group's risk function is responsible in assessing climate risks against all principal risks such as traditional banking risk types including credit, market and operational risk (as shown in previous page) where applicable, and adopts the three lines of defence model to provide clear allocation of responsibilities.

Climate risk is a key consideration in the Group's wider assessment of ESG risks and opportunities which uses the outputs of scenario analysis to support the materiality of ESG risks and opportunities, which further informs the ESG strategy. Within the Group's ESG materiality assessment, climate-related topics are identified and the degree of importance to stakeholder groups are assessed. Collectively, the Group considers a wide range of global issues, industry, and sector-specific considerations (i.e. regulatory and disclosure requirements) to ensure consistency on the Group's values and risk culture (e.g. risk classifications) are reflected in the ESG Operating Framework and Climate Risk Management Framework.

The Climate Risk Management Framework articulates how the Group identifies, assesses, monitors and manages climate risks to which it is exposed and is reviewed on an annual basis, approved directly by the Chief Risk Officer (CRO).

In 2025, the Group included climate change as part of a reverse stress testing process to support the assessment of risks and impacts across all Principal Risks.

Credit Risk is the largest risk which the Group would be adversely impacted by future climate change and the Group utilises scenario analysis to inform the potential impact, size and scope on the Group's loan portfolios (covering physical and transition risk).

The Group's Market and Liquidity risk assessment considers climate-related risks for both IRRBB (Interest Rate Risk in the Banking Book), and ILAAP (Internal Liquidity Adequacy Assessment Process) processes, where the physical risk to the funding of its OSB India subsidiary is considered through factoring the monsoon season in India into the UK Sterling and Indian Rupee FX rates.

For non-financial principal risk types, the Group has implemented an ESG indicator within the Group's Operational Risk Management System as an added feature for the Group's Risk and Control Self-Assessments (RCSA) and to support internal controls framework.

The Group's climate-related risk appetite is aligned to the Group's ESG targets and therefore monitors reputational risk and compliance risk (non-financial).

Processes for managing climate-related risks

The Group's lending policies (for current regulations) and climate risk appetite statements/limits are in place as a control to monitor and manage transitional climate-related risks. Flood, subsidence, and coastal erosion risks (physical) are in part mitigated by independent property valuation, which forms part of the underwriting process.

The climate risk appetite statements and limits remain in place helping to inform the Group's ESG strategy and facilitate monitoring of the Group's climate risk profile in respect to reputational risk and compliance risk. This is monitored on a quarterly basis and reviewed on an annual basis via governance channels (including a Non-Executive Director's workshop to keep the Board informed and aware of the Group's approach to climate risk management). Monitoring and reporting of relevant climate risk appetite and climate risk profiles (such as EPC profile and new originations/existing lending stock) are presented to related committees on a quarterly basis (e.g. ESG Committee).

Since 2024, individual climate-related risk trainings were conducted to relevant business areas to educate colleagues on areas where climate change would impact their day-to-day activities. In 2025, the Group designed mandatory e-learning for specific key business areas to ensure collective training is rolled out to comply with current/upcoming regulatory requirements (e.g. SS3/19 and SS5/25). The e-learning is due to launch in January 2026.

Processes for prioritising climate-related risks are based on legislative and regulatory requirements (materiality and determination) which builds from the foundation of our credit risk processes relating to climate change.

Credit risk processes are well established for climate risk due to the nature of physical and transition risk impacting the Group's lending book. Following the outputs for the ICAAP, the impact of physical risks to the Group is considered low. Therefore, transition risk becomes the Group's key material focus as a result of emerging policy changes that may occur in the future.

The Group has a number of methodologies and arrangements in place to support the materiality of climate-related risks:

ESG Materiality Assessment – Provides an assessment and a range of topics (supported by international/regulatory standards) where prioritisation may take place for risks relating to environmental matters.

The Group's Operational Resilience arrangements – Risk assessed by estimating the likelihood and impact on Important Business Services, locations and/or business-specific threats, this includes events caused by extreme weather.

Climate data drivers – Utilising quarterly monitoring of climate-related risks on the Group's loan book to identify areas of vulnerability that may be impacted by future policy or regulation changes.

UKCP18 – Providing locations of assets impacted by adverse weather conditions that could physically damage or devalue the Group's assets

Task Force on Climate-related Financial Disclosures continued

Metric and targets

4a) Metrics used to assess climate-related risks and opportunities:

In 2025, the Group evolved in creating a Transition dashboard which included a suite of metrics and targets to support discussions and assess the current progression relating to the Group's emission targets. Metrics and targets include: historical trend analysis relating to emission targets, climate risk appetite, climate risk profiling based on current/historic loan portfolio and metrics related to transitional finance.

The Group continues to track its performance/progress through discussions via channels such as the Climate Transition Working Group, ESG Forum and Energy Management meeting. Disclosures of progression related to emissions reduction targets will continue to be outlined within the Group's Climate Transition Plan. For further details, please refer to the Climate Transition Plan and updates under the Sustainability Report – Just Transition section page 71.

The metrics related to physical and transition risks previously mentioned are considered as part of the Group's risks and opportunities (please refer to the Sustainability report – Just Transition page 72 - 73). A description of metrics used are outlined in the below table where quantitative metrics are applicable:

Topic	Metric Description
Climate Related Risks	
Managing climate-related financial risks related to: Changes in precipitation pattern and extreme variability in weather patterns, rising mean temperatures and rising sea levels that will impact the Group's primary lending (Physical risk)	The Group considers risk exposures based on climate risk perils which includes flood, subsidence and coastal erosion. The risk exposures are modelled which will include data considerations such as: winter precipitation, shrink / swell clay risk, summer precipitation, erosion sensitivity and height above sea level.
Managing climate-related financial risks related to: Policy and legal mandates that will impact the Group's existing products and services (Transition Risk)	The transitional risk metrics are based on the loan portfolio's EPC distribution and GHG emissions calculated using the GHG Protocol Corporate Standard.
Increased concern or negative feedback from the Group's stakeholders based on direct emissions and supply chain emissions as well as failure to meet the Group's emissions reduction targets (Transition Risk)	The metrics are based on the Group's Climate Risk Appetite which monitors the Buy-To-Let and Semi-/Commercial properties with an EPC of D-G.
Direct Operations	
Removal of gas from our office buildings and branches	Our target is to reduce Scope 1 and 2 (Market-Based) emissions to Net Zero by 2030. We monitor electricity and natural gas use (kWh) and F-gas releases as the sources of those emissions.
Rationalisation of corporate real estate	
Replacement of fluorinated gases with lower Global Warming Potential (GWP) alternatives	Scope 1 – Emissions resulting from F-gas releases.
Continue to purchase electricity from renewable sources	Our target is to purchase 100% of electricity from renewable sources, supported by REGO certificates.
Increase energy efficiency through colleague engagement and property management	We monitor total energy use (kWh) and report an intensity metric of per full-time equivalent employee to assess efficiency.
Transition-Friendly Products and Services	
Existing products – providing products and services that contribute to greater energy efficiency and or decarbonisation	We monitor the total value of completed originations for the Group's Refurb-Buy-to-Let product.

Non-financial and sustainability information statement

The requirements of sections 414CA and 414CB of the Companies Act 2006 relating to non-financial reporting are referenced in the table below and cross referenced to relevant sections within the Annual Report to better understand the impact and stakeholder outcomes across a range of policies and guidance.

Reporting requirement	Policies, guidance and standards	Further information to understand impact and outcomes
Environmental	Environmental policy	See page 77
	TCFD – Climate-related disclosures	See pages 95 - 102
	Energy policy	See page 77
	ESG Operating Framework	See page 91
Employees	Group D,E & I policy	See page 87
	Trans Inclusion and Gender Identity policy	See page 87
	Sexual Harassment policy	See page 87
	Group Health and Safety policy	See page 87
Social Matters	Group Data Retention policy	See page 93
	Tax	See page 94
	Lending policy	See page 83
	Group Complaint Handling policy	See page 83
	Group Customer Vulnerability policy	See page 83
	Group Arrears Management and Forbearance policy	See page 83
	Consumer Duty	See page 81
Human Rights	Modern Slavery Statement and Vendor Code of Ethics	See page 93
	Group Vendor Management and Outsourcing policy	See page 93
Anti-Bribery and Corruption	Group Whistleblowing policy	See page 93
	Group Financial Crime policy	See page 94
	Conflicts of Interest policy	See page 93
	Group Operational Resilience policy	See page 173
	Artificial Intelligence Responsible Use policy	See page 59
	Cyber Security	See page 93

Reporting requirement	Further information to understand impact and outcomes
Description of the business model and strategy	See pages 16 - 23
Policy embedding, due diligence and outcomes	See pages 68 - 102
Description of the principal risks and impact of business activity	See pages 49 - 59
Description of the non-financial key performance indicators	See page 3
Climate-related financial disclosures	
Governance arrangements in relation to assessing and managing climate-related risks and opportunities	See pages 91 - 92
Risk management processes for identifying, assessing and managing climate-related risks	See pages 101 - 102
Climate-related risks and opportunities	See pages 72 - 73 and 98
Potential impacts on the business model and strategy	See pages 90 and 100
Targets used to manage climate-related risks and opportunities and performance against those targets	See pages 75 and 91 - 92
Key performance indicators used to assess progress against targets	See pages 72 - 73 and 102