Environmental matters

Climate change and its impact remain the most pressing challenge facing our planet.

In March 2022, the Group announced our ambition to tackle the operational emissions from our office and branch buildings and the more challenging emissions associated with the properties we lend on (financed emissions). The commitment was supported by two targets that guide our actions:

1) Committing to net zero for our operational emissions[1] by 2030
2) Committing to net zero for financed emissions by 2050

Our approach to mitigating climate change and delivering on the opportunities this presents is in line with our Purpose and Values.

In recognition of the importance placed on addressing climate change, Just Transition is a pillar of our ESG strategy. The Group's Transition Plan will set out our interim and long-term targets and the actions we will take over the short and medium term. We expect to publish our detailed transition plan in 2024.

The Group's Landlord Leaders report was an important milestone in climate transition planning and delivery that places, customers, tenants and brokers at the heart of the discussion, not only in terms of environmental consideration but also, delivering fair and equitable social and economic prosperity.

In 2022, we gained a deeper understanding of our complete emissions inventory.[2] This work informed our approach to better measurement and target setting, identified the specific areas to focus on and increased the transparency with which we can inform our stakeholders of progress.

Recognising that no business can achieve net zero on their own and that collaborative support is required from key stakeholders across industry and policy makers, the Group joined and actively participated in a number of collaborative and sector specific initiatives giving the opportunity to remain informed and to have a voice in the development and implementation of regulation, frameworks and guidance.

1. Scope 1 and Scope 2 emissions.
2. In line with Greenhouse Gas Protocol.

Environmental matters continued

Progress in 2022

Pillar	What we said in 2021	Progress we have made in 2022	Our priorities for 2023
Targets	Set and disclose Science Based Targets for Scope 1, 2 and 3 emissions for 2030, in order to achieve net zero no later than 2050	It is evident from data collected during the year that 2022 will provide a more accurate representation of the Group's carbon footprint post integration between OSB and CCFS, the return to more normal working after the pandemic, and therefore a more robust reference point from which to set reduction targets than the previous base year of 2019. This is in line with Science Based Targets initiative (SBTi) guidance on selecting a baseline year which identifies three determining criteria: 1) verifiable data on Scope 1, 2 and 3 emissions should exist for the base year 2) the base year should be representative of a company's typical GHG profile 3) the base year should be chosen such that the target has sufficient forward-looking ambition Therefore the Group is establishing 2022 as its base year from which to calculate interim and net zero targets.	Validation of our science base targets following re-baseline (Scope 1, 2 and 3 financed emissions targets) Calculate the emissions baseline of our asset based brands (Interbay Asset Finance) using PCAF methodology
Transition plan	Define the near and medium-term actions the Group will take to deliver the transition to net zero by 2050	"Just Transition" has been prioritised as a pillar of the Group's ESG strategy. Work was undertaken in 2022 to establish the Group's approach to Transition Planning. We have: A) Developed a Climate Transition Plan Framework having considered: i) Glasgow Financial Alliance for Net Zero financial sector recommendations for transition plans; and ii) The Transition Plan Taskforce (TPT) draft Sector-Neutral Framework B) Identified the decarbonisation levers that the Group will consider in defining the actions it will take to reduce financed emissions C) Appointed Executive Sponsors to provide support and alignment	In 2023, the Group will form its approach to Climate Transition and publish the plan containing details of: i) Objective and priorities ii) Governance iii) Implementation strategy iv) Engagement Strategy v) Metrics and targets
Metrics	Implement suitable metrics and improve data integrity and quality to measure and report progress towards targets	The Group has established an ESG balanced scorecard which includes greenhouse gas metrics for Scope 1 and 2. The dashboard is presented to the ESG Technical Committee, Group Executive Committee and Board on a monthly basis. Metrics relating to the progress towards net zero are included.	Following the Scope 3 materiality assessment, further metrics will be introduced to measure material emissions sources, or those that are to be targeted for reduction. As part of the Climate Transition Plan further metrics will be considered.
Engagement	Engage key stakeholders in understanding our carbon ambitions and improving carbon literacy	Throughout the year, presentations were made to Committees, and wider groups of colleagues. Communications were shared with employees raising awareness of the Group's ambitions. ESG workshops delivered as part of our People Development Programme included a focus on energy efficiency. Climate training was delivered to the Board in November. The Landlord Leaders report was published in November following significant engagement activities with customers and brokers.	A gap analysis will be performed assessing organisational readiness for executing the Climate Transition Plan; this will include reviewing competence and expertise throughout the Group. Further refinement of training materials as part of our personal development programme
Products	Develop and release products that deliver a material difference to our net zero ambitions and those of our customers	We have introduced products that incentivise, enable and reward customers who improve the energy efficiency of their property. In November 2022, the Group announced a £50m Landlord Leader Fund for 2023, which includes products to support landlords in the transition to energy-efficient properties.	Specifics pertaining to the £50m Landlord Leaders products will be announced as part of transition planning and the Group's commitment to customers. An assessment will be conducted to understand the impact of products across ESG aspects.
Supply chain	Cascade our ambitions to strategic suppliers of goods and services in order to begin addressing our supply chain emissions	In 2022, the Group initiated a pilot scheme with certain suppliers to encourage them to align their ESG strategy with the Group's own ambitions. A questionnaire was shared with pilot vendors to gauge their understanding and maturity in considering ESG matters. In addition, a letter from the Group's CEO was shared with vendors making clear the importance of ESG to the Group.	The Group will define its Vendor Management Strategy and approach to ESG and Sustainable supply chains.
Collaboration	Identify key collaboration opportunities for both sharing and learning through initiatives, programmes, charities and networks	Partnership for Carbon Accounting Financials (PCAF)- membership of two working groups, and chairperson of PCAF UK Residential Working Group Appointment to UK Finance Sustainability Committee. Investigated a number of solutions to support customers in their decarbonisation journey.	The Group will continue to align with, and where required, seek to become a member of collaborations and initiatives aligned with our ambitions.
Risk Assessment	Further refine our approach to climate risk assessment in line with our climate and ESG strategy.	See Risk review on page 58 for further details.	Climate risk management information will be enhanced for 2023, informed by ongoing trend and scenario analysis.

Strategic Principle - Net zero

The Group's environmental ambitions and transition plan will align to the Paris Accord on climate change, achieving carbon net zero across our operational emissions (Scope 1 and 2 emissions) by 2030 and attributable GHG emissions from lending portfolios by 2050.

OSB JOURNEY

2015

PARIS AGREEMENT

INITIAL ACTION

2019

Environmental management systems certified to ISO 14001

Local actions taken to address impact.

2020

First Group carbon footprint report as part of SECR regulations

ACCELERATING ACTION

2021

Move to renewable energy tariffs reduces UK footprint by c. 740 tonnes of CO_2e

Extending scope of reporting to OSBI and other emissions sources

Offsetting 2020 Scope 1 and Scope 2 emissions (Group-wide) achieving carbon neutrality for 2020

Net zero plan development to achieve Scope 1 and 2 Net zero by 2030

Selection of a framework to align to for target setting, reporting and disclosures

2022

Net zero action plan disclosed – ON TRACK

Absolute and emissions intensity targets set for interim (2030) and longer term (2050)

NEW FOR 2022: Scope 3 materiality assessment conducted

Redefining GHG inventory and baseline

2030

Net zero across Scope 1 and 2 emissions with limited offsetting.

On track to address Scope 3 emissions by 2050 or sooner

INTERIM - Financed emissions intensity to be halved (2022 baseline)

INTERIM - Net zero Scope 1 and Scope 2 emissions

2050

Net zero across operations and value chain by 2050, cutting most emissions and balancing remaining emissions with natural or technical solutions

Exploring carbon restorative, putting back more than we take out

Emissions to be net zero

As a specialist lender, the impact of our business operations (Scope 1 and 2 emissions) is relatively low, driven predominantly by the use of resources associated with electricity and gas. They provide power, heating, cooling and ventilation to our office and branch locations and came from the procurement of goods and services consumed as part of our business activities.

In comparison, the emissions associated with the finance we provide (Scope 3 category 15) to our customers[3] was 449 times that of our Scope 1 and Scope 2 emissions. Considering the impact of these emissions and the complexity in reducing them, financed emissions are a priority area for the Group and form the basis of our climate transition planning.

The wider value chain[4] of the Group presents a challenge in both measurement and allocation. However, we remain committed to developing our understanding of total greenhouse gas (GHG) inventory and in 2022 we undertook a Scope 3 materiality assessment in order to begin measuring categories that will help guide target setting.

3. Mortgages only.
4. Greenhouse Gas Protocol – Scope 3 categories 1-14.

Management

Our Environmental Policy embodies the Group's commitment to meeting or exceeding all relevant environmental obligations under law and regulation, reducing our impact and achieving the Group's ambition of net zero value chain GHG emissions by no later than 2050. These goals are in line with the Paris Climate Accord of keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

Environmental matters continued

The policy is supported by Environmental Management Systems (EMS), the Group's science-based targets and environmental improvement programmes, addressing energy use and carbon reduction, natural resource preservation, waste reduction and encouraging sustainable behaviours. The policy is reviewed by the Group Executive Committee and ESG Technical Committee prior to Board approval and an executive accountable for the policy is appointed.

All UK offices remain under a management system certified to the international environmental management standard ISO:14001 2015.

Measuring emissions
In 2022, the Group matured its approach to GHG accounting, continuing to apply the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard for all GHG accounting across Scopes 1, 2 and 3.

In line with the principles of relevance, completeness, consistency, transparency and accuracy set out in the standard, we recategorised some emissions sources based upon the Operational Control method of setting organisational boundaries. Selecting this approach reflects the contractual arrangements of ownership and tenancy of the buildings we operate from, and our ability to implement programmes to reduce emissions. Our carbon footprint data and comments on performance for 2022 reflect the revised accounting method. We re-calculated 2021 and 2020 emissions to allow suitable comparison in disclosures. Where emissions sources have moved from Scope 1 or Scope 2, they have been accounted for within Scope 3.

Gaining a complete view of our GHG inventory is the best way to target action based on and our ability to control or influence emissions. With the support of third-party specialists we conducted a materiality assessment of our Scope 3 emissions sources, see page 98 for further details. Maturity in emissions accounting will continue to be a focus. The availability and quality of data, and progress in internal accounting processes and systems to support these will require development over time.

Reducing the emissions from OSB Group buildings

OSB Group commits to reduce Scope 1 and Scope 2 GHG emissions* by

100%

by 2030 from a 2022 base year

* Scope 1 and Scope 2 target is calculated using market-based methodology in line with the SBTi Financial Sector Science-Based Targets Guidance – version 1.1 Aug 2022

This ambitious target embraces the Group's commitment to taking ownership of emissions from the buildings we operate from and have control over.

The Group's net zero strategy continues to be based on a responsible and transparent transition for the emissions associated with our business activities, with the following priorities guiding our action:

- eliminating emissions wherever possible
- improving the efficiency of our processes to reduce the associated emissions or their impact
- offsetting the residual emissions through the procurement of validated and verified carbon offsets.

During the year the following steps were taken:

- net zero 2030 de-carbonisation plan set out for the Group's Scope 1 and Scope 2 emissions and presented to the Group's ESG Technical Committee
- investment in net zero feasibility studies completed for two of the Group's main office locations[5] in order to evaluate and prioritise technologies suitable for our operations
- feasibility studies and proposals completed for the installation of solar arrays to the UK office buildings[6]
- improvement to Building Management Systems (BMS) controls and settings
- completed the purchase of a freehold office building in Wolverhampton, allowing greater control over emissions, with net zero a core consideration in the design and fit-out project.

5. The Observatory and OSB House in Chatham, Kent.
6. The Observatory, OSB House, Charter House.

Performance in 2022

In 2022, the Group reduced its Scope 1 emissions by 8.1%. The reduction in Scope 1 emissions was a result of using less natural gas (169,386kWh) which is used to provide heating and hot water to a number of UK offices.

The Group's Scope 2 emissions using market-based methodology were zero for 2022, as 100% of the electricity purchased by the Group was from renewable tariffs. Using the location-based methodology, reflecting the average emissions intensity of grids on which energy consumption occurs, emissions were 322.1 tCo2e, a 5.9% reduction from 2021. However, the Group's consumption of electricity increased by 54,029 kWh (3%) from 2021. The reduction in location-based emissions despite an increase in consumption is a result of the reduced carbon intensity of the 2022 carbon conversion factor applied to standard grid electricity as published by the Department for Business, Energy & Industrial Strategy (BEIS).

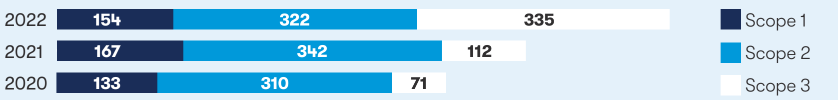
Electricity purchased in the UK from renewable tariffs

100%

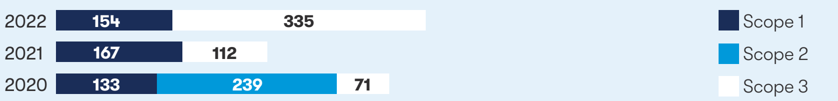
Reduction in Scope 1 and Scope 2 emissions from 2021*

8.1%

Location based GHG Emissions (tCO_2e) 2022



Market based GHG Emissions (tCO_2e) 2022



* Scope 2 emissions calculated using market-based methodology. 2021 KPI measured reduction versus a 2019 baseline. The Group has now reset it base year to 2022. The KPI uses performance versus 2021 to demonstrate progress made in 2022.

Environmental matters continued

Electricity and gas
The Group's decarbonisation plan prioritises moving away from natural gas technologies to heat buildings towards electrical solutions as part of our corporate real estate strategy.

As efforts to realise these ambitions continue, the Group has used, verified carbon mitigation schemes from the voluntary carbon market (VCM) to offset the emissions directly related to our business activities in 2022.[7]

Water
The Group's use of water is for domestic and hygiene purposes. 5,243m^3 of potable water was used in 2022, an increase of 56.2% from 2021. It can be reasonably assumed that this was a result of increased occupation and use of the office buildings during 2022 following periods of lower occupancy in 2021 as a result of the pandemic.

Waste
Following a UK campaign in June, where all of the plastics items thrown away in UK offices in a week were counted and categorised, a number of actions were taken to reduce waste and increase recycling.

During June, in honour of World Environment Day, OSBI launched a challenge to reduce the amount of consumables used each day in the office.

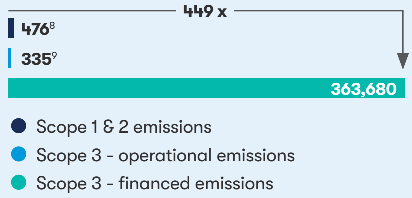
Defining the Group's Climate Transition Plan for financed emissions

Calculating financed emissions
Building on the Group's inaugural measurement of financed emissions in 2021, using the Partnership for Carbon Accounting Financials (PCAF) methodology, we have again calculated the attributed carbon emissions of our lending portfolio, see page 99.

The Group continues to use the PCAF methodology as the most robust and suitable method to calculate financed emissions. The PCAF method attributes a proportion of the total emissions of a property, taken from the Energy Performance Certificate (EPC) to the lender based on the outstanding value of the loan versus the value at origination.

An inherent limitation in this methodology is that it relies on the availability of property EPC certificates. In 2022, 79.9% of properties had a valid EPC certificate. 19.7% of properties had emissions modelled or estimated based on postcode average or UK average. Where data was unavailable (<1% of properties), properties were allocated a D rating. Our calculations included the mortgage portfolio as the largest asset class (c. 97% for OSB and c. 98% for CCFS of total lending). It did not cover non-modelled book or securitised loans.

Calculated Financed Emissions



In 2021, we committed to improving the quality of data used to calculate financed emissions. For 2022, our PCAF data quality score is at 3.2.[8] The Group joined the PCAF UK Residential Property Working Group to explore this as a sector level challenge that will not be solved in isolation. Whilst we have identified and explored several solutions that can provide property level consumption data, we continue to form plans of how this is integrated into our product and proposition offering and overcome the barriers of data confidentiality and access.

In October, the Group contributed to PCAF UK's letter to the Department for Business, Energy & Industrial Strategy, outlining the challenges financial institutions face within the current Minimum Energy Efficiency Standards and EPC system, alongside the opportunity presented by smart meter data in both the accurate measurement of financed emissions and determining product and service offerings that can drive change in the real economy. In November, the Group's Head of Sustainability became the Chair of the PCAF UK Residential Property Working Group.

7 Offsetting covers Scope 1, Scope 2 (market-based) and UK Scope 3 (business travel, water and waste from operations, energy related activities not reported in Scope 1 and 2 and OSBI operations (purchased electricity - market-based), gas oil and fugitive emissions) for year ended 31 December 2022.
8 2021 PCAF data score of 3.

Target setting
The Group is committed to setting Science-Based targets in line with our Net Zero Banking Alliance (NZBA), and Science Base Targets Initiative (SBTi) commitments. The SBTi requires that companies should use the same base year for all targets within the near-term timeframe, and therefore 2022 will be used as the baseline for calculating targets for financed emissions, with validation of the targets by SBTi to be conducted in 2023.

Planning a just climate transition
In 2022, the Group defined the just transition as one of three ESG Strategic Pillars. Earlier in the year, the Group committed to a science-based net zero target by 2050, and joined the Net Zero Banking Alliance. To deliver on this ambition, we will define and demonstrate the steps we intend to take to achieve net zero emissions.

Just Transition
Whilst there is no single accepted definition of a Just Transition, the principle is based on a fair and inclusive move to a low carbon economy. A transition that maximises benefit for the environment, society and the economy and leaves no one behind.

As a specialist lender, that does not lend into carbon intensive sectors such as coal, oil or gas, the Group is well placed to understand and meaningfully contribute to the real economy decarbonisation of UK housing required in order to avoid the worst impacts of climate change. With our heritage, expertise and understanding of the sectors we operate in, we approach transition planning in a thoughtful and considered way, placing the borrower and tenant at the heart of the conversation alongside the environment. It is important that the actions we do take drive real economy change and do not introduce unacceptable risk.

During the year, the Group focused efforts on creating a framework and solid foundation from which to build the Transition Plan. This involved considering the Glasgow Financial Alliance for Net Zero (GFANZ) and Transition Plan Taskforce (TPT) consultations and calls for evidence. The Group used the elements of the GFANZ framework which is specific to financial institutions, to initiate work on the climate transition plan.

We made progress in a number of areas, including setting ambition and vision, influencing clients and harnessing the collective industry influence.

Our Landlord Leaders – A New Environment for the Private Rented Sector thought leadership piece released in November 2022 is a clear demonstration of both the Group's commitment to decarbonisation and to our brokers, customers and tenants. It also highlights the challenges we face, from raising the education and awareness required to ensure that stakeholders are climate literate, to the current lack of government policy critical to providing direction and pace. That is why the Group committed to delivering the following in 2023:

- a pledge of £50m to our newly established Landlord Leader Fund to help landlords enhance energy efficiency
- a new product range with accommodating loan to values and interest coverage ratios during property refurbishment
- a redesigned underwriting process for existing landlords
- partnering with tax specialists who can provide advice and guidance on tax planning for part-time landlords looking to professionalise
- the creation of a Landlord Leaders community to bring brokers, landlords and other industry members together

The Group recognises the risk of unintended consequences where action is taken without full consideration of all stakeholders that may be impacted. That is why in 2023, we will build on the work completed in 2022 and form our just climate transition plan as a holistic and collaborative exercise, championed by Executive sponsors and utilising the existing expertise within the Group including Risk, Compliance, Products and Propositions, Sales and Marketing, Compliance, ESG and Human Resources teams. We will continue to utilise frameworks and guidance designed for the financial services sector including the GFANZ Financial Institution Net Zero Transition Plans – Fundamentals, Recommendations, and Guidance and when finalised, the Transition Plan Taskforce Disclosure Framework and Guidance both of which have been considered in the work completed to date.

Developing our understanding of Scope 3 upstream and downstream emissions
It is widely understood that Scope 3 emissions account for the vast proportion of a financial institution's GHG inventory due to the emissions attributed to the assets they fund, referred to as financed emissions (Scope 3, category 15). For this reason, the Group approaches reducing financed emissions as a strategic priority with separate targets, planning and sections of reporting.

Given the breadth and depth of categories 1-14 of Scope 3, the Group takes a structured approach to definition and measurement. A Scope 3 screening assessment has been conducted and initial calculations made for various categories where they are deemed potentially significant.

Relevance has been decided based upon size, influence, risk, stakeholders, outsourcing and sector guidance.

As a financial product and service provider, our financed emissions remain the most material as disclosed on page 99. We have quantified and disclosed Scope 3 categories 3, 5 and 6 in the Greenhouse gas emissions table on page 99. Further work will be carried out in 2023 to quantify other categories. Currently we do not expect other categories to be material when considered against financed emissions and the GHG protocol materiality level of 5%.

Scope 3
All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Environmental matters continued

Greenhouse gas emissions

We have reported on all of the emissions sources required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 – commonly referred to as Streamlined Energy and Carbon Reporting (SECR).

OSB GROUP PLC is a 'quoted company' under the Streamlined Energy and Carbon Reporting regulations so must report annually on greenhouse gas emissions from Scope 1 and 2 Electricity, Gas and Transport.

Emissions are calculated using the Greenhouse Gas Protocol Corporate Standard and associated guidance documents and include all greenhouse gases reported in tonnes of carbon dioxide equivalent (CO_2e). When converting consumption data to carbon emissions Emission Factors from UK Government Emissions Conversion Factors for Company Reporting (Department for Business, Energy & Industrial Strategy, 2022) are used.

In 2022, an exercise to review the Group's GHG inventory was completed. Where an emissions source moved scopes as a result of the assessment, the outcomes of the review are summarised below. We intend to disclose Category 8 emissions in 2023 following refinement of the data.

Emissions source	Country	Nature of operation	Scope previously accounted within	Scope now accounted in[1]	What is the basis for change
OSBI - Bangalore					The Group does not procure the utilities for these locations. These are selected and provided by the building operator. The Group does not operate the mechanical and electrical systems within the building. The building is shared with a number of other organisations.
OSBI - Hyderabad	India	Office	1 & 2	3 Category 8	
OSBI - Hosur					
Whitfield Street	UK	Office	2		

1. It is the intention to report further Scope 3 categories in future disclosures

2022 GHG emissions reporting includes the changes referenced above. To allow annual comparison between previous and current years, emissions have been recalculated and re-stated in this report.

The Group's 2022 Greenhouse gas emissions basis for reporting is publicly available on the OSB GROUP corporate website: **https://www.osb.co.uk/corporate-responsibility/focused-on-the-environment/**

Verification and assurance

Deloitte LLP was engaged to provide independent limited assurance over the following metrics for the year ended 31 December 2022 ◆ under the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) and the International Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE 3410):

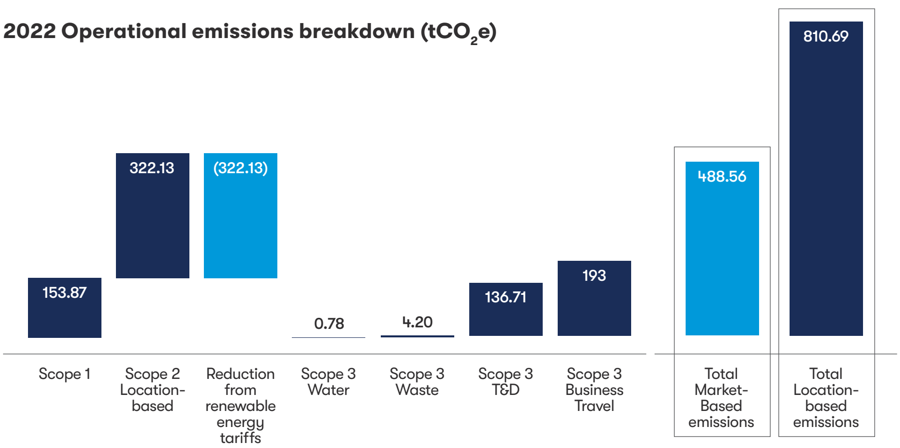
Greenhouse Gas (GHG) emissions
- Total direct (Scope 1)
- Total indirect (Scope 2) emissions – Market-based
- Total indirect (Scope 2) emissions - Location-based

GHG Intensity
- Metric tonnes of CO_2e per FTE employee
- Metric tonnes of CO_2e per £m turnover

Deloitte's assurance statement can be found on page 247.

Scope 3 emissions - (categories: 3 Fuel and energy-related activities, 5 Waste generated in operations and 6 Business travel) disclosures were verified by Interface NRM, an independent UKAS and ASI accredited Certification Body, operating in accordance with ISO 17021 (2015) Conformity assessment: Requirements for bodies providing audit and certification of management systems; and ISO 17065 (2012) Conformity assessment – Requirements for bodies certifying products, processes and services.

2022 Operational emissions breakdown (tCO_2e)



Greenhouse Gas (GHG) Emissions

Direct and indirect GHG emissions (Scopes 1, 2 and 3)	Further description	Specific fuels where applicable	2020	2021	2022
Amounts in metric tonnes CO_2 equivalent					
Scope 1					
Stationary combustion	Combustion of fuel on site	On site: natural gas, diesel for generators	132.95	167.39	138.22
Fugitive emissions	Fugitive emissions	Fugitive emissions are leaks and other irregular releases of gases or vapours from a pressurized containment: air-con units	0.00	0.00	15.65
Total Scope 1 direct emissions			**132.95**	**167.39**	**153.87◆**
Scope 2					
Purchased electricity					
Total Scope 2 location-based		Electricity - Location-based	**309.54**	**342.23**	**322.13◆**
Total Scope 2 market -based		Electricity - Market-based	**238.53**	**0.00**	**0.00◆**
Scope 3					
Business travel	Unknown vehicle fuel; rail; bus; taxi; hotel stays	Unknown vehicle fuel	71.26	78.87	193.00
Water	Water use		N/M	0.50	0.78
Waste	Waste from operations		N/M	1.35	4.20
Fuel and energy-related activities (not included in Scope 1 or 2)	Well-to-tank (WTT) emissions for fuel use, upstream emissions for non-renewable electricity generation, and transmission and distribution losses in the electricity network		N/M	31.20	136.71
Total indirect Scope 3 emissions (category 3, 5 and 6)		Unknown vehicle fuel, water, waste energy related activities	**71.26**	**111.91**	**334.69**
Total operational emissions (location-based)			**513.75**	**621.53**	**810.69**
Total operational emissions (market-based)			**442.74**	**279.30**	**488.56**
Total indirect Scope 3 - Financed emissions (category 15)*	Category 15 Investments (financed emissions). Calculated by multiplying an attribution factor (outstanding amount of loan divided by the property value at origination) by the emissions associated with the property taken from EPC. Calculated for the Buy-to-Let and residential lending	Gas and electricity for heating, hot water and lighting only	N/M	278,854.00	363,680.00
Total GHG emissions (location-based)	All measured emissions for the year		**513.75**	**279,475.53**	**364,490.69**

GHG intensity

GHG intensity ratio	Description	2020	2021	2022
Full Time Equivalent (FTE) employees (UK)	full-time equivalent (FTE) is a unit of measurement equal to one full-time employee	1233	1164	1237
Annual turnover	£m	508	629	775
Scope 1 and Scope 2 location-based	metric tonnes of CO_2 equivalent per full time equivalent	0.36	0.44	0.38◆
Scope 1 and Scope 2 location-based	metric tonnes of CO_2 equivalent per £m total income	0.87	0.81	0.61◆
Scope 3 Financed emissions - physical emissions intensity	Kgs of CO_2 equivalent per square metre*	N/M	24.81	29.9

Energy consumption

Energy usage kWh		2020	2021	2022
Electricity		1,777,667.00	1,611,783.00	1,665,812.80
Gas		723,050.00	913,890.00	744,504.18
Total kWh	Electricity, natural gas	**2,500,717.00**	**2,525,673.00**	**2,410,316.98**

N/M = Not measured

* Financed emissions physical intensity ratio is calculated by multiplying the total estimated attributable financed emissions in tCo2e for 2022 (363,680 tCO2e) by 1000 to give Kgs Co2e (363,680000 kgCo2e). This is divided by the total floor area in m2 of the properties taken from the Energy Performance Certificate (12,151,478m2). Estimated absolute financed emissions were 610,265 tCO2e for 2022. Financed emissions estimates are for the mortgage portfolio as the largest asset class. It does not cover non-modelled book or securitised loans.