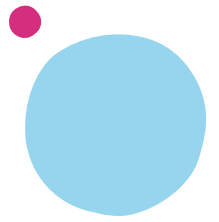




UN Global Compact Communication on Progress

March 2022

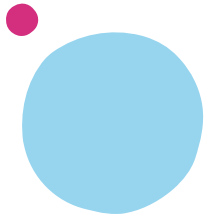


Statement from CEO

“TSB Bank is proud to have been a signatory of the United Nations Global Compact since 2020. We continue to be committed to its principles on human rights, labour, the environment, and anti-corruption and advance the case for responsible business practices with our customers, suppliers, colleagues, and within the communities we serve.”

Robin Bulloch, CEO

















30 March, 2022



1. Introduction: TSB's Do What Matters Plan

With origins going back to the start of the savings bank movement in the nineteenth century, TSB has always been committed to its wider role in society and to help communities thrive.

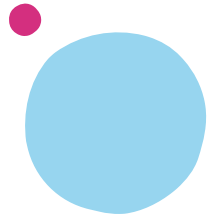
In July 2020, we took forward this commitment with the launch of the Do What Matters Plan, a long-term programme that aligns to TSB's purpose of Money Confidence. For everyone. Every day. It focuses on doing what matters for customers; small businesses; colleagues; communities; and the environment. Each pillar of the programme is sponsored by a member of the Executive Committee, and contributing to the sustainable development goals by:

| Focus areas | TSB Commitments | Contribution to Sustainable Development Goals (SDGs) |
|---------------------------------|--|--|
| Customers | Help customers have Money Confidence: by helping them to manage their money better through products and services. | SDG 1: No poverty SDG 16: Peace, justice and strong institutions   |
| Businesses and suppliers | Treat businesses fairly and help them grow: through prompt payment of suppliers, providing access to business support and advice to customers, and encouraging diversity and responsible practices with suppliers and business customers. | SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 10: reduced inequalities    |
| Employees | Create a truly inclusive workplace: where everyone feels welcome and with access to equal opportunities. We are focused on collaborating with colleagues to continue developing attractive, engaging and inclusive ways of working, and supporting the development of future-focused skills. | SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 10: reduced inequalities    |
| Communities | Work locally with our communities to help them thrive: We seek to extend our impact, building on what we've done well for some time, including donating our time and money to vital local projects and helping the people who need it most. | SDG 1: No poverty SDG 5: Gender equality SDG 10: Reduced inequalities SDG 17: Partnerships for the goals     |
| Environment | Reduce our impact on the environment while helping customers and colleagues do the same: TSB environmental strategy is designed to align with emerging practice in the banking industry, to reduce our impact on the environment, and meet the highest international standards. | SDG 12: Responsible consumption, and production SDG 13: Climate action SDG 15: Life on land SDG 17: Partnerships for the goals     |

These have helped TSB take a leading position on tackling fraud, paying small suppliers promptly, hiring and promoting women into senior roles and protecting victims of domestic abuse, much of which builds on existing activity. In 2021, more has been done to help vulnerable customers, support SMEs, promote diversity and inclusion in our workforce, support communities and reduce our impact on the environment.

In this sense, by helping customers have money confidence we are contributing to a society where there is no poverty and building an effective, accountable, and inclusive business at all levels. And with a strong focus on people, TSB wants to ensure our colleagues and the communities we serve live healthy lives and promote well-being for all at all stages, achieve gender equality and promote inclusive and sustainable economic growth and decent work for all. We believe that through strong partnerships we can reduce inequalities and contribute in a sustainable way to a better and healthier society where our communities and people within it can thrive.

When it comes to the Planet and TSB's contribution to the environment, TSB is committed to promoting and delivering responsible consumption and production and has a strong desire for climate action. Hence, our commitment to achieve net zero emissions



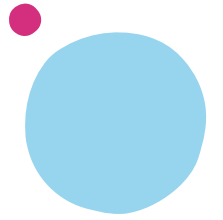
from our own operations by 2030, alongside signing up to the Science Based Targets initiative, and joining the Net-Zero Banking Alliance (NZBA). Through our partnerships with e-forests and Forest Carbon we support the sustainable management of forests.

As we move into 2022, we continue to embed the programme into our business to amplify action and deepen its impact. Delivering on the commitments within our Do What Matters Plan is one of TSB's Primary Corporate Objectives and features in every colleague's personal delivery plans. In our latest colleague experience survey, in October 2021, 86% of those who responded, understand their role in helping TSB achieve its Do What Matters Plan.


Training and the development of our colleagues will remain a priority as we believe that informed and passionate colleagues are the best catalysts for positive change, as well as being advocates for the positive contribution that our business makes to wider society.

In 2020, we were proud to be the first high street bank accredited by the Good Business Charter, a national accreditation scheme that recognises businesses that behave responsibly. We also become signatories to the UN Global Compact corporate responsibility initiative and continue to be committed to its principles on human rights, labour, the environment, and anti-corruption.

In sections 2-6, we set out further details on the progress we have made through the Do What Matters Plan. You can find more information at www.tsb.co.uk/do-what-matters.



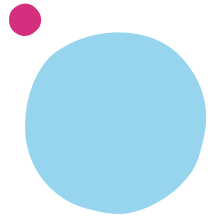
2. Commitment to Customers: Helping customers have Money Confidence

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| <p>Doing what matters for customers</p>  <p>Customers</p> | <p>Doing what matters for our customers is at the heart of TSB's purpose: providing 'Money Confidence. For everyone. Every day.' helping them to manage their money better. This purpose has become even more relevant throughout the pandemic as we see changes in the way many of our customers feel about managing their money and the impacts on household finances.</p> |
|--|---|

- Like many other customer-facing businesses, we have seen a significant and sustained shift in the way consumers bank with us. Despite many of our customers now using online and digital banking services, we remain committed to a branch network across Great Britain. Following the closure of the 70 branches announced in November 2021, TSB will operate a network of 220 branches across Great Britain.
- We have invested in upgrading 135 of these branches, to help us deliver the best experience for our customers. In addition, we have over 40 pop-up services, located in libraries, community centres and other civic amenities, in towns where the distance between our branches is significant. We have more than 100 trained Mobile Money Confidence Experts, with 50 of these serving customers directly in pop-ups across the country. We are also a founding member of the Cash Access Group, piloting Banking Hubs across the country.
- All customer-facing employees completed training to equip them to help customers develop the skills and explore the services and products they want and need to boost their money confidence. We are ahead of schedule to meet our longer-term ambition to have one million 'Money Confidence' conversations by the middle of 2023 and expect to reach this target within the first half of 2022.
- Digital services continue to be further enhanced with additional features in the TSB Marketplace, available through the mobile app, including features such as ApTap, a subscription and bill switching service to help customers save money on their everyday bills.
- During 2021, our commitment to refund every TSB customer who is an innocent victim of fraud continued to be met. TSB has refunded 97% of all fraud cases since introducing the Fraud Refund Guarantee in April 2019. This compares with an industry wide refund rate of only 42%. We continue to offer advice in our weekly column in The Sun newspaper to help people avoid becoming a victim of fraud covering emerging scams, new attacks and providing support on new industry initiatives, such as confirmation of payee and contactless payments.
- To help customers become more confident with their money, we share Money Confidence content on TSB.co.uk. During 2021 this site was visited by more than 50,000 people and reached a further 3.3 million through social media channels.
- We've also made progress in terms of customer complaints. Up to December 2021, the number of recorded complaints, claims and other communications was 73,614. The volume recorded during the same period in 2020 is 75,326 and, therefore, 2021 represents a 2% reduction (1,712) on these figures. This is mainly related to improvements made to customer journeys and improvements to system stability.
- 99 % of the total number of complaints, claims and other communications recorded in 2021, were resolved before the end of the year, 31 December 2021. In addition, TSB have begun a multi-skill programme for colleagues in branch banking and the contact centre with a view to enabling colleagues to deal with more types of customer enquiries at first point of contact.

Money Laundering and Terrorism Financing

- TSB also has procedures and controls in place in relation to anti-money laundering and counter-terrorist financing, including customer due diligence measures, applicable to different types of customers and in consideration of the geographical, industry and product risk associated with each relationship; enhanced due diligence measures applicable in higher risk situations; and ongoing monitoring controls to ensure that TSB knows and understands its customers throughout the life cycle of the relationship.
- TSB designates a Nominated Officer in charge of receiving and submitting suspicious activity reports to the National Crime Agency (NCA) and of ensuring that appropriate controls have been implemented to monitor and manage the investigation into reports of these activities.
- With regard to financial sanctions, TSB is fully aligned with the obligations under the United Nations and the United Kingdom sanctions regimes, and thus ensures compliance therewith. TSB takes a prohibitive stance towards transactions and

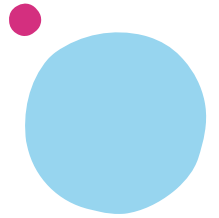


relationships with customers in countries subject to comprehensive international financial sanctions, or of ownership or control by individuals located in such countries.


- Colleagues, customers, suppliers and transactions are screened regularly against relevant sanctions lists and investigated accordingly.

Corruption and anti-bribery

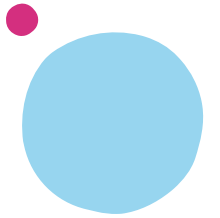
- TSB conduct risk is also a key part of TSB's strategic planning, decision-making, proposition development and performance management processes. Throughout the end-to-end customer journey, it is key to ensure a fair treatment, the delivery of fair outcomes and to seek to avoid customer harm.
- TSB has Anti-Money Laundering, Anti-Bribery and Corruption and Financial Sanctions Policies in place. The identification, assessment, management and reporting of conduct risks is the responsibility of each member of the Executive Committee, with respect to their relevant business areas, as set out in its Statement of Responsibility (SOR) under the United Kingdom's Senior Managers and Certification Regime (SMCR).
- TSB promotes an environment of zero tolerance to illegal activities to safeguard its employees, customers and communities against financial crimes. This culture is set out through policies and annual training courses to guarantee that due diligence and risk assessment practices have been implemented to assess exposure to bribes or corruption through relationships with related parties, sponsorship of events and charitable donations.
- The offer and acceptance of gifts, entertainment and hospitality is permitted, provided these are not seen to be improper or excessive and provided they cannot be viewed as a bribe or potential bribe and as long as they are approved and recorded in accordance with TSB's Gifts, Entertainment and Hospitality Policy. TSB prohibits all activities considered as facilitation payments, political donations or actions which could facilitate tax evasion.
- TSB's compliance with requirements of the financial crime framework is monitored via ongoing control testing, assurance, audits, the provision of management information and senior governance committees.
- In relation to fraud, TSB continues to be the only bank in the United Kingdom that undertakes a commitment to refund every TSB customer who has been an innocent victim of fraud, reimbursing over 97% of all fraud cases, compared to the industry-wide rate of 42%.
- In relation to the approach followed to manage the health crisis, TSB has continued to monitor the COVID-19 impact on financial crime prevention policies and procedures throughout 2021, using analytical reports purposely prepared in 2020 after the onset of the pandemic. In 2020, alternative arrangements were agreed to ensure customers could continue to securely provide identification documents to TSB without the need to visit branches.
- These arrangements were kept in place until the second half of 2021, when the COVID-19-related restrictions were eased.




3. Commitment to Businesses and suppliers: Treating businesses fairly and helping them grow

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| <p>Doing what matters for businesses</p>  <p>Businesses</p> | <p>Doing what matters for small businesses focuses on treating them fairly and helping them grow, through prompt payment of suppliers, providing access to business support and advice to customers, and encouraging diversity and responsible practices with suppliers and business customers.</p> |
|--|--|

- In 2021, as part of our commitments as a signatory of the Prompt Payment Code, a Government-backed voluntary code of practice, we paid 97% of all suppliers within 30 days and in an average of 9 days. We also prioritise our small and medium suppliers and paid 97% of them in an average of 7 days. TSB's approach to prompt payment has been highlighted by the Small Business Commissioner as best practice.
- In November 2021, we launched Revenu app for NatWest business customers who switch their Business Current Account to TSB. Also, we launched an app, in partnership with BankiFi, that helps our business customers get paid faster, save time on administrative tasks and keep on top of late payments. As part of its functionalities, users can send digital requests for payment to their customers through digital mechanisms such as SMS, WhatsApp or email, or through the use of a QR code. This supports our commitment to help small businesses get paid faster.
- We delivered a programme of 32 events and initiatives, reaching over 2,450 small businesses, which addressed subjects such as access to finance, cashflow management and impacts of COVID-19 on the SME sector. We also delivered support to small businesses by launching an online business support portal in partnership with Be the Business, an independent, not-for-profit organisation, to help business owners and leaders improve the performance of their business.
- We engaged over 20,000 female entrepreneurs through the Entrepreneurial Women campaign, in partnership with Enterprise Nation, providing access to inspiring events, relatable role models and inclusive business support.
- Over 10,000 businesses chose to switch to TSB through the Government's Incentivised Switching Scheme, making us one of the best performing banks in the scheme. This led to TSB being awarded additional funds by the Banking Competition Remedies Board to help drive further competition in the business banking market.
- Over the course of the COVID-19 pandemic we saw a five-fold increase in our lending to SMEs, including over £615 million in Bounce Back Loans to 25,000 businesses.



4. Commitment to people: Creating a truly inclusive workplace

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| <p>Doing what matters for colleagues</p>  <p>Colleagues</p> | <p>We want TSB to be a truly inclusive organisation where everyone feels welcome and with access to equal opportunities. In an increasingly mobile external labour market, we are focused on collaborating with colleagues to continue developing attractive, engaging and inclusive ways of working, and supporting the development of future-focused skills.</p> |
|--|---|

- To deliver on our ambition we have published goals to build a workforce that reflects the diversity of the UK working age population. Our goals include the gender and ethnic diversity of our senior leadership team, and representation of Black, Asian or Minority Ethnic colleagues, disabled colleagues and LGBTQ+ colleagues in our workforce.

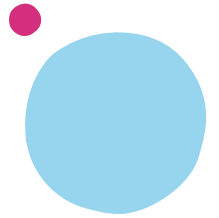
Diversity of our workforce

- During 2021 significant progress has been made to achieve a truly diverse workforce that reflects the UK working age population by 2025. The number of senior roles held by women increased to 41% (2020: 40%), above the industry average of 34%. Asian and Minority Ethnic representation in senior roles also increased, with overall Black, Asian and Minority Ethnic representation reaching 9% (2020: 8%). However, we recognise that the increase in Black representation was slower, and consequently, a targeted Black talent plan is now in place to drive progress in 2022.
- To develop a truly inclusive culture we continued to support an intersectional Inclusion network with executive level sponsors for TSB Ability, Ethnicity, Gender Balance and LGBTQ+. These networks actively challenge and contribute to diversity and inclusion plans by hosting conversations with colleagues throughout the year on topics such as career confidence for women, non-visible disabilities, transgender awareness and Black History Month. 90% of colleagues agree that TSB promotes an inclusive work environment that accepts everyone's individual differences.
- We continue to collect data to help build an understanding of and target the removal of barriers to social mobility in financial services and have set an ambition to be included in the top 75 companies of the Social Mobility Employer Index. TSB was the first UK bank to participate in the UK government's Kickstart scheme, offering 15 placements. We are delighted that, to date, seven of our placements have secured permanent roles at TSB, with a further three securing other long-term career opportunities.
- In 2021, a new framework of six mentoring programmes was launched to support colleagues at all levels in TSB. This programme was established with the support of a new partnership with Moving Ahead and will help almost 200 colleagues to build career confidence and remove barriers to progression. This is critical in developing diverse internal talent pipelines.
- We continue to hold ourselves to account against the highest standards and support the drive for industry-wide progress. In 2021, TSB signed up to the Change the Race Ratio and Black Talent in Finance and Professions Charter, two initiatives designed to accelerate racial and ethnic diversity in business. We also received Level 2 Accomplished Carer Confident Accreditation from Carers UK.

Disability inclusion

- TSB is a Level 3 Disability Confident Employer. We have a strong focus on disability and seek to ensure that employees with disabilities are treated fairly and can compete on equal terms for career progression. TSB commits to offer an interview to disabled people who meet the minimum criteria for a job while new training in the features of TSB's digital workplace is helping to reduce barriers to accessibility.
- We listened to employees with disabilities and long-term health conditions on the benefits and challenges of remote working to help design TSB's future ways of working while the introduction of a Workplace Adjustment passport has helped to reduce barriers to mobility across the business. Continued provision of Unmind and new employee assistance programme provided by BUPA helps all TSB employees take care of their mental wellbeing and, to support our leaders to be confident to have conversations about wellbeing, a mental health module is included in the TSB Manager Programme.
- We also delivered mental health training, in 2021, to all colleagues who talk to customers and nearly half of TSB line managers completed unconscious bias and mental health awareness training throughout the year.

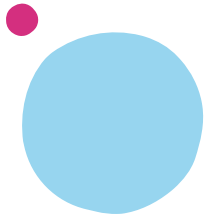
Involvement of employees in business / consulting with employees



- Collaborative, open, honest, two-way communication is encouraged at all levels to promote the involvement of employees in the business. As employees have continued to adjust to different ways of working in 2021, TSB has focused on maintaining channels of communication to support a speak up culture and maintain connections between individuals and teams, supported by TSB's digital workplace. This includes TSB's employee forum, The Link, which has met four times in 2021, providing a direct connection between employees and executive leadership. The Link also reports annually to the Board.
- We also continue to work closely with our recognised unions, Accord and Unite, to build strong relationships. During 2021, we held weekly conversations around the health, safety and wellbeing implications for all employees from TSB's response to the COVID-19 pandemic. Reflecting on feedback from our employees, we introduced a new hybrid ways of working model that provides colleagues with more flexibility in their working environment. We have developed our approach in which each of our teams have their own Team Charter document that is regularly reviewed and discussed to allow our employees to feedback and our managers to listen and adapt. This has been implemented across the business and further feedback will be sought from colleagues in assessing the optimal model.
- TSB's annual colleague experience survey, called 'Your Say Matters', provides employees the opportunity to feedback on working at TSB, with a roadmap developed to address the key findings. This has driven a 12 point increase in engagement levels across TSB in 2021 compared to engagement in 2020.
- TSB also encourages the recognition and celebration of colleagues' contribution and behaviours. July 2021 saw the first anniversary of the Spotlight programme which gives employees the opportunity to recognise exceptional contributions from fellow employees who demonstrate exemplary TSB behaviours. During 2021, more than 105,000 recognitions were awarded through the programme.
- We continue to provide all employees the opportunity to invest in TSB's shareholder through participation in our income tax and national insurance efficient all-employee Share Incentive Plan.

Information regarding Human Rights

- In accordance with the UK Modern Slavery Act⁴⁷, TSB publishes an annual statement setting out the actions carried out with the aim of identifying any risk of modern slavery that may be related to the performance of its work, and describing the measures taken to prevent situations of slavery or human trafficking in the development of its activity and in its supply chains.
- The Modern Slavery Statement is reviewed and updated each year. The latest statement makes reference to the actions and activities carried out in 2020, and is published on TSB's public website and on the UK Government's Register of Modern Slavery Statements.

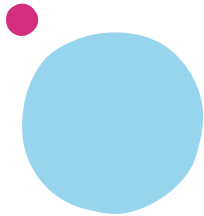


5. Commitment to society: Working locally with our communities to help them thrive


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| <p>Doing what matters for communities</p>  <p>Communities</p> | <p>TSB has always taken seriously its responsibilities in the communities that it operates in. We seek to extend our impact, building on what we've done well for some time, including donating our time and money to vital local projects and helping the people who need it most.</p> |
|--|--|

Social and volunteering activities

- During 2021, we supported 68 charities through the TSB Charity Partnership Programme. Launched in 2020, and shaped by input from hundreds of TSB colleagues, the programme helps organisations across Britain to carry out crucial work in our communities which support vulnerable people, mental health, cancer care, homelessness and help the disadvantaged. Colleagues across the bank have now raised over £100,000 to support these causes since the start of the programme.
- A pilot scheme to provide access to banking services for homeless people in Scotland was launched in July 2021 in partnership with the Simon Community Scotland. This seeks to address a key barrier for the homeless in securing a job and obtaining other important support. Previously, opening an account with most banks was particularly challenging for those without a fixed address. This scheme aims to provide more people with the security of banking services, which they can access digitally or in a branch.
- During 2021, TSB became the first bank to offer a safe space to victims of domestic abuse under the charity Hestia's Safe Space initiative. More than 1,500 TSB branch colleagues have received specialist training to increase their confidence in responding to disclosures of domestic abuse and can provide victims with access to the Safe Space in their branch.
- We also encouraged colleagues to spend up to eight hours of their paid working time in supporting a good cause by donating their time and skills. Since August 2020, colleagues have volunteered more than 9,000 hours with more than a third of these hours delivered through the volunteering programme with Citizens Advice. This has seen TSB colleagues, with the right skills, spending some of those hours at Citizens Advice offices directly helping clients, and others sharing their knowledge through a series of masterclasses or taking part in a mentoring scheme. Outside of this, TSB colleagues have joined the NHS Jobs Army to help the fight against COVID-19, worked within their communities to clean up litter and support a range of local initiatives.
- Heroes in our communities were again recognised through our partnership with Pride of Britain and the TSB Community Award. We supported the Pride of Birmingham TSB Community Hero, Hannah Borg, to increase the scope of her charity, Cherished, to help young girls and boys to find the confidence to fulfil their potential. In Manchester, we're helping TSB Community Heroes, Claire Wright and Chris Squires and their Trafford Veterans charity to redevelop an old bus into a setting to provide support for military veterans suffering from Post-Traumatic Stress Disorder. In addition, we're looking forward to working with Jamie McCallum and Rebecca Carless, winners from the Pride of Scotland and Pride of Britain, to help their 'Wouldn't change a thing' charity, that aims to challenge negative perceptions of Down's Syndrome.



6. Commitment to the environment: Reducing our environmental impact, while helping customers and employees do the same

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| <p>Doing what matters for the environment</p>  <p>Environment</p> | <p>Doing what matters for the environment is an increasingly important consideration for customers, colleagues and a range of stakeholders, including regulators. Compared to many financial institutions, TSB is a relatively simple business and, to reflect this, we have developed a pragmatic environmental strategy. It is designed to align with emerging practice in the banking industry, to reduce our impact on the environment, and meet the highest international standards.</p> |
|--|---|

- Our goals are focused on reducing our impact on the environment while helping our customers and colleagues to do the same. Our environmental strategy considers emissions from our own operations (Scope 1 and 2 greenhouse gas emissions) as well as our downstream impacts, for example, from our mortgage products and supply chain (Scope 3 greenhouse gas emissions).
- As outlined in the disclosures required to comply with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, set out on pages 18 to 20 of TSB's 2021 Annual Report of Accounts, our strategies are aligned under four broad themes.

Reduce the environmental impact of our own operations by becoming operational net zero no later than 2030

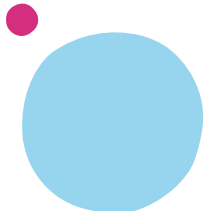
- In January 2021, we committed to achieve net zero emissions from our own operations (Scope 1 and 2 greenhouse gas emissions) by 2030, alongside signing up to the Science Based Targets initiative, which requires us to set credible absolute and net zero targets by the end of 2022. This year TSB also joined the Net-Zero Banking Alliance (NZBA), an industry-led, UN-convened alliance of banks worldwide, committed to aligning their lending and investment portfolios with the goals of the UN Paris Agreement by 2050, or sooner.
- Our operational emissions arise from heating and cooling the TSB property estate and from company cars (Scope 1), and electricity consumption (Scope 2). Scope 3 emissions that are reported relate to TSB's business travel, waste, water and paper usage. We have conducted initial analysis of other Scope 3 categories including purchased goods and services, and mortgages which we will further refine in 2022. In 2021, TSB joined the Partnership for Carbon Accounting Financials (PCAF) UK to support analysis of Scope 3 emissions from the mortgage portfolio and, as members, are engaged with the PCAF UK Residential Mortgages Working Group.

Summary of Streamlined Energy and Carbon Reporting (SECR)

- The table below reflects TSB's greenhouse gas emissions as required by the UK Streamlined Energy and Carbon Reporting (SECR) Regulations for a 'large unquoted organisation'. The data has been compiled in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, and independently audited by Concept Energy Solutions Limited. Further information on TSB's methodology and full SECR reporting table can be found at <https://www.tsb.co.uk/secr-data-and-methodology-report.pdf>. This year we have expanded Scope 3 to include business travel, water, waste and paper. TSB's total energy consumption, as measured on a location⁽¹⁾ basis, reduced by 20% in 2021 compared to 2020, and 28% versus our 2019 baseline.

| Summary of Streamlined Energy and Carbon Reporting | 2021 | 2020 | 2019 |
|--|---------------|--------|--------|
| Emissions – Location-based ⁽¹⁾ in gross tonnes of carbon dioxide equivalent (tCO₂e⁽²⁾) | | | |
| Scope 1 emissions from the combustion of fuel and operation of facilities ⁽³⁾ | 2,171 | 2,761 | 3,010 |
| Scope 2 emissions from the purchase of electricity ⁽⁴⁾ | 4,267 | 5,561 | 7,139 |
| Total scope 1 and 2 location-based emissions | 6,438 | 8,322 | 10,149 |
| Scope 3 emissions from business travel, waste, water and paper | 745 | 1,509 | 3,330 |
| Total Scope 1, 2 and 3 location-based emissions | 7,183 | 9,831 | 13,479 |
| Intensity ratio ⁽⁵⁾ | 1.2 | 1.4 | 1.7 |
| Energy consumption kWh (million) ⁽⁶⁾ | 31,378 | 39,310 | 43,720 |

(1) Location-based emissions are those measured using the UK national grid electricity conversion factors, updated annually.
 (2) tCO₂e – tonnes of carbon dioxide equivalent.
 (3) Scope 1 emissions: gas, heating oil, fugitive gas, and company cars.
 (4) Scope 2 emissions: direct commercial electricity supplies plus landlord data where available.
 (5) Calculated as the sum of Scope 1, 2 and 3 location-based emissions divided by the average annual headcount.
 (6) Scope 1, 3, and energy consumption totals include both mandatory and voluntary elements of SECR reporting.



Reduce the environmental impact of our own operations by becoming operational net zero no later than 2030 (continued)

- The table below reflects TSB's net operational emissions (Scope 1 and 2) after accounting for the purchase of REGO certified renewable electricity and Gold Standard verified carbon removal credits. In 2021, compared to our 2019 baseline, Scope 1 and 2 market-based emissions reduced by 74% to 2,171 tonnes of carbon dioxide equivalent (tCO₂e). Scope 3 emissions have reduced by 78% compared to 2019. These reductions were due to a reduction in the estate, impacts of COVID-19 on business travel and building use, and implementation of paperless processes.

| TSB greenhouse gas emissions data | 2021 | 2020 | 2019 |
|---|----------------|-------------|-------------|
| Emissions – Market-based⁽¹⁾ in gross tonnes of carbon dioxide equivalent (tCO₂e⁽²⁾) | | | |
| Total Scope 1 and 2 emissions ⁽³⁾ | 2,171 | 2,761 | 8,284 |
| Verified carbon removals (offsets) ⁽⁴⁾ | (2,171) | (2,761) | – |
| Net Scope 1 and 2 market-based emissions⁽⁵⁾ | – | – | 8,284 |
| Total Scope 3 emissions tCO ₂ e ⁽⁶⁾ | 745 | 1,509 | 3,330 |
| Total | 745 | 1,509 | 11,614 |

Resource consumption data

| | | | |
|--------------------------------|---------------|--------|--------|
| Paper (tonnage) ⁽⁷⁾ | 583 | 984 | 1,439 |
| Water (m ³) | 47,238 | 67,409 | 86,469 |
| Waste (tonnage) ⁽⁸⁾ | 1,200 | 1,452 | 1,036 |
| Waste Diverted from Landfill | 99.7% | 99.4% | 97.1% |

(1) Market-based emissions are those associated with the purchase of REGO certified renewable energy which carry zero-rated emissions. TSB began purchasing REGOs in October 2019.

(2) tCO₂e – tonnes of carbon dioxide equivalent.

(3) Scope 1 and 2 emissions: Natural gas, fugitive gas, heating oil, company cars, electricity (100% REGO certified).

(4) Gold Standard carbon removal credits registered on the Gold Standard Impact Registry.

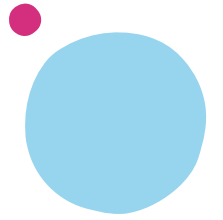
(5) Net Scope 1 and 2 emissions are total market-based emissions minus verified carbon removals.

(6) Scope 3 location-based emissions: Business travel (air travel, train, hotels, rental cars and employee-owned vehicles where TSB is responsible for purchasing the fuel), waste, water and paper consumption.

(7) Paper: Total tonnage arising from office and branch paper purchases, print and mail and marketing activities.

(8) Waste: Total tonnage arising from office and branch waste, destruction of archived documents and project waste including activity from the Branch Closure Programme (BCP). BCP activity resulted in an increase in waste in 2020.

- The procurement of renewable energy was an important first step towards net-zero, as it contributed to a reduction in emissions of 66% in 2020 compared to 2019. TSB continued to procure 100% REGO certified electricity in 2021 and is committed to continue to purchase renewable energy going forward.
- Following detailed analysis of energy data and asset information across the estate in 2021, a property estate decarbonisation and energy efficiency programme was established to support our transitional plan to achieve operational Net Zero for Scope 1 and 2 emissions by 2030. In order to achieve this TSB has worked closely with our facilities management provider to embed sustainability in their decision-making processes, particularly in respect of reactive maintenance activities across the estate. Together, we were 2021 finalists in the Institute for Workplace and Facilities Management (IWFM) Impact Awards in the 'Positive Climate Action' category in recognition of our collaboration on sustainability. This year we have also started the phased implementation of LED lighting across the estate to support a reduction in consumption of electricity.
- The reduction in Scope 1 and Scope 2 emissions outlined in the tables above also reflects the reduction in the size of the TSB branch portfolio as sites are closed and sold. The pandemic and new ways of working have also impacted the usage of the office estate which has also contributed to reductions in emissions, with Scope 1 and 2 emissions reducing by 21% in 2021 compared to 2020.
- In 2020, TSB set a target to reduce business travel by 50% by the end of 2021 versus the baseline established in 2019. The COVID-19 pandemic has played a significant part in the reduction of business travel emissions with a 92% reduction in 2021 versus the 2019 baseline. We have committed to support new ways of working and promote alternative modes of transport to maintain this reduction in emissions.
- TSB also has a paper use reduction target of 25% by the end of 2022 compared to 2019. Several initiatives have been launched to digitise processes and brochures, reduce customer mailings, reduce the printer fleet and maintain a 'think before you print' mindset as employees return to the office. In 2021, a 60% reduction has been achieved compared to 2019.
- In addition to supporting ArBolivia Phase II, a Gold Standard carbon removal project, TSB also supports UK Woodland and Peatland Carbon Code accredited projects as part of our wider approach to nature based solutions with our partner Forest Carbon.



Helping customers reduce their direct and indirect impact on the environment

- In June 2021, we launched the Green Additional Borrowing mortgage product to support customers seeking to improve their homes, for example, with solar panels or insulation to make them more energy efficient and reduce their environmental impact and utilities cost. In November 2021, we piloted a mortgage for new build homes that are more energy efficient. We are exploring how this can be further progressed in 2022. More information can be found on TSB's dedicated green mortgages webpage.
- We digitised more banking service processes including the introduction of e-Certificate of Title mortgages which has helped to reduce paper consumption and accelerate the conveyancing process. More use has been made of automated mortgage valuation processes which has helped to reduce travel emissions associated with more traditional valuation techniques.
- Our established Plant-a-Tree initiative with eForests continued in 2021 where a tree is planted for every house purchase mortgage taken by a customer to help mitigate the climate impact of moving home. Since we launched this initiative, more than 38,000 trees have been planted in woodland and nature reserves in England, Scotland and Wales.
- Our partnerships with Wealthify and ApTap also support our customers to make greener choices through their investment choices or by switching to a green energy provider. At the end of 2021 we also launched the CoGo open banking app to enable customers to measure and reduce their carbon footprint.

Collaborate with suppliers and partnerships to deliver meaningful and beneficial environmental programmes, and embedding sustainability in procurement processes

- Collaborating with our suppliers is a key step to better understand and identify ways to reduce the emissions associated with the products and services that we purchase. In 2021, we have conducted an initial baseline of the emissions associated with the products and services purchased from our top suppliers and have identified several opportunities to work together to improve data collection and reduce emissions.
- In 2021 we adapted our procurement processes to include sustainability requirements into our due diligence and onboarding processes and have carried out targeted training for our supplier relationship managers on sustainability and Scope 3 emissions.
- We also ran a Net Zero workshop with some of our smaller suppliers in conjunction with Small Business Britain and Small 99 to educate and inspire action to measure and reduce their environmental impact.
- In 2021, TSB partnered with waste and resource management specialists N2S and GoGreenSolutions to reuse and recycle IT equipment and furniture from our branch closure programme. More than 15,000 IT assets and 11,500 items of furniture have been reused by TSB, refurbished for resale or donated to charity, or recycled, with zero waste going to landfill.

Help colleagues reduce their direct and indirect impact on the environment

- Engaging with employees is key to improving sustainability at work and at home. On 22 April 2021 (Earth Day), the TSB Green Team was launched. This employee led forum helps colleagues to understand and reduce their environmental impact. Around 400 colleagues (7% of the workforce) have engaged with this initiative, sharing ideas and best practices, and getting involved with volunteering activities.
- Our first Sustainability Hackathon was delivered in partnership with Microsoft, which saw around 70 colleagues form cross-functional teams and develop proposals to support employees and customers to be more sustainable. Ideas were presented to an Executive judging panel with prioritised initiatives to be progressed as part of the Do What Matters Plan.
- In March 2021, the Electric Company Car scheme was launched for our colleagues in managerial and more senior grades with fully electric vehicles now accounting for 67% of the fleet by the end of 2021, compared to 6% at the beginning of the year. We are reviewing how we can expand this further in 2022 for more colleagues. We also recently enhanced our flexible benefits scheme by increasing the Bike to Work scheme allowance for colleagues that want to purchase an electric bike.
- We ran 'Recycle Week' and 'COP26 Green Festival' events, with support from expert external speakers, to influence and inspire colleagues to take action. In addition, training needs relating to climate change were reviewed in 2021 and resulted in the launch of our Do What Matters for the Environment internal e-learning module, designed to help col



Thank you

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