

Environmental and Climate Change Risk Policy

Tier 1 Policy

- Version: 1.0
- Updated: March 2026
- This is a Regulatory Risk policy

Policy Governance	
Policy owner	Head of Sustainability
Executive owner	Chief Financial Officer
Approver	Vanquis Banking Group plc Board
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Related policies and procedures	<p>Associated Policies and Frameworks:</p> <ul style="list-style-type: none"> • Procurement Policy • Health and Safety Policy • Environmental Management System • Risk Management and Internal Control Framework • Policy Governance Framework
Accessibility	<p>If you have a disability, require additional support, if English is not your first language or you need help to understand this policy, you should speak with your line manager or a member of the People team who will make appropriate arrangements to support you through the process.</p>

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Purpose

As an organisation committed to environmental stewardship, the purpose of the Environmental and Climate Change Risk Policy is to set out the requirements for the Group's approach to environmental and climate risk management and reporting, in accordance with climate and environmental regulatory and legislative requirements, internationally recognised standards and sustainability goals. It outlines the Group's commitment to minimising its environmental footprint, promoting sustainable practices and continually improving our environmental performance generally and specifically in terms of managing the financial risks that climate change poses to the Group.

Scope

This policy applies to all colleagues, suppliers, and contractors across Vanquis Banking Group ("VBG" or "the Group"), including all brands and subsidiaries, regardless of seniority or function.

Legal and Regulatory Requirements

The regulatory and legislative environment is constantly evolving (see Appendix 1 for key environmental legislation and regulatory requirements and internationally recognised standards that underpin our approach to environmental/climate risk management and reporting). As a result, the Group's Head of Sustainability holds a central Register of Environmental Legislation, which is updated annually, that is pertinent to upcoming regulation and the potential impacts and actions of the Group.

Key Policy Principles

While conducting its business in a manner that protects the environment and integrates climate-related risk into the Group's risk management approach and purpose, the following policy principles apply:

- 1. We will comply with all applicable environmental and climate changed-related laws, regulations, and other requirements (e.g. FCA Listing Rules) relevant to our operations.**
 - We will monitor changes in environmental legislation annually through our Environmental Management System (EMS), which provides a framework for setting and reviewing environmental objectives, key performance indicators (KPIs) and targets (inclusive of the climate change risk agenda).
 - We will monitor our environmental performance and progress toward our objectives, which are overseen by the Climate Risk Committee.
 - The EMS and supporting environmental performance data will be regularly audited and reviewed for effectiveness and alignment with our environmental targets.
 - We will provide training and resources to our employees and contractors to ensure they understand their environmental responsibilities and are equipped to contribute to our

environmental objectives through the delivery of periodic e-learning and ongoing communication and engagement activities.

2. We will seek to prevent and control pollution and emissions.

- We will minimise pollution by implementing effective control measures, utilising best available technologies and adopting cleaner production practices.
- We will seek to reduce emissions to air, land and water and manage waste responsibly by establishing objectives and targets to measure environmental performance. We will subsequently evaluate, on at least a bi-annual basis, whether such objectives and targets have been met and how further improvements in environmental performance could be achieved.

3. We will be efficient with our resources and reduce waste management.

- We will, where appropriate, optimise the use of resources, including energy, water and materials, by implementing conservation measures and reducing waste generation through the promotion of recycling, reuse and sustainable procurement practices. These will be delivered through the establishment of objectives and targets that will be measured and monitored through our EMS.

4. We will manage our energy consumption to improve efficiency.

- We will, where appropriate, improve energy efficiency and reduce greenhouse gas emissions by implementing energy-saving measures, investing in renewable energy sources and monitoring energy consumption to identify opportunities for improvement. These will be delivered through the establishment of objectives and targets that will be measured and monitored through our EMS.

5. We will implement responsible supply chain management.

- We will, where appropriate, integrate environmental considerations into our processes to procure goods and services through the Group's supplier due diligence processes and engagement with its Procurement team.

6. We will understand and manage the risks and opportunities climate change presents to the Group.

- We will understand, review, address our exposure to climate risks and meet our commitments on climate targets and reporting, in line with relevant legislation and recommendations, and seek new opportunities arising from climate change.
- In doing so, the Group will adhere to the following key principles to comply with this policy:
 - Risks must be identified, assessed, measured, monitored, and reported in line with the defined Group risk management and internal control framework.
 - Analysis must cover both physical and transition risks, over short, medium and long-term time periods, utilising different warming pathways, including one where no transition occurs.
 - The Group will comply with climate-related disclosure requirements through publication in its Annual Report and Accounts and inclusion of relevant information in its ICAAP and ILAAP.

- The Head of Sustainability will produce appropriate management information for the Climate Risk Committee and other relevant governance fora (e.g. the Environmental Working Group) to support effective management decision making with respect to climate risk.
- Any climate-related disclosures require approval from Climate Risk Committee and, where appropriate, a relevant sub-committee of the Board (i.e. the Audit Committee), prior to being released.
- We will, where appropriate, take corrective and preventive actions as necessary to enhance our environmental management practices and achieve our sustainability goals.

Monitoring

The following monitoring controls are in place to support the effectiveness of the policy and environmental and climate risk management and reporting:

- The Group's sustainability function, with support from the Environmental Working Group and Climate Risk Committee, will monitor compliance across the business against the requirements set out within this policy.
- The Climate Risk Committee is responsible for oversight of the financial risk of climate change.
- The financial risk of climate change and supporting controls are documented on **Riskconnect** and assessed and monitored in line with the **Risk Management and Internal Control Framework**. Risks outside of tolerance are escalated to the Climate Risk Committee and monitored until risk exposure is back within appetite.
- Monthly risk appetite metrics are monitored with breaches or trends toward breaches escalated to the Climate Risk Committee.
- Risk events, policy breaches and control ineffectiveness are escalated to the Climate Risk Committee and tracked to resolution in a timely manner.
- Second and Third Lines of Defence provide independent and risk-based oversight and assurance, in line with the **Integrated Assurance Framework**.
- An independent limited assurance of Vanquis Banking Group's 2024 greenhouse gas (GHG) emissions is undertaken annually against the WRI / WBCSD Greenhouse Gas (GHG) Protocol, 2015 revised edition, the GHG Protocol Corporate Value Chain (Scope 3) Standard, the GHG Protocol Scope 3 Calculation Guidance, and the appropriate GHG conversion factors for company reporting as published by UK Department for Energy Security & Net Zero. This engagement is performed in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the relevant subject-matter specific ISAE for GHG data (ISAE 3410, Assurance Engagements on Greenhouse Gas Statements).

Policy Governance

This policy is governed as per the requirements set out in the **Policy Governance Framework**, which provides a structured process with clear roles and responsibilities for the development, review and oversight of policies within the Group’s Policy Hierarchy to support policy embedding and ongoing management.

Roles and Responsibilities

The RACI matrix below details the Environmental and Climate Change Risk Policy roles and responsibilities:

Task/Activity	Roles								
	1LoD			2LoD		3LoD	General Counsel	Governing body	
	CFO	Head of Sustainability	Environment at Working Group	2 nd Line Risk Team	CRO	Internal Audit	Legal	Climate Risk Committee	Board
Policy development & review	A	R	C	C	I	I	I	C	C
Policy approval	R	R	I	C	I	I	I	C	A
Policy communication & implementation	A	R	C	C	I	I	C	C	I
Policy requirements monitoring	A	R	R	C	I	I	C	C	I
Policy attestation	A	R	C	C	I	I	I	C	C
EMS monitoring & oversight	R	R	R	C	I	I	I	A	I
Environmental & climate risk identification & management	A	R	C	C	C	I	I	C	I
Climate-risk annual report	R	R	C	I	C	I	I	C	A
Oversight of governance, risk management & controls	C	C	I	R	A	C	C	C	I
Risk-based independent assurance	C	C	C	C	C	A	C	I	I

RACI key:

R: Responsible	Assigned to complete the task/activity.
A: Accountable	Has final decision-making authority for task/activity completion. Only one per task.
C: Consulted	An adviser, stakeholder or SME who is consulted prior to a decision/action.
I: Informed	Must be informed post decision/action.

Policy Non-Compliance

This is a mandatory policy for the Group; however, it is recognised that waivers and exceptions are sometimes necessary. Where a policy user is unable or potentially unable to comply with a particular element of the policy, a breach, waiver or exception must be raised in accordance with the **Policy Governance Framework**. Unreported breaches or policy non-adherence may result in disciplinary action.

Policy Attestation

Policy owners must conduct an annual policy attestation of adherence and effectiveness at the point of policy reapproval.

Version Control

Version No.	Reason for Change	Approved by	Date Approved
1.0	New policy.	Board	April 2026

Appendix 1: Key Environmental Legislation and Regulatory Requirements

The key environmental legislation and regulatory requirements, and expectations related to the climate risk agenda, which may impact the Group include (but are not limited to):

- Climate Change Act 2008
- Environment Act 2021
- Environmental Protection Act 1990
- Water Industry Act 1991
- Water Resources Act 1991
- Environmental Permitting (England and Wales) Regulations 2016
- The Waste Electrical and Electronic Equipment Regulations 2006
- The Hazardous Waste (England and Wales) Regulations 2005
- Energy Savings Opportunity Scheme Regulations 2014
- Water (Special Measures) Act 2025
- The Companies Act 2006 – 2013, 2018 and 2022 Regulations
- Climate-related Financial Disclosure (CFD) Regulations 2022
- Prudential Regulation Authority Supervisory Statement SS3/19 ‘Enhancing banks and insurers’ approaches to managing the financial risks from climate change’ (2019)
- Financial Conduct Authority Listing Rule (LR) 6.6.6(8)
- Investor and other stakeholder expectations and better practice reporting under TCFD and the Sustainability Accounting Standards Board (SASB)

The following internationally recognised standards underpin the Group’s approach to managing environmental and climate-related risk management and reporting:

- ISO 14001:2015 environmental management systems standard
- ISAE 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information)
- ISAE 3410 (Assurance Engagements on Greenhouse Gas Statements)
- WRI/WBCSD Greenhouse Gas (GHG) Protocol, 2015 revised edition
- WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Standard