Task Force on Climate-related Financial Disclosures (TCFD)

The Group is consistent with all 11 TCFD requirements related to the governance, risk management, and metrics and targets pillars. The Group has met the disclosure requirements for parts 'a' and 'b' of the strategy pillar. However, it has not provided the recommended disclosures for part 'c', which involve completing a 2 °C scenario analysis. This is attributed to the fact that climate-related risks did not have a financially material impact on the Group in 2025. The Group will undertake a 2 °C scenario analysis when impact exceeds the materiality threshold, in accordance with best practice, which is explored in more detail later in the report.

Governance

The Group has developed a robust governance framework to identify, assess and manage climate-related risks and opportunities, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Board recognises that climate change presents material financial risks and opportunities for the Group and has formally embedded consideration of environmental, social and governance (ESG) matters into its agenda, with ESG discussed at least twice during each financial year.

The Board provides oversight of the identification, assessment and escalation of climate-related risks and opportunities, ensuring these are integrated into strategic decision-making. Operational responsibility for risk management sits with Executive management, not the Board, and the Governance disclosures reflect this distinction while meeting TCFD requirements.

In 2023, the Board established a Responsible Business Board Sub-committee, chaired by an independent Non-executive Director, to provide focused oversight and challenge on ESG-related matters and to support the Board in discharging its responsibilities in this area. The Board retains overall accountability for overseeing the long-term impacts of climate-related risks and opportunities on the Group's strategy, business model and risk appetite.

To ensure ongoing capability and effective oversight, mandatory environmental and climate-related training is provided to Board members on an annual basis.

In addition, required Board environmental training is provided annually.

Executive-level responsibility for ESG matters sits with the Chief Risk Officer (CRO), who also acts as the Executive Committee Responsible Business Champion.

Governance continued

The CRO provides regular updates to the Risk Committee and the Board on climate-related developments, including relevant external events, stakeholder impacts and the integration of climate considerations into the Group's business strategy, where appropriate. Formal reporting and escalation mechanisms are in place to ensure that material ESG and climate-related issues are communicated promptly to the Board and its committees, supporting effective oversight, transparency and accountability. To clarify, the Board's role is oversight of climate-related risk identification, assessment and escalation rather than day-to-day risk management.

These mechanisms include: Enterprise Risk Management Framework (ERMF): The Group operates a comprehensive ERMF that provides the Board and senior management with a consolidated, Group-wide view of material risks, including climate-related risks. It aligns the overall strategic and commercial objectives approved by the Board whilst supporting the effective management of risks. The ERMF is aligned to the Group's strategic and commercial objectives as approved by the Board and supports the consistent identification, assessment and management of risks across the organisation. The framework is designed to quickly surface emerging risks, strengthen mitigation efforts, and enhance oversight of key vulnerabilities, minimise potential adverse impacts while enabling positive outcomes for key stakeholders, and to ensure compliance with applicable legal and regulatory requirements in all jurisdictions in which the Group operates.

Risk Appetite Statement & Tolerance Limits (RAS & TL): The Board is responsible for setting the Group's long-term strategy, defining the markets in which it operates and determining the level of risk the Group is willing to accept in pursuit of its objectives. The Group's risk appetite is clearly articulated through its Risk Appetite Statement and associated Tolerance Limits, which establish clear parameters for the management of the Group's 'level 1' risks, including those arising from climate-related factors.

Risk & Control

Identified ESG risks are mapped to the Group's Level 1 and Level 2 risk taxonomy and are initially assessed on an inherent risk basis, reflecting the potential impact and likelihood of the risk in the absence of any mitigating controls, including impacts arising through credit exposures, capital and liquidity, and financial performance, as well as operational disruption.

Key controls designed to mitigate these risks are then identified and assessed for design and operating effectiveness. This assessment informs the determination of the residual risk position, taking into account the extent to which controls mitigate the inherent risk. Controls may include credit and financial risk management measures alongside operational and compliance controls. All ESG risks captured across the ERMF, RCSA and RAS/TL are assessed consistently in accordance with this framework, supporting comparability, transparency and effective risk management across principal risk types.

The Chief Risk Officer (CRO) holds delegated overall responsibility for the management of climate-related risks, with day-to-day operational responsibility delegated to the Head of Responsible Business, Charlie Bronks. Regular and structured updates are provided by the Head of Responsible Business to the CRO, and subsequently escalated to the Executive Risk Committee (ERC) as appropriate. This governance structure ensures clear ownership, effective challenge and timely escalation of climate-related risks within the Group's risk management processes.

A formal Responsible Business Working Group, chaired by Charlie Bronks, meets at least four times per financial year and includes senior representation (Vice President level and above) from across the organisation. The Working Group provides a cross-functional forum to ensure ESG considerations are consistently identified, integrated into decision-making, and translated into actionable outcomes across the Group's operations, risk management and strategic planning activities.

Strategy

In 2024, The Group completed its inaugural Double Materiality Assessment (DMA). The Group undertakes a DMA at least every three years, or more frequently where there are material changes to the business or external environment, to identify ESG topics that are both financially material to the business and impactful to stakeholders. This process evaluates:

- Impact materiality – how our operations affect people and the environment.
- Financial materiality – how those impacts create risks or opportunities for the business.

Strategy continued

To ensure best practice, the assessment was conducted with support from an external specialist adviser. The DMA followed the European Sustainability Reporting Standards (ESRS) and aligns with the Corporate Sustainability Reporting Directive (CSRD), the Global Reporting Initiative (GRI), and the TCFD framework.

The assessment included stakeholder mapping, thematic analysis, and a materiality workshop with the ESG Working Group. Outputs were prioritised using the Group's ERMF and presented in a Materiality Matrix that informs our strategic focus and disclosures.

The Group has conducted assessments of climate-related risks, identifying actual and potential risks such as liquidity and capital risk, and physical risks such as floods, tropical storms and hurricanes. While this section is necessarily risk-focused, this reflects the TCFD Strategy pillar, which requires disclosure of climate-related risks and opportunities, their impacts on the organisation, and the resilience of our strategy.

The Group's risk assessment strategy considers a 12-month period when considering short-term risk assessment. In addition, the Internal Capital Adequacy Assessment Process (ICAAP), under stressed conditions, considers five, 25 and 100 year periods for long-term operational risk assessment. Accordingly, for the purposes of climate-related risk assessment and public disclosure, the Group defines the medium term as one to five years, consistent with its classification of short term as less than one year and long term as five years and beyond, including assessment points at 25 and 100 years.

Within our annual ESG budget, we include a carbon offsetting budget to help mitigate the emissions that are either unavoidable or in the process of being reduced as we continue towards 2050. For the wider risk strategy, monetary value has been attributed to the ESG risks within the aforementioned RAS, TL, ERMF, and RSCA, which is considered within the wider Group budgets. The Group acknowledges the importance of monitoring and managing these risks to ensure financial resilience and operational continuity in conjunction with increasing climate-related events.

The Group has assessed the impact of climate change on capital within the pillar 2B assessment for prudential risk. This evaluation considers climate stress in conjunction with broader market stress, ensuring a holistic understanding of potential impacts. The conclusion is that climate change represents a negligible impact and that these risks are not material. The potential impacts of climate change on the prudential risk profile (including capital adequacy and liquidity) are viewed as being absorbed within the Risk Appetite Statement.

Strategy continued

From an internal perspective, climate-related materiality is expected to increase as transition factors intensify. ICAAP and ILAAP are expected to experience no material change, as the time horizons and loan tenors result in a low exposure to climate-related risk.

We consider physical risks will have the most likely impact on the Group and its clients but have determined that the impact will remain low due to the nature, size, and complexity of the business. We have also continually considered transition risks, and we maintain our determination that there is no material impact on the business. This is explored further in the Liquidity and Capital section of the TCFD.

We recognise the dynamic nature of climate-related risks, our expanding revenue streams and international regulation, so we will continue to assess this status.

Impact of the Business on the Environment and Environmental Matters

The Group's activities have an environmental impact primarily through energy use, business travel and supply-chain-related emissions. We continue to integrate environmental considerations into governance, risk management and operational decision-making in line with TCFD requirements. Our environmental impacts, including Scope 1, Scope 2 and material Scope 3 emissions, are monitored annually, with data externally verified to reasonable assurance by Carbon Footprint Limited to provide confirmation over accuracy and year-on-year comparability.

Environmental Policies

The Group has an Environmental Management Policy that sets out our commitments to minimising environmental harm, improving energy efficiency, managing waste responsibly and embedding sustainable procurement practices. This policy is reviewed regularly to ensure alignment with regulatory frameworks including TCFD, SECR and wider ESG expectations.

Effectiveness of Environmental Policies

The effectiveness of our environmental policies is assessed through quantitative performance indicators (including GHG emissions, intensity metrics and energy consumption) and qualitative reviews conducted through established governance forums. Regular reporting to executive committees and the Board ensures oversight of progress and supports policy refinement where required. Current performance trends indicate that our controls and processes are effective in managing our operational environmental footprint, with identified enhancements –such as improved data granularity and expanded Scope 3 coverage – already incorporated into our forward plan.

The Group is aware of its potential positive impact on those affected by physical climate-related events. By leveraging established relationships with IDOs, NGOs and charities, the Group aims to support the allocation of resources where they are most needed. We report annually on the total foreign aid flows facilitated by the Group as a Social Impact Metric and KPI. For 2025, this amounts to £2.5 bn.

The potential financial benefits the Group may accrue as a result of increasing severity and frequency of physical climatic events have not been quantified. However, it is likely that both FX services and international remittances will see increased volumes with no significant incremental cost.

Given that our business services range from immediate spot FX to trade finance loans typically of up to six months, climate-related risks and opportunities are primarily short-term. This is reinforced by the analysis in the Strategy section, where stressed conditions consider five-, 25- and 100-year periods for long-term risk, which continues to indicate low materiality in the medium and long term.

Throughout 2025, we continued to assess the impacts of climate-related risks across the Group's business services.

During the year, we closely tracked a steady rise in Trade Finance revenue, a business line with heightened exposure to climate-related impacts. Following our year-end review, this growth has now exceeded an internal revenue threshold.

During the year, growth in this service line triggered an internal review threshold, prompting a reassessment of potential climate-related risks. While climate-related financial risk remains not currently material, the scale and trajectory of the activity now warrant further analytical assurance. As a result, the Group will undertake a dedicated 2°C climate scenario analysis for Trade Finance in 2026 to support ongoing risk monitoring and governance.

We have continued to monitor all climate-related risks, supported by the scenario assessments completed as part of the 2024 ICAAP and ILAAP processes.

Based on 2025's findings, we will conduct our inaugural 2°C scenario analysis in 2026.

Risk Management

The Group's ESG risk management approach is embedded within its Enterprise Risk Management Framework (ERMF), where climate risk is classified under Business Risk and assessed using the Group's materiality matrix. The responsibility for identifying top and emerging risks is shared among all stakeholders, with clear accountability designated to the respective risk owners. This inclusive process is integrated into all business development and execution projects, ensuring a holistic and dynamic approach to risk management. The Group places a particular emphasis on climate change risks as a critical component of its risk management strategy. The climate change risk assessment is subject to review and updated at least once per calendar year. The findings of this assessment are presented to the ERC for review and challenge. This commitment to transparency and accountability in the risk management process underscores the Group's dedication to effectively addressing climate-related risks.

The CRO is responsible for overseeing the management of the Financial Risks from Climate Change. During 2025, there were no material physical climate events that impacted the Group's liquidity or capital.

In our strategic approach to managing risk, we align our strategy to address the diverse nature and timeline of different impacts.

As part of our scenario analysis, for ICAAP purposes, climate change risks are considered, however, where risks are not assessed as severe and plausible, they are excluded from stress scenarios.

We incorporated geographic impacts as part of our Risk Control Self Assessments, employing horizon scanning on a 12-month cycle to identify trigger events, alongside an ICAAP scenario that considers severe yet plausible risks through long-term analysis and stress testing.

Anti-Greenwashing Statement: CAB Payments Holdings PLC is committed to ensuring that all climate-related disclosures are accurate, evidence-based, and free from greenwashing. All greenhouse gas (GHG) emissions data is verified to reasonable assurance annually by an independent third-party, currently Carbon Footprint Ltd, a practice in place since 2020.

Our Annual Report is developed and published in partnership with Emperor. For sustainability-related assurance, our emissions are audited by Carbon Footprint Limited.

In addition, the Sustainability team undergoes an annual internal audit conducted by Grant Thornton, which includes a review of ESG procedures, data integrity, and identification of any risks, including those related to greenwashing.

Together, these layers of assurance reflect our commitment to transparency and accountability. The Group confirms that all statements made within our climate-related disclosures are accurate, verified, and supported by evidence.

Liquidity

Liquidity stresses are, by their nature, sudden and extreme and therefore physical climate change risks are deemed more relevant to liquidity risk than transition risks.

On 3 December 2025, the Prudential Regulation Authority replaced SS3/19 with Supervisory Statement SS5/25, effective immediately, alongside Policy Statement PS25/25.SS5/25 clarifies expectations on governance, scenario analysis, disclosures and data quality. In accordance with PRA SS5/25's instruction to consider the financial risk caused by climate change events, the Group has modelled and assessed the potential impact of a severe physical climate change event on the top 20 nations identified as most vulnerable to climate change, using the Notre Dame Country Climate Change Vulnerability Index.

As part of the modelled scenario undertaken within the 2024 ILAAP review, deposits from entities domiciled in these countries are assumed to be withdrawn immediately, irrespective of their term structure. This assumption resulted in c.£170m of deposits being withdrawn and an impact to the LCR of only 3.2%, reflecting that the majority of the deposits withdrawn were from financial institutional clients.

It should be noted that the Group does not have deposits from all the countries listed in the top 20 list of nations most vulnerable to climate change risks; as such, fewer than 20 geographies are represented in this analysis.

Statement on ILAAP: The balance sheet remains highly liquid in nature, which combined with the composition of the depositor base, allows management to feel confident the organisation is highly resilient to a stress of this nature.

ILAAP Stated Climate Change Alternative Stresses - Table 1

The impact of the withdrawal of deposits from counterparties resident in geographies defined as being the most vulnerable to climate change risk – Table 2

Capital

As the Group does not write long-term client loans, the business is resilient to transition-related climate change risks. All trade finance loans have an original maturity of less than one year with the vast majority having an original maturity of less than six months. Consequently, any deterioration in credit quality of a counterparty due to transitional climate change risks is unlikely to be material during the duration of the loan.

Facilities are typically uncommitted, allowing the Group to withdraw funding at any time based on performance, with terms embedded in the agreement and reviewed during onboarding. Credit risk is monitored in line with the Group's Credit Policy, which defines thresholds for significant increases in risk.

Reputational risk is also assessed during onboarding, with exclusions applied to certain industries and human rights concerns, as defined in the Financial Crime Compliance (FCC) framework. Ongoing reputational reviews are conducted by the Know Your Client (KYC) team to ensure continued compliance.

The qualitative and quantitative impacts of the various elements of the market & climate stress for climate change - Table 3

The Market & Climate Stress is made up of a number of assumptions with respect to the severity of external factors - Table 4

The various components of the Combined Stress scenario used for the Pillar 2B assessment (see Section 10.2 for further details) - Table 5

Capital continued

The Group does not directly finance producers of goods. All trade finance activity relates to secondary market transactions, which further mitigates exposure to climate-related risks in primary production sectors.

Every facility is subject to an annual review, which includes a comprehensive assessment of creditworthiness. These reviews are used to confirm, curtail or recommend changes to credit limits, based on updated risk assessments.

To understand the impact on CAB Payments of a standalone climate-related stress, the following scenario was modelled:

Trade finance counterparties resident in geographies assessed as materially at risk of being detrimentally impacted by climate change default; and

Revenue increases in FX and payment revenue reflect increases in IDO and remittance activity as a result of heightened climate change related disaster relief efforts: on a pre-management actions basis, the low point Common Equity Tier 1 (CET1) ratio remains materially above the Group's internal risk appetite, before rising in outer years when the impacts of higher revenue are recognised in the capital base.

Our Expected Credit Losses (ECL) methodology incorporates climate and ESG factors through Oxford Economics' Global Economic Model, which underpins IFRS 9 scenarios. The model includes carbon pricing, damage functions and policy levers to capture physical and transition risks. Climate impacts enter GDP forecasts via three channels:

Baseline GDP reflects productivity losses from warming through country-specific damage functions.

Second-round effects from demand shocks influence fossil fuel use and emissions.

Historic forecast errors capture volatility from past climate disasters, widening scenario dispersion.

While most non-linear climate impacts occur after 2035, our approach ensures near-term risks are embedded. We continue to refine modelling as climate change becomes more economically significant.

Capital continued

In summary, the climate change impact of the stress is relatively muted due to the timing of the stress and the absence of a material loss outcome. The credit loss assumed to be suffered is relatively immaterial due to the construct of the balance sheet at the assumed start date of the stress (30 June 2024) with comparatively low levels of credit exposure to counterparties resident in the most vulnerable geographies. The higher revenues drive the capital ratio higher when recognised in the capital base in the outer years, whilst the capital deduction due to late settling FX spot deals is reversed in the subsequent month due to an assumed re-establishment of the relevant banking infrastructure. Management have reassessed the aggregate exposures to those geographies deemed to be most susceptible to climate change as at the end of December 2024 and while these exposures have increased, the magnitude of them is still lower than the surplus capital held by the Group to its TCR. This analysis concludes that prior to any management actions, the Group comfortably meets risk appetite under the modelled climate scenarios. We continue to monitor our capital position in relation to the Financial Risks from Climate Change and any significant changes are reported to the relevant governance committee for appropriate challenge and review.

Metrics and Targets - Net Zero Metrics and Targets – Table 6

GHG emissions

The Group uses Scope 1, Scope 2 and Scope 3 (travel and commute) GHG emissions to assess climate impact. Energy consumption metrics and a breakdown of energy sources are disclosed on ARA 2025, aligning with our dedication to sustainable practices and SECR reporting requirements.

We track Scope 3 emissions across a defined set of categories: water usage, computing, well-to-tank (WTT), transmission and distribution (T&D), waste, business travel, employee commuting, and home-working. These tracked categories form the basis of our current Scope 3 emissions profile, consistent from our 2019 baseline.

As part of our expanded GHG capabilities, we have introduced a spend-based analysis using SIC codes to estimate emissions across our supply chain. This approach is now in its second year and is helping us identify priority suppliers for more accurate reporting. However, as this methodology is still maturing and based on industry averages, it does not yet form part of our baseline. Once data quality and supplier-specific reporting improve, we will re-baseline our Scope 3 emissions to reflect the expanded scope. Our full emissions disclosure, targets, and verification statements are found on the ARA 2025.

Metrics and Targets continued

GHG emissions continued

We have aligned our emissions reduction target with the Science Based Targets initiative (SBTi), a globally recognised standard developed in partnership with the United Nations Global Compact (UNGC), the World Resources Institute (WRI), CDP, and the World Wide Fund for Nature (WWF).

The Group's science-based target is a GHG emissions reduction target that is consistent with the level of decarbonisation required to limit global warming to 1.5°C compared to pre-industrial temperatures, as described in the Intergovernmental Panel on Climate Change (IPCC) Assessment Reports.

The Group has committed to achieve Net Zero emissions for 2050, supported by interim and ongoing targets. These include a 46% reduction in tracked Scope 1 and Scope 2 emissions by 2030 from a 2019 base year. Our 2030 targets are to reduce absolute emissions to 35 tCO2e for Scope 1 and 46 tCO2e for Scope 2.Our baseline greenhouse gas emissions were 64.7 tCO2e for Scope 1 and 85.1 tCO2e for Scope 2. In the 2025 reporting year, Scope 1 emissions totalled 89.2 tCO2e and Scope 2 emissions totalled 73.3 tCO2e. This represents an increase of 24.5 tCO2e in Scope 1 emissions and a reduction of 11.8 tCO2e in Scope 2 emissions against the baseline. To achieve our 2030 targets, Scope 1 emissions must decrease by 54.2 tCO2e and Scope 2 emissions by 27.3 tCO2e from 2025 levels. Progress will continue to be monitored annually to track performance against these defined reduction pathways.

In addition, a minimum 5% year on year reduction in total Scope 1, 2 and 3 GHG emissions per £1 million of revenue [55% ahead of the 5% reduction target], and a commitment to procure at least 75% of energy from renewable sources by 2030 [40% renewable energy in UK Main Office]. For our progression, please review our full emissions report on the ARA 2025.

The Group is still defining the full scope of the 2050 target. Our transition planning covers Scope 1, Scope 2 and Scope 3, and the final boundary for the 2050 goal will be set once our full Scope 3 assessment is completed.

We are also defining what net zero means regarding residual emissions. We continue to prioritise absolute reductions and use removals and offsets for emissions that cannot be reduced. The expected residual emissions in 2050 will be set once long term reduction pathways are confirmed.

Metrics and Targets continued

GHG emissions continued

The energy and carbon emissions disclosed in this statement are for the duration of the reporting year 1 January to 31 December 2025, from facilities over which the Group has financial control and are prepared in line with GHG Protocol corporate standard.

The Group has not identified any material risks within Scope 1, Scope 2 or the currently tracked categories of Scope 3 emissions within its carbon footprint.

As a member of the UNGC UK, with our Head of Responsible Business Charlie Bronks serving as a Board trustee, we are committed to embedding best practice in climate leadership.

Actual vs baseline net zero emissions targets - Table 7

Tables

Table 1:

Stress Test	Description	Key Objective	CAB Approach
Alternative Stress	The ILAAP considers a Climate Change related scenario which models the impact of a large widespread physical climate event on CAB's depositors that cause them to withdraw their funds. The impact on the LCR is calculated.	In accordance with PRA SS3/19's instruction to consider the financial risk caused by climate change events.	Not a binding stress and is to help inform management of the liquidity risk associated with a large widespread physical climate event
Alternative Stress – Climate Change	Model full withdrawal of deposits from 20 geographies which are at a high risk of being impacted by climate change. Model impact on the LCR of such a stress	LCR decreases by 3.20% in this eventuality. After the withdrawal of the deposits, LCR is 138.8% - materially above the yellow trigger of 115%.	No specific metric proposed, but acknowledgment of the risk that climate change could pose to CAB's funding profile.

Table 2:

Country	Total Deposit £m	LCR Impact of Withdrawal
Afghanistan	24.2	-0.1%
Dem. Rep. of the Congo	8.4	0.5%
Guinea-Bissau	0.0	0.0%
Haiti	42.5	-2.4%
Liberia	18.6	-1.8%
Madagascar	4.5	0.3%
Mali	0.1	0.0%
Sudan	0.0	0.0%
Somalia	0.0	0.0%
Uganda	9.1	-0.2%
Zimbabwe	6.8	0.4%
Sierra Leone	53.6	0.1%
Papua New Guinea	1.5	0.1%
Total	169.5	-3.20%

Table 3:

Name	Description	Group Impact	Bank Impact	Assumptions
Climate change – counter party defaults.	Counterparties lo cated in the top 20 most vulnerable geographies as defined by the University of Notre Dame's climate vulnerability index are assumed to default with a 10% LGD crystallising an immediate credit loss.	Loss of £0.7m in respect of defaulting counterpa rties.	Loss of £0.7m in respect of defaulting counterpa rties.	LGD of 10%. – low LGD assumed to reflect unknowa bility of which counterp arties would default therefore widespre ad default with low LGD assumed.

Table 4

Variable	Original Assumption	Revised Assumption	Low Point CET1 ratio change
LGD of climate change exposures	10%	20%	-10bp

Table 5

Component	Description and Severity
Climate change – counterparty defaults	All exposures to counterparties who are resident in geographies most susceptible to climate change are assumed to default with a 10% LGD.

Table 6:

Goal	Target Year
Net Zero emissions	2050
Reduce scope 1 and scope 2 emissions by 46% (from a 2019 base year)	2030
Reduce total (scope 1, 2, and 3) emissions by 5% per £million revenue annually	Ongoing
Procure at least 75% of energy from renewable sources	2030
Complete full scope 3 emissions inventory and categorisation	Q4 2026
Set upstream/downstream scope 3 targets	Q1 2027
Reassess short term targets and set next 5 year target	2030

Table 7:

Scope	2019 Actual Emissions (tCO2e)	2025 Actual Emissions (tCO2e) (current)	2030 Target Emissions (tCO2e)
Scope 1	64.7	89.2	35
Scope 2	85.1	73.3	46
Scope 3	1016.1	1157.8	TBD
Total	1166.0	1320.3	-