

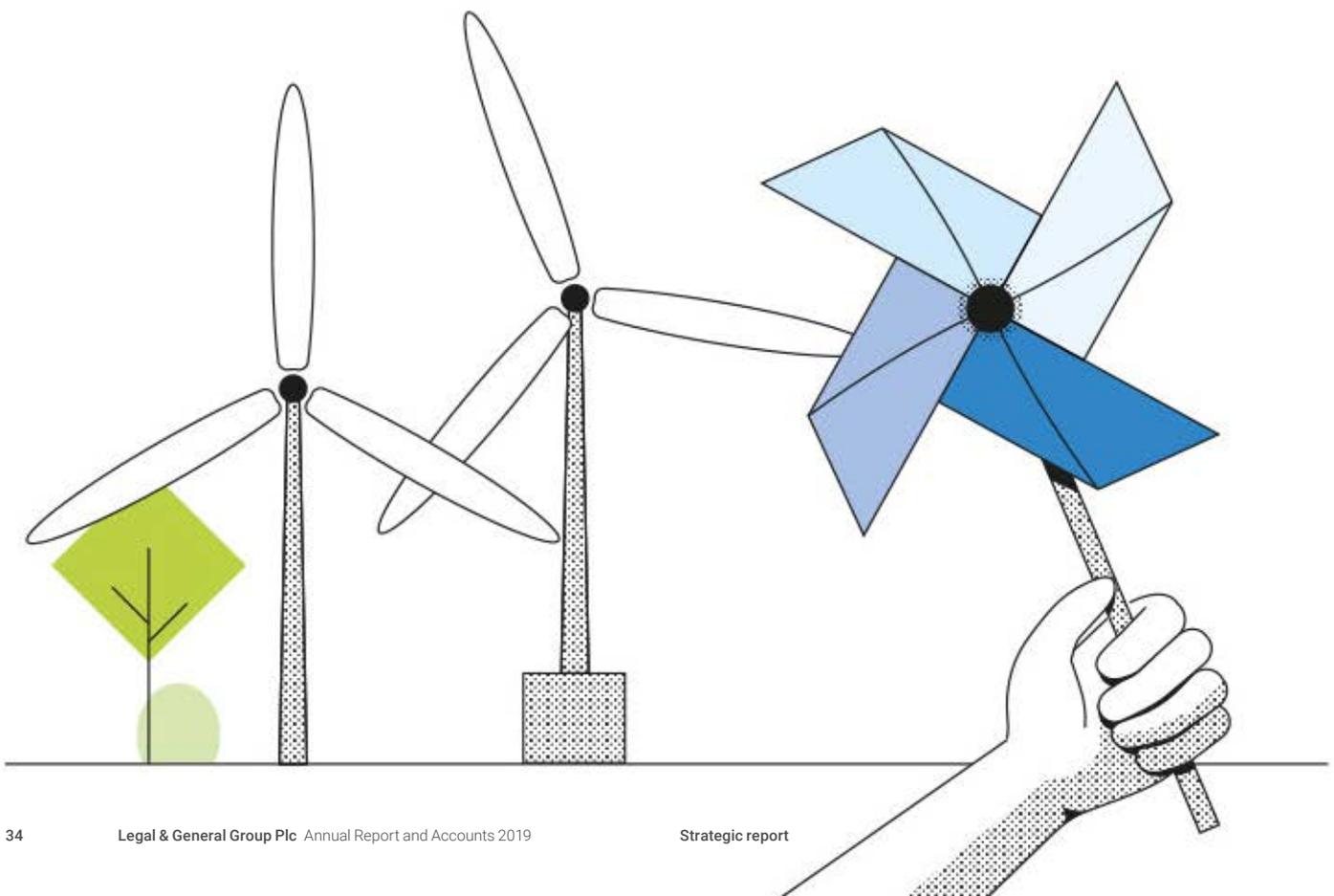
Working towards a net zero carbon future

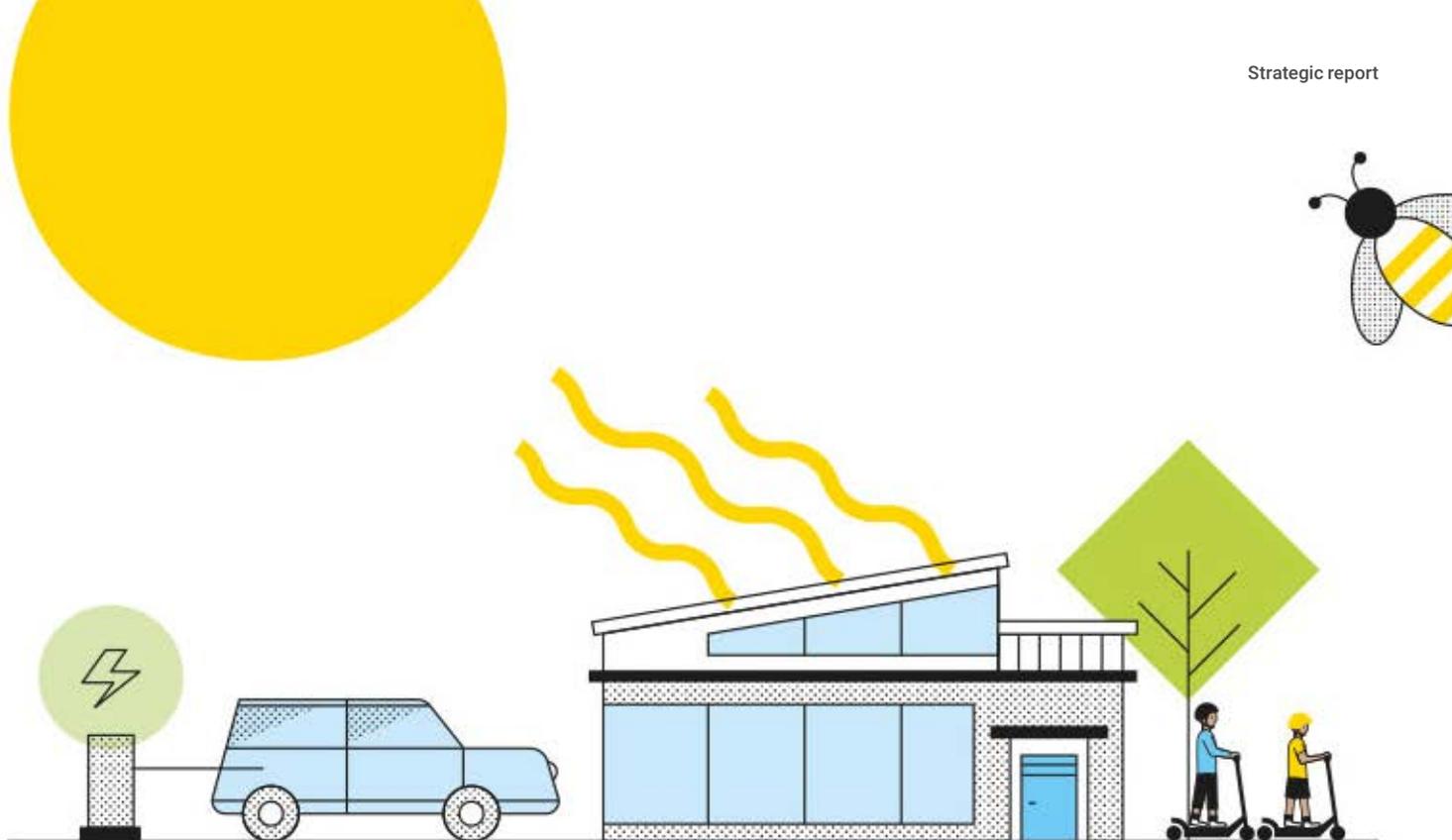
We recognise the seriousness of the climate crisis. As a very long-term business we want to ensure that the environment supports communities and businesses throughout this century and beyond. We can make a positive difference to climate change because of our scale and influence.

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Avoiding climate catastrophe is our greatest global priority. The debate about whether higher concentrations of greenhouse gasses cause global warming is long over. The science is clear and we can see the change with our own eyes. The focus now should be on what we do about it.”

Nigel Wilson
Group CEO





Investment management

An important part of our strategy is to engage with regulators and investee companies in support of increased climate action, benefitting not just our stakeholders but the wider market and society as well.

We have always been at the forefront of investment stewardship. We believe that by bringing together the best sector expertise from our active investment and stewardship teams, we can proactively identify the factors that will determine the resiliency of sectors and the companies within them.

Future World funds

We have invested £790 million of our capital in our Future World funds which have a strong focus on environmental, social and governance criteria and active engagement. This brings resilience to our own assets, and the scale and credibility to attract external capital to bring more power and authority to our engagement process.

Climate and energy modelling

We are developing the modelling technologies necessary to assess climate risk in asset portfolios. Our aim is offer our clients end-to-end climate solutions including measuring and managing carbon exposure, identifying underlying climate risks and seeking temperature alignment.

For more information, including details of our Corporate and Social Responsibility and TCFD reports, please see 'A sustainable business' on pages 48 to 53.

Our businesses and assets

In managing our own balance sheet we work alongside our investment management business to reallocate capital positively for a sustainable future. Our approach is one of active repositioning and engagement to encourage sustainable business models that are also beneficial for society.

Climate policy

Our policy is to decarbonise the assets on our balance sheet to align with the UN Paris Agreement and UK Government legislation to achieve net zero carbon emissions by 2050. We have set carbon intensity targets and additional governance and control around the acquisition of high carbon investments.

Reducing our carbon footprint

We have undertaken a strategic review of our carbon risks and opportunities and actively manage and report on our carbon emissions. We are working to remove plastics in our offices, as well as being focused on reducing water consumption and waste generation. We have printed this report on recycled paper and have ensured that it is now fully recyclable.

This year we'll be running a Climate Change Hackathon. The aim is to identify ideas which can have a genuine impact if delivered; and to identify the talent and the teams which can come together to bring them to life.

Direct investments

We invest long-term capital into the clean energy sector to accelerate progress to a low-cost, low-carbon economy, as well as reducing the cost of power for consumers, with £1.3 billion invested to date.

From 2030, all homes built by our housing business will be capable of operating at net zero carbon emissions. In addition, we are seeking to understand, monitor and report on the embodied carbon associated with the construction of our homes.

Wind energy

We have invested to support on-shore wind technology. We have also provided debt financing into off-shore wind infrastructure with the capacity to provide enough power to service over 2 million homes.

Solar power

In August 2019 we announced a £57 million long-term debt financing agreement to support Hermes Infrastructure who provide solar photovoltaic systems for over 9,000 private residences and social housing rooftops.

Pod Point

Pod Point are one of the UK's largest electric vehicle charge point operators, with over 69,000 electric vehicle charge points across the UK and Norway. We originally invested in Pod Point in 2019, increasing our stake in February 2020.