

# Sustainability and M&G

We continue to embed our 10-point sustainability plan, focused on climate action and D&I. By strengthening our sustainability governance structure, we aim to accelerate progress against our commitments

## The bigger picture

We believe sustainability requires an understanding of the interdependence of people, economy and the environment – stepping back to see the bigger picture. From a business perspective, this means understanding environmental and social impacts, and incorporating these into our processes and decision-making.

Global challenges such as climate change and nature loss require major effort across economies, including from the financial services industry. As a leading savings and investments business, we are focused on the long term, making responsible decisions with the aim of protecting and growing our clients' assets, while considering the interests of all stakeholders.

There is a growing focus on sustainability across the market. This informs our strategy and aligns with our purpose – to help people manage and grow their savings and investments, responsibly.

One of our strategic priorities is to deliver profitable growth by building on our asset management expertise, allowing us to meet increasing demand for sustainability and impact-focused investments.

Executing our strategy requires further investment in capabilities, so we can continue to develop innovative propositions for our clients. Advocacy through stewardship and engaging in public forums is an important element of our approach and this means promoting positive real-world change inside and outside of M&G.

<sup>i</sup> Previously we had described our operational target as 'Net Zero 2030'. While our ambition has not changed, we have updated the articulation of the commitment to be in line with the latest industry guidance.

## Our sustainability commitments

When setting our sustainability strategy, we decided to prioritise two areas for action: climate change and diversity and inclusion. We hold ourselves accountable with specific commitments in these areas. These are:

### Commitments to climate change:

- To achieve a near term carbon emissions reduction of 46% across our operations (Scope 1, 2 and Scope 3 travel) by 2030 at the latest<sup>i</sup>
- To achieve net zero carbon emissions across our investment portfolios by 2050, to align with the Paris Agreement on climate change

→ [Find out more on our progress in our climate-related disclosures on page 74](#)

### Commitments to diversity and inclusion:

- To achieve 40% female representation and 20% representation from Black, Asian and minority ethnic backgrounds by 2025
- As an asset owner, to evaluate the diversity policy of investment managers that manage assets on our behalf, and how investment managers challenge investee companies to improve and maintain diversity
- To continue to meet our external benchmarks, including the National Equality Standard and LGBT Great Equality Index

→ [Find out more on our progress in our D&I strategy on page 50](#)

## Key themes in 2022

### #1: Energy transition

The energy crisis, exacerbated by Russia's war on Ukraine, has intensified action by governments to address the trilemma of energy security, affordability and sustainability. Increasing investment in renewable energy not only helps to mitigate future geopolitical risk and energy price inflation, but also presents opportunity for innovation and new infrastructure, spurring economic development.

Our extensive private assets capability means we are strongly positioned to support the deployment of low-carbon solutions and infrastructure in developed and emerging markets. We are also aligning our public asset portfolios with the energy transition, for example through our thermal coal investment policies.

### #2: Nature loss

Nature plays a critical role in the fight against climate change. Effective mitigation and adaptation depends on preserving the capacity of natural systems to sequester carbon and regulate the climate.

In 2022, the UN Biodiversity Conference (COP 15) ended with an agreement to halt and reverse nature loss. Compared with the drivers of climate change, the causes of biodiversity loss are much more location-specific.

M&G participated in a range of nature-focused forums in 2022, including the All-Party Parliamentary Group on Biodiversity, and the Taskforce on Nature-related Financial Disclosures (TNFD). This participation should enable us to embed any new disclosure frameworks effectively in the future.

### #3: Just transition

The world's poor are particularly vulnerable to the effects of climate change, yet the least responsible for historical emissions. This injustice was a central theme at the UN climate change (COP 27) negotiations in Sharm El-Sheikh in 2022, and has informed initiatives such as Just Energy Transition Partnerships.

The investment needed to decarbonise the global economy is enormous, bringing major opportunities to transform industries and enable the 'Global South' to develop more sustainably.

However, success hinges on the transition protecting the lives and livelihoods of those affected. Fairness must be built into transition decision-making, considering where capital is needed most.

Through our emerging markets impact business, responsAbility, we directly finance sustainable development across developing countries. The just transition is a central component in our position on thermal coal, reflected in different phase-out timelines for the OECD and EU (2030) and developing countries (2040).

#### #4: Economy-wide change

We collectively consume more resources than the Earth can regenerate, and are likely to face irreversible environmental impacts. Addressing these threats requires major structural economic and behavioural change, clear policy signals, and incentives for climate solutions.

From an investment perspective, we are aware that divestment does not automatically translate into real-world change. Stewardship, advocacy and direct capital deployment are important routes to enabling a sustainable transition. Active engagement and voting is an integral part of our approach and is captured in our ESG investment policies.

#### #5: Sustainability disclosures

Sustainability disclosure standards continue to advance. The International Sustainability Standards Board (ISSB) has finalised its sustainability and climate reporting standards, following extensive consultations. In the EU, the Corporate Sustainability Reporting Directive (CSRD) was formally adopted by the European Parliament following adoption of the Sustainable Finance Disclosure Regulation (SFDR) in 2021. The proportion of funds in our SICAV fund range compliant with SFDR Articles 8 and 9 has increased to 54% at the end of 2022, up from 30% at the end of 2021.

In the UK, the Financial Conduct Authority (FCA) opened a consultation on a package of measures aimed at tackling greenwashing, in the form of the Sustainable Disclosure Requirements (SDR). The UK Transition Plan Taskforce (TPT) has also launched a consultation on private sector climate transition plans. We support these developments, and are providing feedback on relevant consultations. Increased disclosure will help provide transparency for investors, and increases accountability across the industry.

## Our sustainability principles

**We consider sustainability and ESG factors when determining our corporate strategy and new business initiatives**

**We embed sustainability considerations throughout our business**

**We consider the interests of all our stakeholders and ensure our views on sustainability are consistent with our long-term approach**

**We manage our businesses – and hold our investee companies – to the principle of ‘acting responsibly’**

**We identify and incorporate ESG risk factors into our general risk management process. Find out more on page 37**

**We regularly review our sustainability thinking to align with scientific and technological improvements, and changes in the global economy, ethics and consumer preferences. We aspire to be a thought leader, to innovate and to advance understanding of sustainability issues**

**We use our influence as a global investor and asset owner to drive positive change in sustainability policy and corporate standards. We believe in active asset ownership and management, encouraging companies to transition towards a sustainable future**



### Act responsibly

#### Powering homes in Africa and Asia

Through our investment in off-grid solar network Sun King, M&G is helping to transform lives in developing countries. Sun King delivers clean energy to over 82 million people, enabling entrepreneurs to run small businesses and families to light and power their homes safely and affordably, without using dangerous kerosene lanterns. Sun King has so far eliminated 22 million tonnes of carbon emissions and saved consumers \$4.4 billion.

This investment, made by Catalyst on behalf of with-profits policyholders, will help Sun King to continue to scale its technology, service and financing capabilities to support millions more energy consumers in Africa and Asia.

# Maintaining a holistic view

## Our 10-point plan sets out key steps and enablers to drive sustainability and support real-world positive change

Our 10-point plan, launched in May 2021, contains clear objectives to help us embed sustainability across the business and support real-world positive change. Climate change is a major area of focus, both from an operational and investment perspective, and we are cognisant of related challenges, such as biodiversity loss, that require urgent attention.

We believe the integration of environmental, social and governance (ESG) factors, and active ownership through engagement and voting, is a key element in managing and growing our clients' assets.

Demand for sustainability and impact-focused investment strategies is growing, and our Planet+ range of funds now covers a range of themes to meet the evolving preferences and needs of clients. We have developed a clear set of sustainability-related policies that help us take a structured and joined-up approach, for example when it comes to our position on a just transition.











Measurement is important for understanding our impact, integrating ESG considerations, data and analytics capabilities. We place a major emphasis on collaboration and advocacy, working with industry peers and policymakers to lift ambition.

Delivering on our plan and wider strategy will not be possible without the right culture, and this is why diversity and inclusion, and building company-wide awareness of sustainability, is critical.



**Our sustainability principles and our 10-point plan align with our purpose, which informs our strategy and priorities.**

→ Find out more on our strategy on page 10

10-point plan	Further details	Link to our purpose
<b>1</b>  <b>Develop our pathway to net zero 2050</b>	Net zero actions to meet our 2050 target are in 'Investments – implementation strategy' on page 77.	Act responsibly
<b>2</b>  <b>Integrate ESG into our investments and accelerate engagement</b>	Information on our ESG integration is in 'Investments – implementation and engagement strategy' on pages 77 to 81.	Act responsibly, Deliver high-value outcomes
<b>3</b>  <b>Grow our Planet+ fund range</b>	The many opportunities that sustainability presents, including growth of our Planet+ fund range, are described on pages 72 and 73.	Act responsibly, Deliver high-value outcomes
<b>4</b>  <b>Set standards in sustainability and ESG policies</b>	Details of our thermal coal investment policies are included in 'Investments – implementation strategy' on page 77.	Act responsibly, Deliver high-value outcomes
<b>5</b>  <b>Set standards in disclosure and measurement</b>	Our 2022 climate-related disclosures on pages 68-89 reflect updated guidelines, and includes improvements in metric coverage. We actively engage on ESG issues (page 81).	Act responsibly, Deliver high-value outcomes
<b>6</b>  <b>Help clients and their advisers understand the opportunities, risks and outcomes of sustainable investing</b>	More details on our engagement and activities with clients on sustainability can be found on pages 46-47 and 80-81.	Better understand client needs, Enable our clients
<b>7</b>  <b>Lead collective action to deliver change</b>	Read more on our responsible engagement with investees, regulators, industry bodies and focus groups on pages 45 and 81.	Act responsibly, Deliver high-value outcomes
<b>8</b>  <b>Reduce our operational emissions and set an example with our corporate sustainability practices</b>	Actions to enable us to meet our 2030 target are detailed in climate change and our operations on pages 74-76.	Act responsibly
<b>9</b>  <b>Be diverse and inclusive as a business and as an investor</b>	Our initiatives to improve diversity and inclusion are detailed on pages 49-51. As an investor, we have signed up to the Investing in Women Code.	Deliver high-value outcomes
<b>10</b>  <b>Align all our people behind our sustainability ambition</b>	Training on sustainability is available to all colleagues via our internal Sustainability Hub.	Act responsibly

**Act responsibly**

**Becoming more diverse in the way we invest**

In December, M&G became the first large UK asset manager to sign the UK Government's Investing in Women Code, on behalf of our Catalyst private assets strategy.

Less than 1% of all venture capital in the UK is invested in female-founded ventures, which represents a huge missed opportunity to create growth and jobs in the economy and to create value for investors. As a signatory of the Code, we aim to help female entrepreneurs access the funding they need to scale their businesses.

Working in partnership with a behavioural science consultancy, Catalyst is identifying nudges, or process design interventions, to deliver better diversity outcomes and will be researching new ways to break down barriers that female and other diverse founders experience in accessing funding.





# Sustainability governance

Enhancing our sustainability governance structures and sustainability training this year will bring further clarity to our oversight of sustainability now and in the future

## Board oversight

The Board is ultimately responsible for setting M&G's sustainability strategy and ESG values and principles. The Board delegates specific duties to sub-committees as follows:

- Reporting in the Annual Report and Accounts and any other material public documents in respect of climate change and ESG matters (for compliance with relevant regulations, legislation and standards) is included in the Audit Committee's terms of reference, available on our website.
- Assessment of ESG risk within the Group Risk Management Framework, including climate-related stress and scenario testing, the reporting of climate-related risk disclosures and provision of advice to the Board in setting M&G's ESG strategy, is included in the Risk Committee's terms of reference, available on our website.

Responsibility for sustainability at an individual level is assigned to our Chief Financial Officer, who has previous experience in climate stress testing and sustainable impact investing.

The Chief Financial Officer is a member of both the Board and Group Executive Committee, facilitating communication between the Board and management.

In discharging its responsibilities, including setting M&G's sustainability strategy, the Board is supported by management and ensures a clear division of responsibilities between the Chair, the Group Chief Executive Officer, the Senior Independent Director and the Non-Executive Directors through their membership of the Audit and Risk Committees.

Regular Risk and Compliance reporting is provided to both the M&G Risk Committee and the M&G Executive Risk Committee through the Chief Risk and Compliance Officer's report – setting out current risk issues, events in the period and as a risk assessment of our key risks against appetite. This includes consideration of sustainability and ESG risks.

During 2022, the Audit Committee discussed and approved our approach to sustainability reporting for 2023.

In 2022, sustainability matters – including a review of commitments and targets – were discussed as required at a number of Board meetings. From 2023, these will be included as part of a regular update presented by the Chief Financial Officer.

## Sustainability training and expertise

To enable the Board to perform its role more effectively, members were provided with a number of training sessions on sustainability topics during the year.

These included dedicated training on the link between growth and sustainability, along with wider training on ESG reporting and assurance for the Non-Executive Directors.

In November 2022, a briefing session was provided to the Board, executive management and sustainability leaders by Professor Cameron Hepburn, a Director at the Smith School of Enterprise and the Environment. This session covered a smooth transition to net zero and where potential investment opportunities will arise.

## Board oversight

### M&G Plc Board

Responsible for setting Group's business strategy, including ESG, purpose, values and culture

#### Audit Committee

Reporting and assurance

#### Risk Committee

Assessment of risk, including ESG risks

#### Remuneration Committee

Senior management remuneration targets

#### Nomination Committee

Board skills and experience

### Fund Board

Accountability and oversight of ESG for the investments/products within their remit

### Regulated Entity Board<sup>i</sup>

<sup>i</sup> Includes the With-Profits Committee

## Executive oversight

### Group Executive Committee

Responsible for implementing the Group's business strategy

#### Management Disclosure Committee

Reporting and disclosure

#### Executive Investment Committee

Climate investment strategy for our asset management business

#### Executive Risk Committee

Assessment of risk, including ESG risks

#### Executive Sustainability Committee

Group sustainability strategy and commitments

→ Find out more on Board and Committee attendance on page 100

In addition to the training schedule for the year, in June 2022 the Risk Committee received a presentation on greenwashing risk.

This session covered what risks fall under greenwashing and how these can present, including: policies, risk reporting, funds and products, and external stakeholder perceptions. As a result of this presentation, the Risk Committee approved further action in a number of areas, including updates to staff training, and certain fund-related actions relating to terminology and ratings.

As well as the previous experience of our new Chief Financial Officer, two additional appointments in 2022 have enhanced the Board's knowledge and experience on sustainability:

Dev Sanyal joined the M&G Board as a Non-Executive Director on 16 May 2022. Mr Sanyal brings with him a deep experience in renewable energy, including solar, wind, hydrogen and bioenergy.

Andrea Rossi, our newly appointed Group Chief Executive, has experience as a Non-Executive Director of REsustain, a firm he co-founded in April 2021, which developed a platform that helps reduce the carbon intensity of commercial real estate.

## Management's role

Executive management, as members of the Group Executive Committee, report directly into the Group Chief Executive Officer, allowing material climate and other ESG issues and policy decisions to be escalated to the Board. In discharging their responsibilities, management attend various committees, such as the M&G Executive Risk Committee and M&G Executive Investment Committee, to enable information sharing between business units and to monitor climate-related issues. Find out more about the oversight of climate-related issues by these committees on page 69.

At the Group Executive Committee level, responsibility for sustainability strategy, policy, commitments and governance model, including climate, sits with our Chief Financial Officer.

A Central Sustainability Office was created in 2022 to implement a Group-wide sustainability governance operating model, shape the group's sustainability strategy and policy, and oversee delivery of its commitments.

As part of this, an Executive Sustainability Committee was also formed in 2022, and is chaired by our Chief Financial Officer. The Executive Sustainability Committee is responsible for:

- supporting the Board in the successful execution of M&G's sustainability strategy, policy, public sustainability commitments and disclosures;
- promoting and driving a collaborative approach across M&G;
- tracking the progress and delivery of sustainability commitments and targets;
- tracking sustainability spend and forecasts and the sustainability programme costs;
- reviewing sustainability emerging topics and risks, as presented to the committee by risk; and
- reviewing external ESG disclosures.

Sustainability disclosures and reporting that are considered material to the Group are presented to the Management Disclosure Committee (MDC), which has responsibility for external reporting and disclosure, prior to submission to the Audit Committee. The MDC is also chaired by the Chief Financial Officer.

## ESG risk management

Sustainability and ESG have been identified as a principal risk to our business. Find out more about this on page 61 of the Risk Management section.

Across M&G and its subsidiaries, we continue to integrate sustainability risk into a range of activities across the three lines of defence (first line, risk and compliance and internal audit).

Sustainability risks are identified, assessed and managed under the M&G ESG Risk Management framework and policy.

Consideration of sustainability and ESG risk is built into our decision-making processes, and is a requirement of key strategic Board risk assessment papers.

Climate change risk is integrated into our scenario analysis process, which explores a number of scenarios, not all climate-based, with both top-down and bottom-up consideration over a range of time horizons.

Risks and opportunities arising from climate change are discussed in more detail within our climate-related disclosures on pages 70-73.

→ [Find out more on Risk Management on page 61](#)

## Remuneration

Our Executive Committee's reward structure is linked to the core performance management scorecards, which include sustainability-related metrics.

The executive LTIP arrangements for 2022 included a 7.5% weighting attributed to our organisational emissions reduction, and a 7.5% weighting attributed to our gender diversity targets. For the 2023 LTIP, the Remuneration Committee have added an ethnicity diversity target and increased the overall weighting for sustainability-related targets from 15% to 25%.

These objectives and remuneration structures, including any sustainability-related targets, are reviewed annually.

→ [Find out more in the Directors Remuneration Report on page 146](#)

## Policy

Our Operational Environmental Policy provides oversight of the requirements we have set for our own environmental footprint from the operation of our buildings, business-related travel and supply chain, and is sponsored by our Chief People and Corporate Affairs Officer.

Across our investments, there are ESG investment policies in place for both M&G Investments and The Prudential Assurance Company Limited (PAC). The M&G Investments Policy is owned by our Chief Investment Officer and the PAC Policy is owned by the Head of Treasury and Investment Office.

# Our climate disclosures (including TCFD)

## Taking action on climate change is a key priority in our approach to sustainability

Our climate-related disclosures in this report are consistent with the four pillars and 11 recommended disclosures as set out by the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). Our disclosures this year have been updated to reflect the recommended disclosures in the 2021 TCFD Annex published in October 2021, and have been prepared in line with the all-sector guidance and the supplementary guidance for asset owners and asset managers.

The majority of these disclosures can be found in the dedicated climate-related section of the report on pages 68-89. As climate is a consideration across a number of areas of the business, the table below provides a high-level description of our response to each of the TCFD recommendations, and where relevant disclosures can be found in this report.

TCFD pillars	Description	Further information
<b>Governance</b>		
<b>Board's oversight of climate-related risks and opportunities</b>	The M&G plc Board is responsible for setting our strategic approach to sustainability (including climate) and related values and principles.  In discharging its responsibilities, the Board is supported by the Risk Committee, Audit Committee and newly formed Executive Sustainability Committee.	Sustainability governance page 36
<b>Management's role in assessing and managing risks and opportunities</b>	Management's responsibility for assessing risks and opportunities arising from climate change sits with the Group Executive Committee, supported by a newly formed Executive Sustainability Committee.  Management of actions and opportunities arising from the assessment of ESG risks (including climate) is discussed at the M&G Risk Committee and M&G Executive Risk Committee, through the Chief Risk and Compliance Officer's report.	Sustainability governance page 36 Climate governance and strategy page 69 Climate risks and opportunities page 70
<b>Strategy</b>		
<b>Climate-related risks and opportunities the organisation has identified</b>	We take a holistic view of climate change risks across transition and physical risks, over a range of timeframes. We have also identified a range of climate-related opportunities, through the setting of appropriate investment strategies, and also through the decarbonisation of our operations as a business.	Climate risks and opportunities pages 70-73
<b>The impact on the organisation's businesses, strategy and financial planning</b>	Acting responsibly is part of our purpose, which informs our strategy. As part of our strategy to deliver targeted growth, we are focusing on using our asset management expertise and scale to invest in thematic and sustainability-focused strategies, including climate solutions.	Climate governance and strategy page 69 Climate risks and opportunities page 70-73 Our strategy page 10
<b>Resilience of the organisation's strategy, based on different climate-related scenarios</b>	As part of our Own Risk and Solvency Assessment (ORSA), we have used our in-house climate modelling to explore potential financial impacts of transition and physical risks through three different climate scenarios (an orderly, disorderly and 'hot house' outcome). In addition to this balance sheet modelling, we have undertaken asset-by-asset climate modelling to better understand risks and opportunities across the investments we manage.	Climate risks pages 70-71 Scenario analysis page 84 Financial statements from page 180
<b>Risk management</b>		
<b>Processes for identifying and assessing climate-related risks</b>	The identification, assessment and management of climate-related risks, along with other ESG-related risks, is integrated into M&G's ESG Risk Management Framework.	Climate risks and opportunities pages 70-73
<b>Processes for managing climate-related risks</b>	We have implemented measures to manage climate-related risks. For our operations, these include environmental policy and supplier due diligence and engagement for our corporate operations. For our investment portfolios, we have implemented our Thermal Coal Investment Policy and a stewardship programme for our investments.	Climate risks and opportunities pages 70-73 ESG risk management pages 37
<b>Integration of climate risks into the organisation's overall risk management</b>	The identification, assessment and management of ESG risk is conducted in line with M&G's Risk Management Framework, with risk governance based on the 'three lines of defence' model.	Risk management page 61

TCFD pillars	Description	Further information
<b>Metrics and targets</b>		
<b>Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</b>	<p>To assess climate-related risks and opportunities, we focus on all our operational and Scope 1 &amp; 2 investment portfolio carbon emissions. We intend to phase in additional Scope 3 emissions as data becomes more robust, and are developing further metrics to monitor and manage climate-related risks.</p> <p>For example, we have disclosed metrics on financed emissions across our investment portfolios on pages 82-87 where data is available. We do not currently disclose metrics on internal carbon pricing or capital allocation. However we may consider these in future as industry consensus and green taxonomies become more established.</p>	<p>Operational emission metrics pages 74-76</p> <p>Investment emission metrics pages 82-87</p>
<b>GHG emissions</b>	<p>We have compiled our global GHG emissions statement in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.</p> <p>We have also calculated financed carbon emissions and weighted average carbon intensity for a portion of our assets under management.</p>	<p>Greenhouse Gas Emissions Statement page 76</p> <p>Climate metrics page 82</p>
<b>Targets used by the organisation to manage climate-related risks and opportunities and performance against targets</b>	<p>We have set ourselves near-term operational carbon reduction targets aligned with the Paris Agreement. Find out more about these targets and how they are measured on pages 74-75.</p> <p>We have committed to achieving carbon net zero in aggregate across our investment portfolios by 2050, to align with the Paris Agreement. This is supported by our interim targets, created as part of our memberships of the Net Zero Asset Managers initiative (NZAMi) and Net-Zero Asset Owner Alliance (NZAOA), which are discussed further on pages 78-79.</p>	<p>Our sustainability plan page 34</p> <p>Operational targets - page 74-75</p> <p>Investments – implementation strategy pages 77-79</p>

## Progress over 2022

To support transparency around climate transition plans, our shareholders were invited to vote on our transition roadmap through a 'Say on Climate' resolution at the AGM in May 2022. A majority of votes cast were in favour of the resolution, but we also received some constructive feedback, which we are taking into consideration as we review and further develop our plan. Taking this feedback into account, in November 2022, we published a further update setting out key ESG developments since the AGM, including progress on interim targets outlined below.

In September 2022, we published our first interim asset owner targets towards achieving net zero by 2050 as part of our NZAOA commitment. Find out more on page 79. Our asset manager also reported on progress against its interim targets, showing that as at 31 December 2021, the emissions intensity (tCO<sub>2</sub>e/£m invested) of in scope listed equity and public fixed income investments had reduced by 25.7% and 13.9%, respectively, since 2019. In April 2022, our Asset Manager Thermal Coal Investment Policy came into effect, with a clear engagement-focused approach to phasing out coal in both OECD countries and the rest of the world. Find out more on page 77.

We have made progress in reducing our operational footprint. In 2022, we moved into new offices in Stirling (Kildean), which replaces our Craigforth site. The building is fully electric (supplied by REGO-backed renewable energy) and is significantly more energy efficient than our Craigforth office. We also completed further work with our supply chain in the year, and contacted more than 1,000 suppliers to help us better understand and assess our indirect emissions impact. Our new preferred suppliers list is beginning to incorporate minimum sustainability standards and disclosures. Find out more on pages 74-75.

## Priorities for 2023

In 2023, we will continue to focus on actions that will progress us towards meeting our net zero and carbon reduction commitments. This includes identifying investment opportunities in climate solutions and those that support a just transition, embedding our Net Zero Investment Framework across our investment teams, implementing our Asset Manager Thermal Coal Investment Policy, and engaging with our investee companies to bring them into alignment with our climate priorities.

Managing climate-related risks and opportunities, including meaningful delivery against emissions reduction targets, requires reliable data and methodologies and we will continue to develop our analytical capabilities, including use of a new climate scenario model. As major owners and investors in private markets, we will continue to develop new methodologies for measuring private asset emissions, and hope to increase the scope of assets covered by our interim climate targets for the asset manager and asset owner.

Our operational climate priorities for 2023 also include identifying further energy-saving opportunities across our largest sites and continuing engagement with colleagues on how they can support our operational sustainability journey. We will also work with our supply chain to assess their carbon impact, rolling out minimum sustainability requirements for our preferred suppliers and requiring detail on current action and future plans that address their sustainability impacts.