JUST.

TRANSITION PLAN

2024

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GROUP SUSTAINABILITY EXECUTIVE SPONSOR'S FOREWORD

WE ARE COMMITTED TO HELPING PEOPLE ACHIEVE A BETTER LATER LIFE. THAT'S OUR PURPOSE AND IT'S WHY WE EXIST.

Our motivation to improve things also makes us determined to meet our sustainability goals, including understanding and making progress towards achieving Net Zero. As a UK insurer, we have a responsibility to continually strive to make a positive impact on the world that we live in and actively support a real-world transition.

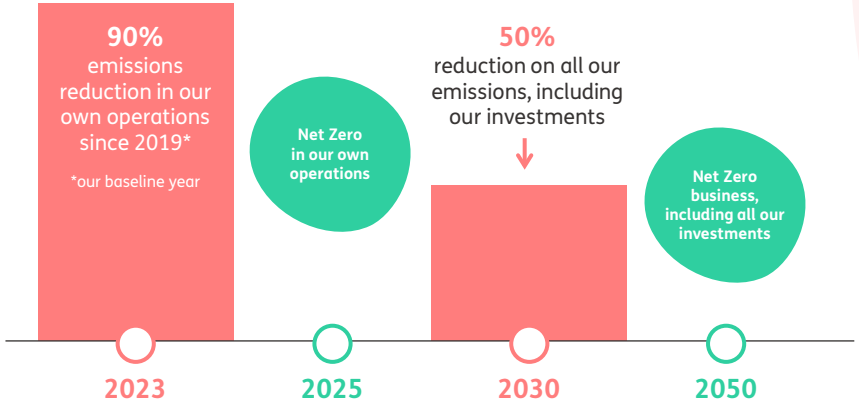
Our plan continues to evolve as we get better insight into the transition journeys of the companies in which we invest and with whom we do business. We also aim to provide greater detail about our progress to help others understand how we contribute to their transition.

We recognise this isn't a journey we undertake alone, and are encouraged by the progress of our industry, our peers, and the broader economy in joining together to achieve this real-world transition.

TRANSITION PLAN SUMMARY

OUR PURPOSE
WE HELP PEOPLE ACHIEVE A BETTER LATER LIFE

Our path to Net Zero



Our sustainability strategy has three pillars:

Make a positive impact

Leave a responsible footprint

Create a fair world

And we are already making great progress.....

£325m
invested in green and social assets

99%
of our purchased electricity is from renewable sources (REGO certified)

33%
of senior leadership are women

50%
of our Board are women

INTRODUCTION

Following the setting of our Net Zero targets, we have been hard at work understanding what the transition journey looks like for Just Group plc ("Just").

We believe it's important to be transparent and share challenges, to build a consistent approach to transitioning. Our sustainability strategy is continually evolving to meet the needs of a quickly moving and challenging topic.

Following the progress made in 2023, this is our second transition plan. In the sustainability industry, the word 'journey' gets used a lot to describe the progress made by companies; this is because businesses are currently at (A) and know they need to get to (B), and that there are many ways to get there.

Just is not dissimilar, and although we have set targets, the goal of getting to (B) doesn't end there. One of the key elements of our sustainability strategy is to ensure we embed sustainability into decisions and processes, so it becomes a way of working and continues long after arriving at (B).

This transition plan covers all material areas of our business and includes details concerning the limitations, management actions, opportunities and risks. In developing our transition plan, we have, where possible, referred to the guidance set out by the Transition Planning Taskforce ("TPT"). For a deeper dive into the risks and opportunities climate change brings to our business, please see the TCFD section of our Report and Accounts.

Our pathway to Net Zero is being developed in line with the Science Based Targets Initiative Net Zero Standard, which requires companies to achieve decarbonisation of 90-95% by each Net Zero target set, and follows the latest climate science in line with a 1.5°c world. We have aimed to align our Net Zero targets with the Association of British Insurers' ("ABI") Climate Roadmap published in July 2021, and are working towards a scientific basis for our targets with the Science Based Targets initiative ("SBTi").

We expect that any residual emissions after reductions will be offset through our partnership with EcoTree, who are planting trees on our behalf. More information about this can be found in the Carbon Credits section.

INTRODUCTION

JUST TRANSITION

Our 2021 sustainability report discussed the climate emergency and the need for action. Since then, we have witnessed some of the devastating effects climate change has had on the environment and livelihoods worldwide. Unfortunately, often the worst affected are those who are the lowest emitters of carbon in the world.

Given that the transition will bring about significant shifts in industry, employment and potentially communities, we must all work together to ensure fairness and a “just transition”. “Just” means fair, and our business is built on this premise. This also includes recognising the connection between climate change and nature and the effects this has on biodiversity and habitat loss.

When we started, we saw that many people couldn’t shop around for the best deal for their pension. So, we decided to shake things up a little and provide everyone with that opportunity.

This commitment to fairness is at the heart of everything we do, and our approach to sustainability is no different.

INTRODUCTION

AMBITION AND STRATEGY

OUR AMBITION TO REACH NET ZERO FORMS PART OF OUR OVERALL SUSTAINABILITY STRATEGY.

WE HAVE SET THREE KEY OBJECTIVES:

Make a
positive impact

Leave a
responsible footprint

Create a
fair world

These objectives are progressing in many ways, from the investments we make and the emissions we remove from our operations, to how we support fairness.

In building the strategy, we aligned these goals to the United Nations Sustainable Development Goals ("UNSDGs") to ensure our actions are linked to the wider impact.

We aim to be Net Zero in our operations (Scope 1, 2 and business travel) by 2025 and Net Zero in our investments, supply chain, employee emissions and other relevant indirect emissions (Scope 3) by 2050, with a 50% reduction by 2030.

The scope and coverage of our targets will be further enhanced in line with our forward-looking commitments to SBTi and the Net Zero Asset Owner's Alliance ("NZAOA"), to ensure our approach aligns with best practices.

The sustainability strategy is aligned with the wider Group strategy, with initiatives included in the Group's strategy execution plan. To ensure adherence, management is asked to consider the impact on the climate and the sustainability strategy of their initiatives when presenting them to committees for approval.

INTRODUCTION

STRATEGIC OBJECTIVES AND PRIORITIES

	2023 progress	2024/2025 focus	Strategic alignment	Target alignment
Set Science Based Targets ("SBTs") aligned with a 1.5 degree pathway.	Progress has been made and we are aiming to submit SBTs by December 2024. We have disclosed and set targets in line with NZAOA.	Approved SBTs across all scopes, in line with the SBTi's financial services framework. Report in line with NZAOA requirements and participate in relevant working groups.	Making a positive impact.	Net Zero by 2050, with a 50% reduction by 2030.
Efficient engagement with conviction.	We have engaged directly with a selection of suppliers to understand supplier position. The majority of the emissions data for manual calculations is now provided by our third-party data vendor, which is helping to provide a more accurate picture of our emissions. We have worked with the Equity Release Council ("ERC") to encourage a singular methodology for measuring Lifetime Mortgage (LTM) emissions. We have participated in the development of guidance via the TPT's asset owner working group, and continued engaging with various stakeholders, e.g. ABI. We have developed a Responsible Investment Manager Assessment framework and a questionnaire to engage with our asset managers.	We will continue to enhance our supplier engagement, setting targets in 2024. We will also work with our third-party data provider and suppliers to further improve the quality and granularity of our supply chain data. We will continue engagement with the ERC, ABI and wider networks to progress alignment, and with customers, where appropriate, to reduce emissions. We will continue engagement with high emitters, as per Just's investment-related targets. We will continue to review and enhance the Responsible Investment Manager Assessment framework.	Creating a fair world.	Net Zero by 2050, with a 50% reduction by 2030.

INTRODUCTION

STRATEGIC OBJECTIVES AND PRIORITIES

	2023 progress	2024/2025 focus	Strategic alignment	Target alignment
Invest £825m in green and social investment opportunities by 2025.	We have invested £325m in green and social investment opportunities consistent with our Sustainability Bond Framework. We invested c.£497m in green, social and sustainability bonds aligned with the International Capital Markets Association guidance.	In line with our commitment, we will continue to invest £250m a year in green and social investment opportunities, consistent with our Sustainability Bond Framework. We will continue investing in green and/or sustainable bonds, in line with our NZAOA targets.	Making a positive impact.	Net Zero by 2050, with a 50% reduction by 2030.
Enhancing our strategy and process to better manage risk and identify new opportunities.	We have a proprietary internal scoring system, PRAYG[1], to analyse investment opportunities based on their Environmental, Social and Corporate Governance ("ESG") characteristics, including climate change. We collected further data for our LTM Portfolio to better understand pathways and future scenarios.	We will further enhance our PRAYG system and supplement it with a climate change scoring system. We will continue enhancing our approach to scenario analysis as the market develops.	Leaving a responsible footprint.	Net Zero by 2050, with a 50% reduction by 2030.
Improve LTM proposition to reduce portfolio emissions.	We extended our LTM mortgage discount feature across the whole Just For You Lifetime Mortgage range, which provides a discount to new customers who have an Energy Performance Certificate rating of A-C.	We will develop the LTM proposition to support customers in improving the energy efficiency performance of their property.	Leave a responsible footprint.	Net Zero by 2050, with a 50% reduction by 2030.

[1] See the 'PRAYG' section on page 21 for further details

INTRODUCTION

DEFINITION OF SCOPES

The Net Zero Standard follows the Greenhouse Gas ("GHG") protocol in defining scopes and setting boundaries for emissions, which means Just will follow the same protocol when defining boundaries:

Scope 1

is defined as direct GHG emissions from sources owned or controlled by the company.

Scope 2 (market-based)

is defined as indirect GHG emissions from the energy that a company has chosen, using contractual instruments.

Scope 2 (location-based)

is defined as indirect GHG from energy based on the average emissions intensity of the electricity grid where the company operates.

Scope 3

is defined as other indirect GHG emissions that are the consequence of the company's activities but occur from sources not owned or controlled by the company. Just has identified the following Scope 3 emissions attributed to the activities of the company, which will be incorporated in this iteration of our transition plan.

- Business travel[2]
- Investment portfolio
- Supply chain
- Employee commute and homeworking

Just has established 2019 as its baseline year, as it can gather a broad range of data across all scopes for that year. Our baseline year rationale also aligns with the science-based recommendations of the Intergovernmental Panel on Climate Change ("IPCC").

The 2019 data was also unaffected by COVID-19, giving a more reliable account of our emissions than 2020 and 2021. We expect to see some movement on our baseline estimate as data improves and we become less reliant on estimated emissions[3]. We intend to report on improvements in data as the transition plan evolves.

[2] GHG recognise business travel as a Scope 3 category but this is one Just can control and therefore it has been included in our 2025 target
[3] We have updated our approach to calculating emissions on LTMs to use a more accurate approach than prior years. To avoid using an inconsistent baseline, we have set the 2019 figure equal to the 2023 position. We believe this is a slightly prudent, but reasonable approximation

SCOPE 1 AND 2 (OPERATIONS) AND SCOPE 3: BUSINESS TRAVEL

Scope 1 and 2 are collectively referred to throughout as "our own operational emissions". Just has set a target of Net Zero by 2025 in our operations (Scope 1 and 2) and included business travel (a part of Scope 3 that we have direct control over) in that target. As such, business travel is included in this section.

90%
reduction in our market-based operational footprint

73%
reduction in our business travel

OVERVIEW

Over the last few years, we have made considerable reductions in our own operational emissions, both market and location-based. Our previous Annual Report and Accounts show more information about past reductions.

This progress has put Just well on the way to meeting the 2025 Net Zero target. We were ambitious in setting this target for our operations, because we have a relatively low carbon footprint from an individual site owned and solely occupied in Reigate. A proportion of emissions associated with other offices has been included in our analysis. By getting our own house in order, we can direct attention to Scope 3 emissions, which for Just and many other companies are the most significant source of emissions and are more complex to measure and reduce.

Since 2019, we have reduced our market-based operational footprint by 90% (649tCO_2e), this has been achieved through decarbonising electricity, rightsizing the property portfolio to align with our new hybrid working model and delivering energy efficiency by introducing new technology.

We have also reduced our business travel by 73% (392tCO_2e). This is a particularly challenging emission, as we are targeting an absolute reduction while continuing to grow as a business.

Our Scope 1, 2 and business travel footprint: absolute breakdown

(tCO_2e)	2019	2020	2021	2022	2023	2025 target
Scope 1	144	97	113	111	73	18
Scope 2 (location)	579	335	267	205	177	N/A[4]
Scope 2 (market)	579	125	34	18	1	0
Scope 3 business travel	537	86	32	138	145	108
Total target (market-based)	1261					126

[4] The GHG protocol's Scope 2 guidance requires dual-reporting for Scope 2 emissions based on a 'location' and 'market' methodology. For target-setting purposes we have chosen to focus on the 'market' methodology, which is why we do not set a target for the 'location' methodology

SCOPE 1 AND 2 (OPERATIONS) AND SCOPE 3: BUSINESS TRAVEL

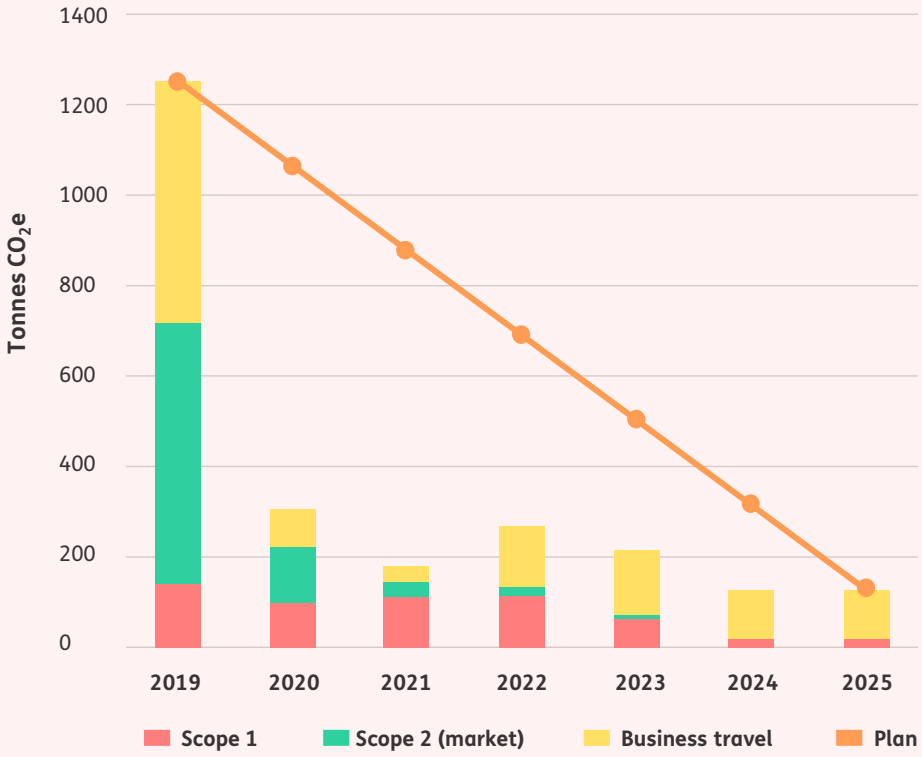
WHAT IS OUR CURRENT POSITION?

The primary source of market-based operational emissions for Just is the gas used to heat our office in Reigate. A small amount of market-based electricity emissions and gas from our smaller offices comprise the remainder of our Scope 1 and 2 emissions. In addition we are continuing to further reduce our business travel (Scope 3) emissions.

THE GRAPH OPPOSITE SHOWS THE REDUCTIONS THAT HAVE ALREADY OCCURRED.

We are currently comfortably within our plan, to reduce Scope 1, 2 and business travel emissions by 90% of our 2019 baseline in line with the SBTi Net Zero Standard by 2025. The remaining 10% of emissions will be offset; (see the Carbon Credits section for more information).

Progress to targets: Scope 1, 2 and business travel



SCOPE 1 AND 2 (OPERATIONS) AND SCOPE 3: BUSINESS TRAVEL

WHAT HAVE WE DONE IN 2023?

WITHIN THE YEAR:

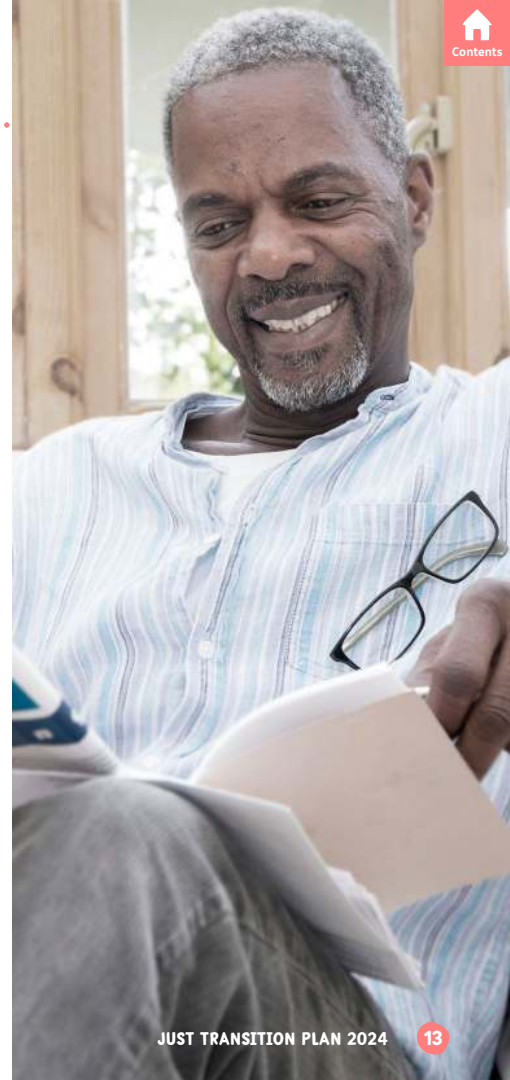
- We amended how we capture business travel to improve the accuracy of the measurement. We found that getting the mileage directly from the source (i.e. our employees via expenses) removed the need for one of the conversion factors within our previous methodology. This showed we had been overstating our accounting, and as a result, we saw a reduction in emissions; on average, we were overreporting emissions by 32%.
- We've optimised our heating schedule to better align with staff attendance, reducing energy consumption and emissions.

WHAT ARE THE ASSOCIATED METRICS AND TARGETS?

We have followed the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and 2023 Emissions Factors from the Department for Business, Energy & Industrial Strategy to measure our Scope 1 and 2 emissions.

The boundary of our emissions reporting is the buildings or offices directly owned or leased by Just and business travel under our financial control. It includes gas, fugitive gas, electricity, car mileage, train travel and flights. We use a financial emissions intensity metric (tonnes of CO_2e per £m retirement income sales) and an employee intensity metric (tonnes of CO_2e per employee) to normalise our data and provide helpful performance indicators.

The GHG protocol recommends various options for business travel, including a fuel-based, distance-based or spend-based methodology to calculate business travel emissions. We already have the capability and data collection availability through expenses to calculate business travel emissions based on mileage. This is then overlaid as per GHG with environmentally-extended input-output (EEIO) emissions factors.



SCOPE 1 AND 2 (OPERATIONS) AND SCOPE 3: BUSINESS TRAVEL

HOW CAN WE TRANSITION TO NET ZERO?

To reach our Net Zero target for Scope 1 and 2 emissions, we must adjust our property strategy to remove the need for gas heating.

The remaining emissions will be from business travel, which currently (2023) we are reporting above our expected target. To balance the commercial benefits of business travel with its associated carbon emissions, we have introduced carbon budgeting into our travel planning process.

We are working diligently to ensure that our business travel remains within the required carbon budget, particularly regarding air travel. Additionally, we are supporting employees to make them more conscious of their carbon footprint.

SCOPE 3

SUPPLY CHAINS

OVERVIEW

JUST HAS A BROAD SUPPLY CHAIN, WITH OVER 750 SUPPLIERS WHO PLAY AN IMPORTANT ROLE IN THE RUNNING OF THE BUSINESS.

Our sustainability strategy requires our engagement to encourage and support suppliers on their sustainability journeys. This aligns with our strategic goal to 'get closer to customers and partners' and is in line with how we work as a business.

Direct engagement with suppliers produced data with varying degrees of detail, leading us to source data from a third-party provider.

WHAT IS OUR CURRENT POSITION?

(tCO_2e)	2019[5]	2021	2022
Scope 1 and 2	3.13	2.72	8.31
Scope 3	8.59	6.36	24.26

2023 data will not be available until Q4 2024.

In previous years, due to the lack of reliable intensity data, most of what was supplied by our third-party provider was sector averages. As of this year, our third-party data provider is now providing the majority of manually calculated emissions factors, which they recommend using over sectoral averages.

This year, the shift from sector average to manually calculated intensity is significant. Manually calculated intensity emissions provide a more accurate picture of our emissions, but can cause a considerable change from previously reported years.

Our third-party data provider is evolving their processes as time progresses. We expect that the quality and granularity of our supply chain data will continue to improve.

[5] The figures in this table have been calculated using reported data, where available, and sectoral averages provided by our third-party data provider

SCOPE 3

WHAT ARE THE ASSOCIATED METRICS AND TARGETS?

To calculate our supply chain emissions, Just has followed the GHG protocol for a spend-based methodology, which required using the economic value of purchased goods and services and multiplying them by the intensity provided by our third-party data supplier. In this instance, that was the tonnes of CO_2e for each issuer per million dollars of revenue.

In contrast to other categories within Scope 3 emissions, the estimated emissions used a median value for suppliers where data was unavailable. The sector categories themselves are broad and therefore, in applying these estimates, the data may not accurately reflect the supplier's actual emissions.

HOW CAN WE TRANSITION TO NET ZERO?

To ensure existing suppliers are progressing towards Net Zero, we will take the following short-term steps:

Enhancing the knowledge of Just's supplier relationship managers to engage on emissions and broader sustainability topics

Tracking emission reductions and enhancing our monitoring

Flagging any concerns through our sustainability governance forums.

Over the next two years, we will improve the supplier selection process by increasing the weight given to sustainability factors when evaluating suppliers. We also intend to set engagement targets and ensure our engagement strategy supports improving the required data to meet our reduction targets. Finally, there's currently an inconsistency in how businesses engage with their supply chains and the questions they ask.

WE WOULD LIKE TO WORK WITH INDUSTRY BODIES TO ALIGN THIS APPROACH GOING FORWARD.

SCOPE 3

EMPLOYEE COMMUTE AND HOMEWORKING

OVERVIEW

Following the disruption caused by COVID-19, employees have returned to the office a minimum of 40% of their time (this typically equates to two days a week for a full-time employee) and are working from home the remaining time. While commuting emissions have reduced, homeworking emissions have increased.

WHAT IS OUR CURRENT POSITION?

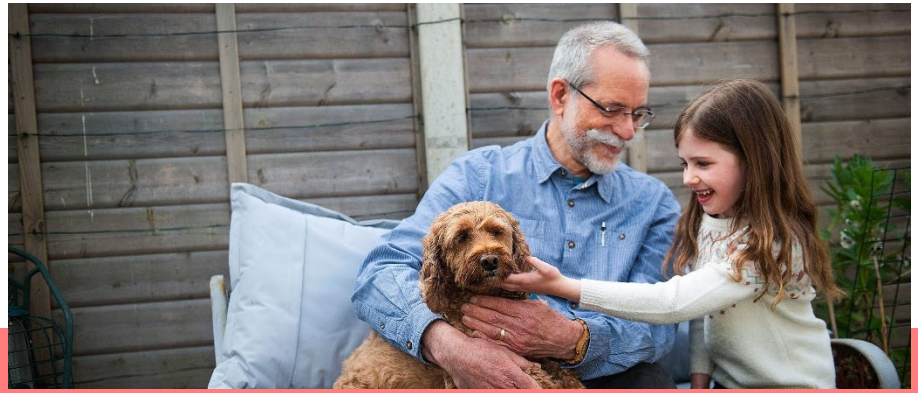
2023 saw over 400 employees take part in the homeworking and commute survey, showing an improvement on our 2022 emissions. In 2022, employees also gave a retrospective view of 2019-related activities in order to form our baseline. Due to this retrospective method for calculating our 2019 baseline, it is difficult to accurately record the amount of progress against our baseline.

(tCO_2e)	2019	2020	2021	2022	2023
Employee homeworking and commute	564	N/A[6]	169	723	665

WHAT HAVE WE DONE IN 2023?

We have made thermal image cameras available to our employees to identify areas of their homes that could benefit from improvements to prevent heat loss. This has proven to be popular and we are extending this into 2024.

We have promoted the use of the Pawprint app through our internal communications channels, which supports employees in taking up sustainable actions that they develop into habits.



[6] Due to the COVID-19 pandemic, this year was not representative of a typical year and therefore is not included

SCOPE 3

EMPLOYEE COMMUTE AND HOMEWORKING

WHAT ARE THE ASSOCIATED METRICS AND TARGETS?

We run an annual survey which asks our employees important questions about their homeworking position and their commute to the office.

In line with the GHG protocol, Just measures employee emissions based on distance travelled and follows the guidance given regarding sampling to provide a view of all employees. Eshcon Ltd verified the calculations.

This year, we partnered with Pawprint to support our staff homeworking and commuting survey. This increased the use of Pawprint and allowed us to gather insights from our staff.

SOME INSIGHTS FROM PAWPRINT INCLUDE:

When commuting to work, an employee produces

5.645KG

OF CO_2E A DAY

An employee working from home produces

0.154KG

CO_2E A DAY

HOW CAN WE TRANSITION TO NET ZERO?

ENGAGEMENT WITH EMPLOYEES IS KEY TO SUPPORTING MORE INFORMED DATA AND REDUCING THE NEED FOR ESTIMATED EMISSIONS DATA.

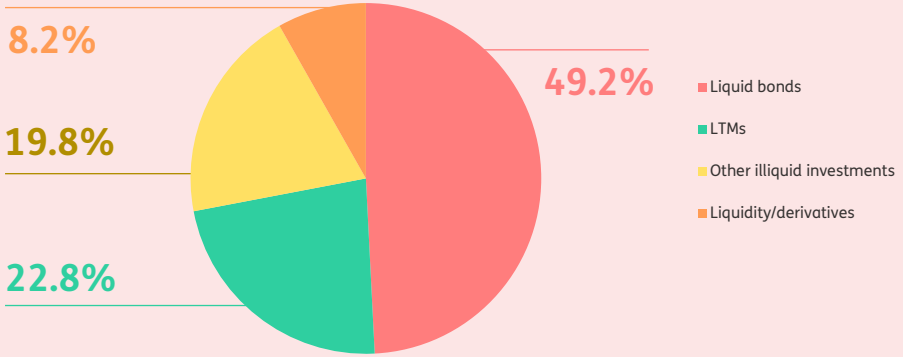
We aim to improve the response rate from the annual survey and continue engagement with the business through our internal communications channels, with the survey responses and emissions data being used to encourage employees to reduce carbon in their commute and while homeworking. This includes continuing to identify and assess ways we can assist in improving employees' access to low-emission transport for their travel to and from work. There may be a financial impact for the business in implementing low-emission transport, if it's considered viable.

INVESTMENTS

OVERVIEW

Our approach is to seek attractive investment opportunities aligned with our risk and return objectives, providing a high degree of confidence in paying our customers and complying with regulatory requirements. Our investment portfolio comprises public bonds, other liquid assets, derivatives, LTMs and other illiquid investments. Other illiquid investments include infrastructure debt, private placements, commercial mortgages, ground rents and income strips.

PORTFOLIO BREAKDOWN BY ASSET CLASS:



CARBON FOOTPRINT – INVESTMENT PORTFOLIO

The table below provides a summary of our investment portfolio-related emissions split by the Credit Portfolio and the LTM Portfolio.

Investment Portfolio	Year	Coverage	Carbon footprint
Credit Portfolio (tCO_2e/$m nominal invested)	2019	99.8%	Scope 1 and 2: 84 Scope 3: 407
	2023[7]	99.2%[8]	Scope 1 and 2: 102 Scope 3: 275
LTM Portfolio (tCO_2e/$m per annum)	2019[9]	N/A	Scope 3: 13.3[9]
	2023	96%	Scope 3: 13.3

Over the course of the last 12 months, we have made significant progress towards enhancing our overall approach to transitioning the investment portfolio, specifically:

Integration and implementation of our transition management actions were further incorporated into the investment decision-making process across portfolio management, strategic asset allocation, credit research and stewardship for the Credit Portfolio.

Implementation of our transition management actions in 2023 led to a reduction in the Credit Portfolio emissions by 23% relative to the 2019 baseline. This resulted in a reduction in the implied temperature rise of the Credit Portfolio to 2.1 degrees.

Overall, we have enhanced our approach to sourcing and calculating the investment portfolio's emissions, which includes improving the methodology for the LTM Portfolio.

Data stated as of 31 December 2023, unless stated otherwise
[7] Data stated as of 30 June 2023
[8] Coverage of the portfolio in the carbon footprint data. Data coverage varies across individual scopes of emissions, lowest value shown for prudence
[9] We have updated our approach to calculating emissions on LTMs to use a more accurate approach than prior years. To avoid using an inconsistent baseline, we have set the 2019 figure equal to the 2023 position. We believe this is a slightly prudent, but reasonable approximation

INVESTMENTS

WHAT IS OUR CURRENT POSITION?

CREDIT PORTFOLIO

Our Responsible Investment Framework

In 2019, our formal Responsible Investment Framework ("RIF") was implemented, defining the integration of ESG factors into the investment analysis and decision-making process, aligned with our broader purpose and strategy. The RIF captures our objectives related to broader ESG aspects and Just's commitment to achieving Net Zero by 2050.

As a key input into the management of the Credit Portfolio, the RIF uses a principles-based approach for the following activities:

ANALYSE

Identify risks and opportunities arising from Responsible Investment ("RI") factors from a fundamental perspective.

ENGAGE

Engage in dialogue with external managers, data providers, investee companies, policymakers and the broader market.

ACT

Monitor investments in our portfolio that don't align with the RIF and take action.

REPORT

Disclose to stakeholders the key RI characteristics of our portfolio.

INVESTMENTS

WHAT IS OUR CURRENT POSITION?

PRAYG

An internal scoring system PRAYG (Purple, Red, Amber, Yellow, Green) is used to assess the ESG risks related to each investment, which affect credit and market risks.

For investments where we have a veto right, quantitative and qualitative information related to ESG factors are considered for each investment to determine where an asset sits on the PRAYG scale.

For other assets, our external managers' ESG approach is considered when deciding whether to invest.

Our negative screening uses restrictions and exclusions to avoid controversial sectors/activities, companies with weak governance or companies that don't reflect our values. These factors form part of our PRAYG matrix, as noted below.

We use positive screening criteria to target investments consistent with our RI objectives and values:

PURPLE

Excluded:
divestment and
no new investment

RED

Restricted:
no new investment

AMBER

Watchlist:
invest but
monitoring required

YELLOW

Neutral:
investment permitted

GREEN

Positive impact:
investment encouraged

INVESTMENTS

WHAT IS OUR CURRENT POSITION?

CREDIT PORTFOLIO GOVERNANCE AND CONTROLS

Under its governance of the Credit Portfolio, the Investment Committee receives a range of reports, including a quarterly update on the RI strategy and an annual review of the RIF.

In addition, we have a credit committee, chaired by the Chief Risk Officer, which also receives a breakdown of PRAYG assessments, including a review of new ratings and any changes to existing ratings.

As the RI decision-making process develops, we recognise the importance of improved tools and dashboards to better capture wider RI and climate change-related information used in reporting.

STEWARDSHIP

We believe stewardship is essential to efficiently transition to a low-carbon economy. In the RIF, we have outlined our commitment to stewardship and engaging with companies where relevant.

> "STEWARDSHIP IS THE RESPONSIBLE ALLOCATION, MANAGEMENT AND OVERSIGHT OF CAPITAL TO CREATE LONG-TERM VALUE FOR CLIENTS AND BENEFICIARIES LEADING TO SUSTAINABLE BENEFITS FOR THE ECONOMY, THE ENVIRONMENT AND SOCIETY."
>
> (FINANCIAL REPORTING COUNCIL)

INVESTMENTS

WHAT IS OUR CURRENT POSITION?

WE ARE PRAGMATIC IN OUR APPROACH, AIMING TO ENGAGE EFFICIENTLY AND WITH CONVICTION.

This means our focus on engagement is based on overall materiality, impact and possible scale. We align our stewardship approach with our corporate objectives:

Making a positive impact

Engaging with companies and asset managers to influence their forward-looking approach to sustainability and climate change

Creating a fair world through transparency

Encouraging wider market standardisation for data, disclosure and reporting on climate change and other sustainability issues

Leave a responsible footprint

Engaging in frequent dialogue across the market to achieve a real-world transition and further manage broader ESG risks.

WE HAVE SPLIT OUR ENGAGEMENT ACTIVITIES INTO THREE BUCKETS:

Direct engagement

with investee companies to support a market-wide transition and improvements on sustainability

Asset managers

working closely with our asset managers and engaging in frequent dialogue on investment-related matters, including sustainability and climate change

Wider market participants

joining external initiatives/organisations to participate in activities influencing regulation, policy initiatives and wider areas of the market

In terms of our climate-related activities, we are members of the Net Zero Asset Owner Alliance, the Partnership for Carbon Accounting Financials ("PCAF") and the Net Zero Data Public Utility, each of which are supportive of our commitment to decarbonise the Credit Portfolio. Details of our involvement in other initiatives and organisations can be found on our website.

INVESTMENTS

WHAT IS OUR CURRENT POSITION?

LTM PORTFOLIO

Just provides funding for LTMs as they form an attractive illiquid asset class and meet an important customer need.

Just has a large LTM Portfolio secured against 55,000 properties with an accrued loan balance of £6.1bn (as of 30 June 2023). The assumed carbon emissions of our LTM Portfolio is 13.3 tCO_2e per annum (average emissions per US$ millions of lifetime mortgage balance outstanding as of 30 June 2023).
As referenced above, we have updated our approach to calculating emissions on LTMs to use a more accurate approach than prior years. To avoid using an inconsistent baseline, we have set the 2019 figure equal to the 2023 position. We believe this is a slightly prudent, but reasonable approximation.

INVESTMENTS

WHAT HAVE WE DONE IN 2023 FOR THE CREDIT PORTFOLIO?

Over the last year, we prioritised enhancing and implementing climate change in the investment decision-making process. Here, we outline the steps taken over the course of the year in support of this:

GOVERNANCE AND CONTROLS

Enhanced our internal tools, for analysing financed emissions and scenario analysis, and developed others (e.g. a responsible investment tracker) to continue monitoring and reporting on our progress with decarbonising the portfolio.

RESOURCING

Expanded resources, by hiring two experienced responsible investment analysts with degree backgrounds in climate change and sustainable development.

CREDIT RESEARCH

Directly sourced, calculated and incorporated financed emissions data into the credit research process.

Reviewed our PRAYG criteria with a view to enhancing these further using our third-party data sources and supplementing with a climate scoring framework.

STRATEGIC ASSET ALLOCATION

Incorporated financed emissions intensity data into our overall assessment of the investment portfolio.

TRAINING AND DEVELOPMENT

Delivered quarterly knowledge sharing sessions to the wider investment team, incorporating climate-related topics and wider responsible investment themes.

STEWARDSHIP

Joined the Partnership for Biodiversity Accounting Financials (“PBAF”) and expressed an interest to join the Climate Action 100+ investor engagement program for high-emitting issuers.

Implemented our Responsible Investment Manager Assessment framework for engagement with our external managers, which informs our overall manager performance assessments.

Participated in external initiatives, such as the Transition Planning Taskforce asset owner working group, to influence guidance and standards in the market.

PORTFOLIO MANAGEMENT

Credit Portfolio: Financed emissions intensity data has been incorporated into portfolio optimisation and day-to-day trading activity.

Identified and implemented key transition management actions split into four categories as follows:

- **Trading**: considering divestment opportunities, based on our exposure to high emitters
- **New business:** investing new premia in assets with a lower emissions profile, aligned with our overall risk/return requirements
- **Stewardship:** begun engaging with a number of high- emitting issuers on climate-related factors supportive of decarbonisation
- **Modelling:** improved our analysis by considering various future pathways for the portfolio’s projected emissions, incorporating the above criteria

Reduced our overall exposure to the Oil & Gas sector through trading activities and investment of new premia.

Invested c.£497m into green, social and sustainability bonds in 2023.

LTM Portfolio: We have enhanced our modelling approach to emissions and considered a modelling approach to future emissions. We extended the Green Mortgage discount feature across the whole Just For You LTM range, as well as extending the discount to properties with an EPC of A-C, enabling customers with these properties to benefit from a discount on their mortgage rate. We have also started to research retrofit propositions.

INVESTMENTS

WHAT ARE THE ASSOCIATED METRICS AND TARGETS?

The Group aims to reduce Scope 3 emissions by 50% by 2030 and achieve Net Zero by 2050.

In line with our commitments to the Net Zero Asset Owner Alliance, we have set the following investment-specific targets:

SUB-PORTFOLIO TARGET

Reduce the financed emissions intensity of the sub-portfolio, measured in tCO_2e/$m nominal invested, (scope 1, 2 and 3 of investee companies only) by 50% by year-end 2029 (using 2019 as a baseline).

Sub-portfolio includes asset classes covered in line with Alliance guidance: currently publicly traded corporate debt and infrastructure debt; this will be updated to cover further asset classes as guidance expands.

ENGAGEMENT TARGET

Conduct 20 climate-related engagements, focusing on the highest emitters in the Group's investment portfolio (directly or via external initiatives/asset managers) by year-end 2025. We will ask investees to deliver Net Zero across all scopes and establish robust transition plans in line with standardised frameworks (e.g., Climate Action 100+). Participate in the development of at least two position papers via the engagement track by year-end 2025.

FINANCING TRANSITION/ CLIMATE SOLUTION INVESTMENT TARGET

Contribute to 'Financing the Transition' working groups. Invest £500m from 2024 to 2025 in:

- green/sustainability bonds aligned with the guidance set by the International Capital Markets Association; or
- assets aligned with our Sustainability Bond Framework under the Green Bond Principles Eligible Category (e.g. green buildings, renewable energy, clean transportation).

INVESTMENTS

WHAT DO THE CREDIT PORTFOLIO METRICS LOOK LIKE NOW?

We monitor progress towards the Group's Net Zero targets by considering the following metrics relating to the investment portfolio:

Climate change metrics	Measurement approach	Assessment type
Carbon footprint	Analyse financed emissions of the portfolio as of the baseline date tCO_2e per $m nominal invested.	Point in time
Science Based Targets	Identify percentage exposure to committed or validated SBTs via the SBTi, where data is available.	Forward-looking
Implied temperature rise	Analyse and monitor the portfolio's exposure to companies with an ITR of 1.5 degrees and 2 degrees, where data is available.	Forward-looking

Our starting point for monitoring the portfolio is to measure the financed emissions associated with the portfolio as of the baseline year 2019. A portfolio comparison between the baseline year, 2030 and 2050, is then used to understand the portfolio's potential emissions over time, based on the existing portfolio.

Next, considering this data alongside portfolio alignment metrics enables us to understand the potential forward-looking trajectory of issuers/assets in the portfolio. For example, reviewing investee companies' SBTs helps us identify issuers with Net Zero objectives aligned with the Group's commitments.

We recognise limitations and challenges in using this approach, as it relies heavily on assumptions driving emissions reductions across the portfolio and a vast amount of estimated data, which is subject to change.

For the portion of the portfolio's emissions that are calculated using estimated data, our third-party data provider has aimed to apply the principles of PCAF to the extent possible. This includes providing information on the data quality associated with the output. Estimated emissions may not accurately reflect actual emissions.

Some data was unavailable via our third party data provider, and in those instances we have applied issuer/sector averages using existing portfolio data to fill these gaps.

Where reported data is unavailable, our third-party data provider has provided an investment emissions intensity estimate, which is applied to the outstanding nominal value of investments to produce financed emissions figures for individual securities.

We acknowledge that, in combining the emissions data across different sub-asset classes, double counting is possible. Therefore, we have split the data by the scope of emissions.

INVESTMENTS

WHAT DOES THE CREDIT PORTFOLIO LOOK LIKE NOW?

DATA QUALITY

Alongside the data on emissions, our third-party data provider shared information on investment data quality. The data quality score is split over a scale of 1-5 and the illustration below provides more detail:

DISCLOSED DATA	DISCLOSED DATA	PRODUCTION MODEL	COMPANY SPECIFIC INTENSITY	INDUSTRY SPECIFIC INTENSITY
Data Quality 1	Data Quality 2	Data Quality 3	Data Quality 4	Data Quality 5
Verified and reported	Unverified and reported	Estimated emissions	Estimated emissions	Estimated emissions
Currently not provided		Captures fuel mix (power-generation focus)	Captures business/ geography of companies	No underlying disclosure available

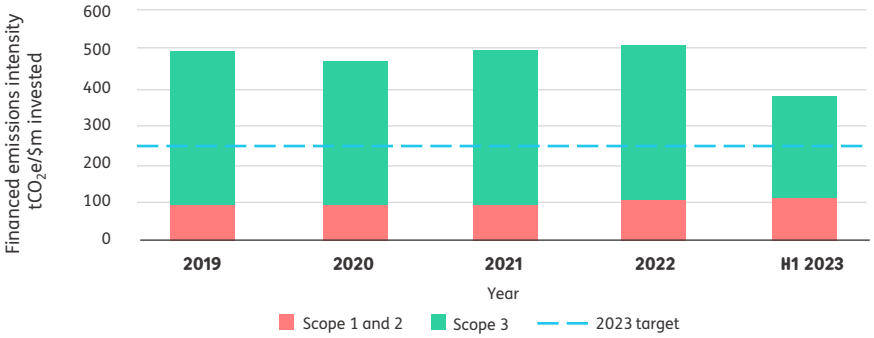
Below is a summary of the weighted average data quality scores split by scope for our Credit Portfolio. The data quality score for our LTM Portfolio is 3.6. Due to a lack of available data from our third-party provider, in some cases a data quality score wasn't available so a score of six was assigned instead, in relation to assets within the Credit Portfolio. This is indicative of the proportion of the portfolio where a further estimation was applied to the data to produce a total portfolio footprint.

Scope of emissions	Weighted average Data Quality score
Scope 1	3.5
Scope 2	4.2
Scope 3	4.3

INVESTMENTS

WHAT DOES THE CREDIT PORTFOLIO LOOK LIKE NOW?

EMISSIONS PROFILE OF THE CREDIT PORTFOLIO[10]



As a buy and maintain investor, the emissions associated with Just's portfolio should reduce over time due to several factors, including:

- Investee companies taking action to reduce their emissions contribution.
- Investments in high-emitting sectors maturing out of the portfolio.
- Reinvestment of funds and new premia in lower-emitting sectors.

[10] Data provided in this report uses a combination of actual and estimated information and therefore is subject to change

INVESTMENTS

WHAT DOES THE CREDIT PORTFOLIO LOOK LIKE NOW?

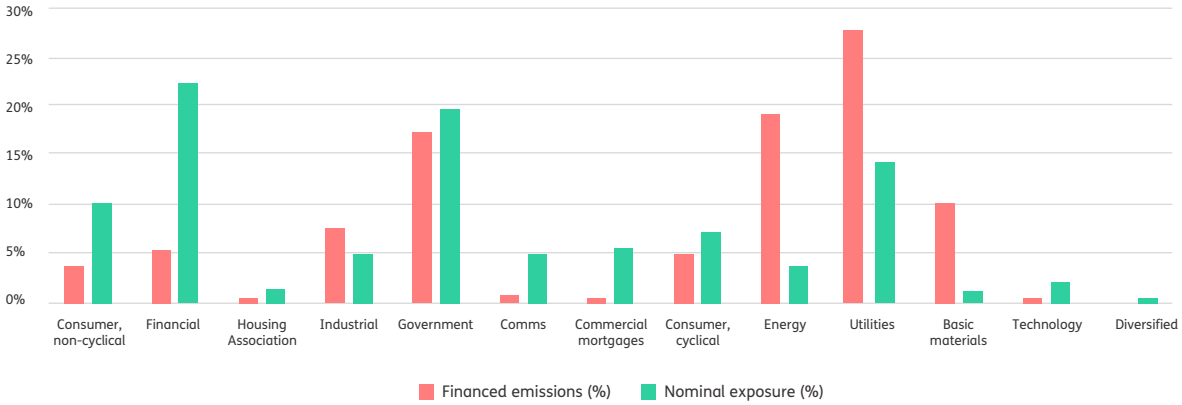
ANALYSIS OF EMISSIONS

Around 40-45% of the Credit Portfolio is based on estimated emissions data provided by our third-party data provider, depending on the scope of emissions. As expected, Scope 3 emissions are more dependent on estimated data. A combination of reported and estimated data has been used to calculate the portfolio's carbon footprint using nominal values, and includes our third-party data provider applying the PCAF principles.

For asset classes where no approach has yet been identified by PCAF, our third-party data provider has applied an appropriate approach that is similar to the PCAF framework. Where data wasn't provided, issuer data was overlaid for bonds that had already matured in the portfolio, and an unweighted sector average was applied to the remaining gaps to produce a full portfolio footprint.

The chart on the right illustrates the overall emissions across the Credit Portfolio split by sector, based on the nominal value of our exposure to each investment and on the percentage exposure of financed emissions.

SECTOR ANALYSIS OF EMISSIONS[11]



The analysis suggests that our primary exposure to emissions, across Scopes 1,2 and 3, is in the Utilities, Energy and Government sectors. Our exposure to emissions via the Energy sector has decreased relative to prior years, driven by our implementation of transition management actions. In contrast, our exposure to emissions via Governments has increased, driven by our increased nominal exposure.

We recognise limitations and challenges associated with the data in general. These figures could change as we improve the quality of estimated emissions and as more reported data becomes available.

[11] Chart illustrates the percentage exposure across sectors based on nominal value invested and based on emissions exposure. Data stated as of 30 June 2023, and subject to change following internal check/review process

INVESTMENTS

WHAT DOES THE CREDIT PORTFOLIO LOOK LIKE NOW?

NEXT STEPS

OUR EXISTING APPROACH IMPLICITLY ACCOUNTS FOR CLIMATE CHANGE VIA THE RIF AND OUR SCORING SYSTEM PRAYG, WHICH FEED INTO STRATEGIC ASSET ALLOCATION AND FUNDAMENTAL CREDIT RESEARCH.

Having incorporated financed emissions data into our existing investment processes, our next area of focus is to consider ways in which climate change-related scenario data and other metrics can be more explicitly integrated.

PORTFOLIO ALIGNMENT

Investments with forward-looking commitments or an Implied Temperature Rise ("ITR") aligned with our objectives help towards the attainment of decarbonisation over time.

This means considering investments focused on transitioning over time, rather than climate solutions alone. The portfolio's exposure to companies with SBTs is 16.3%, and a further 3.3% has committed to obtaining validated targets via the SBTi. We recognise the importance of closely monitoring the emissions trajectory of these issuers over time, to ensure they decarbonise in line with their commitments.

The weighted average ITR of the portfolio has decreased to 2.1 degrees, with 41.6% coverage of data across the portfolio, recognising the impacts of reducing our exposure to high-emitting assets. All portfolio alignment data is stated as of 30 June 2023.

INVESTMENTS

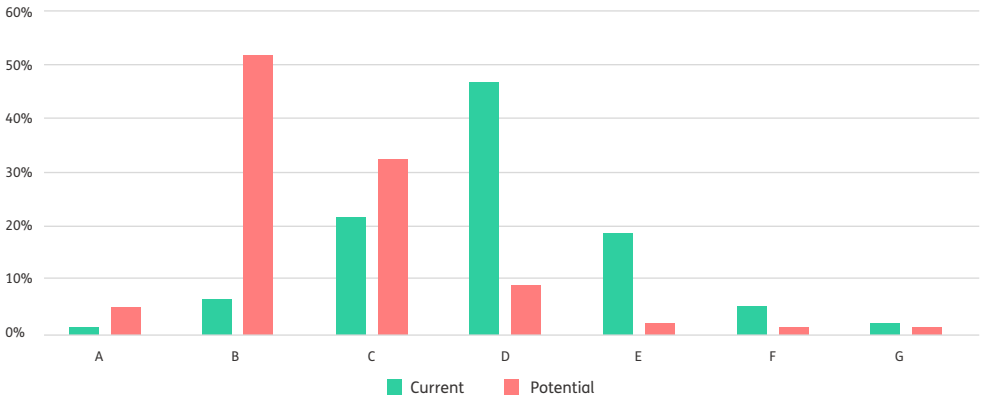
LTM PORTFOLIO

WHAT DO THE LTM PORTFOLIO METRICS LOOK LIKE NOW?

In 2023, Just updated its methodology for calculating emissions. Previous years' emissions use assumptions based on the rating methodology of the Energy Performance Certificate ("EPC"). In 2023, the assumption used the base EPC methodology and then adjusted this, deploying up-to-date carbon intensity factors. The initial EPC rating was implied by the property postcode or modelled (available for about 96% of the portfolio). The average tCO_2e for each property was 1.5.

Total emissions were adjusted for the proportion of the total property value represented by the outstanding loan balance and expressed per US$ million of the balance.

Our LTM Portfolio composition by EPC rating is shown below, based on actual ratings (excluding modelled ratings). It indicates that around three quarters of the portfolio is rated D or below.



	A	B	C	D	E	F	G
Current	0.3%	6.5%	22.2%	47.3%	18.3%	4.5%	0.9%
Potential	4.9%	52.7%	31.9%	8.5%	1.6%	0.3%	0.1%

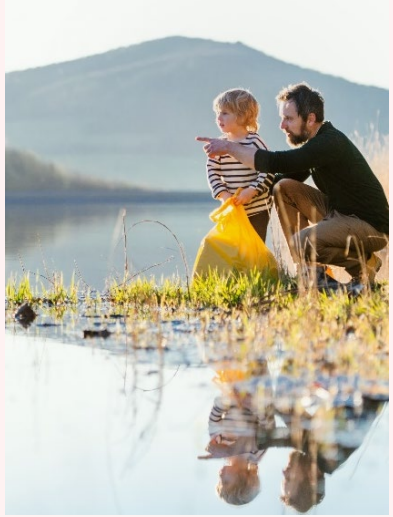
The potential rating shown in the chart above is based on all EPC-recommended changes being completed to improve the property energy efficiency.

INVESTMENTS

HOW CAN WE TRANSITION TO NET ZERO?

CREDIT PORTFOLIO

Transitioning the Credit Portfolio in line with our Net Zero objectives requires a focus on a series of key levers. These include tilting the portfolio towards climate leaders and away from climate laggards, divesting assets not aligned with our climate risk objectives, where feasible and appropriate, and engaging with issuers to influence their strategy and disclosures. The following areas of focus form part of our forward-looking priorities:



PORTFOLIO MANAGEMENT

Enhancing our existing approach to integration of climate-related data into investment strategy and decision making.

STRATEGIC ASSET ALLOCATION

Analyse the portfolio for key risk exposures based on scenario analysis and financed emissions data.

CREDIT RESEARCH

Incorporating an enhanced climate change scoring approach to feed into the existing internal scoring system, PRAYG.

GOVERNANCE AND CONTROLS

Enhancing existing tools and dashboards to continue monitoring and reporting on our progress with decarbonising the portfolio.

TRAINING AND DEVELOPMENT

Continuing to expand the team's knowledge of climate change and wider sustainability issues.

RESOURCING

Expand the number of employees fully dedicated to responsible investment to support implementation.

STEWARDSHIP

Remaining an active asset owner engaging with relevant stakeholders to support a market-wide transition.

INVESTMENTS

HOW CAN WE TRANSITION TO NET ZERO?

INNOVATION AND RESEARCH TO SUPPORT THE TRANSITION WILL ALSO LEAD TO NEW OPPORTUNITIES FOR JUST, SUCH AS:

1

Creating a positive impact:

seeking viable opportunities within public and private markets to finance the transition by investing in green and social investments.

2

Delivering a real-world transition:

with a growing book of assets, the opportunity to exert influence through active engagement to influence issuers to re-align their business models to achieve the transition to Net Zero.

3

Supporting market best practice:

working with external organisations and other investors to influence the tools, guidance and reporting frameworks associated with the transition.

INVESTMENTS

HOW CAN WE TRANSITION TO NET ZERO?

PORTFOLIO MANAGEMENT

Our investment process includes portfolio optimisation to capture market opportunities. In climate change terms, this means combining strategic asset allocation, credit research and stewardship considerations as key inputs to the investment decision-making process.

The emissions profile of our portfolio can be managed by trading in or out of liquid bonds while considering their emissions profile alongside ITR and SBTs. We are seeking opportunities to reallocate capital from existing investments into new investments with credible Net Zero targets and a robust strategy, as well as considering potential divestments where necessary.

Another important factor is how we allocate new capital to meet Net Zero commitments, including the following:

Investing £750m by 2025 (base: 2022) in green and social assets aligned with our Sustainability Bond Framework

Invest in green and sustainable bonds to achieve a positive impact via public markets, in line with our external commitments

Enhancing our climate change-related assessment to enable investments to be tilted towards climate leaders

STRATEGIC ASSET ALLOCATION

Beyond financed emissions, the following areas will be enhanced to further incorporate climate-related considerations into strategic asset allocation to build a more climate resilient portfolio:

Use of SBTs and ITR along with other relevant metrics, to incorporate explicit climate change objectives alongside our financial objectives (subject to data availability).

Enhancing climate-related sectoral and regional scenario analysis of the portfolio to identify where climate-related risks are most material.

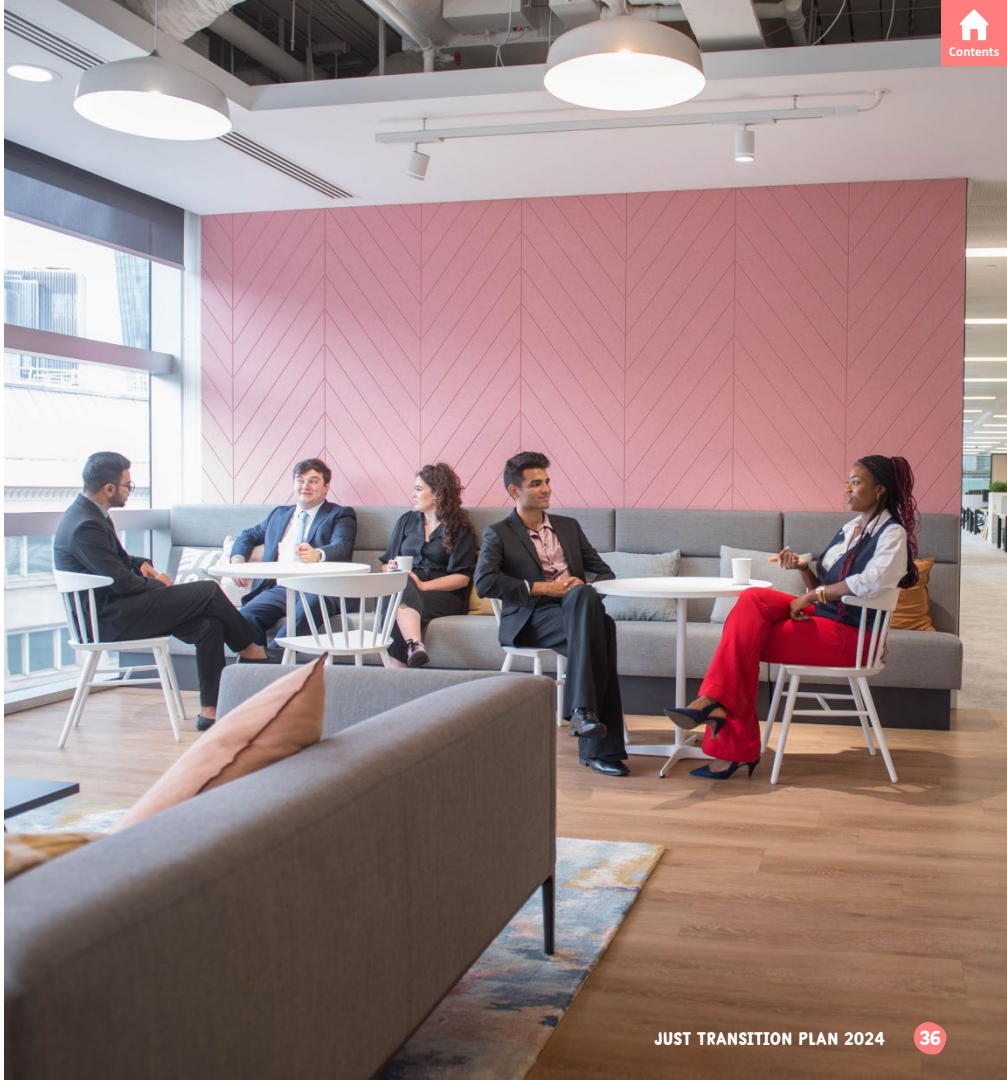
INVESTMENTS

HOW CAN WE TRANSITION TO NET ZERO?

CREDIT RESEARCH

One of the credit research process inputs is PRAYG, our internal scoring system for responsible investment, where veto rights exist, allowing us to accept or decline investments individually. However, we are working towards developing a more detailed scoring approach by 2025 to enhance the climate risk analysis within our credit research process.

This climate change scoring system will form part of a broader assessment for both existing and new investment opportunities, which can feed into a sustainability watchlist to closely monitor climate change-related and other relevant ESG-related risks and issues. For funds without veto right, we review the manager's overall approach using our Responsible Investment Manager Assessment framework.



INVESTMENTS

HOW CAN WE TRANSITION TO NET ZERO?

STEWARDSHIP

STEWARDSHIP CONTINUES TO BE AN AREA OF FOCUS AND OUR AIM IS TO FURTHER EMBED OUR STEWARDSHIP STRATEGY ACROSS THE INVESTMENT PORTFOLIO.

In line with our external commitments, we are working towards engaging with the highest emitters in our portfolio to influence their broader strategy and disclosure in relation to climate change.

We recognise that engagement without follow-up action has limited benefits.

We therefore want to formalise our escalation processes, such as developing collaborative engagement opportunities for counterparties not responsive to direct engagement, or by considering divestment as a result of inaction, where appropriate.

INVESTMENTS

HOW CAN WE TRANSITION TO NET ZERO?

LTM PORTFOLIO

During 2024, we will continue to explore propositions that will support our LTM customers in facilitating energy efficiency improvements to their properties.

We have undertaken an analysis of our projected carbon emissions on our LTM Portfolio in 2023. This analysis shows that we should see a 17% reduction in our baseline emissions if emission intensities continue to fall at their current rate.

In addition, we expect a further 24% reduction from planned and anticipated implementation of government policies such as decarbonisation of the electricity grid by 2030. This leaves a remaining gap of 9% to achieve a 50% reduction in emissions on the LTM Portfolio by 2030.

The 9% is slightly overstated because it assumes that our baseline of 2019 isn't higher than our 2023 emissions, and we believe that this is a slightly prudent assumption (understates our baseline 2019 emission intensity).

During 2024, we are developing our LTM Portfolio emission reduction strategy to agree the key steps in further reducing the emissions across this portfolio.

WHAT ARE THE RISKS AND OPPORTUNITIES?

There are a number of overarching risks and opportunities associated with the investment portfolio, both in relation to the transition and more broadly.

Below is a non-exhaustive list of risks that we have identified for transition planning:

MISALIGNMENT OF INVESTMENTS

There is a risk that we allocate investments towards companies which aren't aligned with our climate change objectives or don't have credible strategies in place to achieve Net Zero because of potential poor quality data or a lack of available information.

MARKET RISK

Whilst climate change has been identified across the market as a systemic risk, there is still a risk that investor sentiment and/or companies failing to manage physical/transition risks of climate change could lead to valuation implications as well as increased probability of default. This could affect the credit risk profile of our investments.

FINANCIAL RISK

As we decarbonise our portfolio and seek to identify more investments in climate solutions or green investment opportunities, there is a risk of achieved spreads compressing due to increased investor demand for these assets. This could mean these investments become more expensive to invest in going forward.

WHAT ARE THE RISKS AND OPPORTUNITIES?

BROADER RISKS TO OUR TRANSITION INCLUDE:

REPUTATIONAL RISK

The risk of not meeting our targets is one we are mitigating through careful planning and alignment with initiatives such as SBTi and NZAOA, to ensure a scientific basis is applied in formalising our targets. In addition, greenwashing and litigation are key risks for the broader industry.

We are mitigating those risks by ensuring all business areas take sustainability into consideration when asking for approvals and having several internal and external reviews of our published materials. The Board has also received training on key climate risks, so awareness is broadened at senior levels.

DATA

We recognise the improvements in data in the last year; however, we are still aware of challenges and imperfections that could affect our carbon accounting, and the decisions we make in our decarbonisation strategy.

We are mitigating this risk by building internal processes and controls to capture anomalies, increasing resources to support the increased controls and championing the improvement of data through industry bodies and partners such as Carbon Disclosure Project. For example, while collating and calculating emissions for the Credit Portfolio, the technical and actuarial teams reviewed the controls around these calculations, and various erroneous data points were rectified throughout this process.

POLICY RISK

With governments continuing to focus on setting policies/regulations about climate change, there is a risk that companies/assets not aligned with these requirements could become stranded.

There will likely be further government policy changes around climate and sustainability more generally in the near and long-term future, which could be an opportunity for Just. These will be carefully monitored.

REGULATORY

We are aware of the increased risk of regulatory interest in this topic and are mitigating this by carefully monitoring the landscape, having regular engagement with industry bodies, and aligning to initiatives that support progression and development in this area.

WHAT ARE OUR CHALLENGES AND LIMITATIONS?

Data provides one of the biggest challenges across the areas for which we rely on external parties, i.e., Scope 3 (supply chain and investments).

There are varying issues with the data, which require further analysis, assumptions and internal controls to be enhanced, to ensure appropriate measures are in place for the most accurate data.

MUCH OF THE DATA IS ESTIMATED, AND THERE ARE A VARIETY OF METHODS WHICH EXIST FOR THESE ESTIMATIONS ACROSS THE DATA PROVIDERS.

This could change our calculations as these methods and data improve over time. It's an industry/market-wide issue, and we will continue to work with industry bodies and support initiatives which champion improvements in data reporting.

Accordingly, all data referenced within is provided on a good-faith basis, though the integrity of the data may result in some inaccuracies when reviewed on a retrospective basis, as a result of the inaccurate data supplied by the third parties engaged by Just.

Managing our business travel emissions is also a challenge given we are growing as a business. Whilst we have already made good progress on reducing our business travel emissions, our targeting of an absolute reduction, whilst continuing to grow as a business, could limit our ability to reach this.

With a broad supply chain of over 750 suppliers, creating engagement and sustaining that engagement with each supplier presents a challenge. Our sustainability strategy requires our engagement with our suppliers to encourage and support them on their sustainability journeys, however each supplier can be at a different stage of readiness, or willingness, to progress their transition.

Finally, we have to be considerate that as we transition to Net Zero, especially in our investments portfolio, we don't create unintended consequences for ourselves or the just transition.

TRANSITION PLAN GOVERNANCE

IN ALL ASPECTS, GOVERNANCE IS IMPORTANT TO JUST AS A BUSINESS, AND OUR TRANSITION IS NO EXCEPTION.

We are keen to ensure that our actions have the desired effect on our emissions reduction and do no harm. Therefore, embedding sustainability across the Group is key to good governance, and supports our strategy, whilst providing assurance.

Just's Chief Risk Officer is the executive sponsor for sustainability, and the business has a cross-functional team of sustainability professionals in place.

The team make up the core elements of a working group, which continues to progress our key strategic objectives. The working group includes representation from the following areas: the Investment team, the Group Property and Credit Risk team, the Underwriting team predominantly covering our LTM Portfolio, the Capital Management team, the Prudential Compliance team, the Financial Risk team and the Financial Reporting team.

Progress in the working group is reported to a committee that is chaired by the Chief Risk Officer and comprises a number of relevant executives. This year the committee will evolve from a steering committee overseeing a project-based approach to sustainability, to a standing governance committee overseeing sustainability as business-as-usual.

TRANSITION PLAN GOVERNANCE

This Committee raises sustainability issues to the Group Executive Committee (GEC), with the Group Risk and Compliance Committee (GRCC) overseeing matters in relation to climate risk, the Investment Committee (IC) providing oversight in relation to investments and the Group Board maintaining overall oversight of the sustainability strategy and disclosures.

Wider sustainability initiatives and decisions are considered strategic and, therefore, receive governance from the GEC or the appropriate committee.

The Group Board includes a Non-Executive Director who is a sponsor for sustainability. The Board is responsible for ensuring sustainability, including climate-related risks and opportunities, environmental and social considerations and the implementation of appropriate levels of governance.

Using the embedded 'three lines of defence' model within Just, the operational (Line 1) teams receive oversight from a Line 2 Risk and Compliance function, which provides guidance, opinions and scrutiny as required over Line 1 activities. Audit (Line 3) offers an independent challenge to the levels of assurance provided by both business operations and the oversight functions.

TRANSITION PLAN GOVERNANCE

INCENTIVES AND REMUNERATION

In order to ensure that management incentives support the sustainability strategy and transition plan, the long-term incentive plan for executives and senior management includes a target of non-LTM investment portfolio emission reductions of 42% by 2026 (against our baseline year of 2019). In addition, a target of £825m in green and social impact investment opportunities, for the period 2023 to 2025.

Examples of green investment include renewable energy sources, e.g. solar and wind. Please refer to the strategic objectives and priorities table for progress against this target.

SKILLS, COMPETENCIES AND TRAINING

As a business, Just has a training and development policy supported by a specialist team. We believe that supporting the development of colleagues is fundamental to achieving our growth strategy. This ranges from professional development, to 'Lunch and Learns' on our products, customers and markets.

We're also piloting a new programme on habits and behaviours that strengthen and sustain our culture, and underpin an excellent customer experience. We regularly review resource allocation and development through the Sustainability Steering Committee and will continue to do so as part of our ongoing transition planning and implementation governance.

Our core sustainability and responsible investment specialists have already received or are studying towards qualifications/certifications relevant to their roles.

These specialists act as focal points within individual business areas, supporting their teams and providing ongoing training on climate change and transitioning. External partners are frequently invited to provide support and information on wider market considerations for transitioning.

TRANSITION PLAN GOVERNANCE

INVESTMENT TRAINING AND DEVELOPMENT

Incorporation of the RIF sits across the entire investment team, which means all team members need to be aware of existing and new developments for climate change and wider sustainability issues. Our team of RI specialists, established in 2022, doubled in size to four as of 31 December 2023. The RI specialists focus on enhancing the existing strategy and frameworks for the implementation of our RI and climate change objectives. The Investment team more generally has grown from 23 as of 31 December 2022 to 29 as of 31 December 2023. Our RI specialists work closely with this wider investment team to ensure efficient implementation of our climate change and sustainability objectives.

THE CHIEF INVESTMENT OFFICER, SUPPORTED BY THE INVESTMENT LEADERSHIP TEAM ("ILT")

has developed an ongoing training programme focused on developing the knowledge of new and existing employees on various topics, including climate change and wider RI issues. For the ILT, we have taken steps towards improving knowledge on climate change by inviting a specialist third-party data provider and consultancy to provide deeper insight into scenario analysis and the implications on an investment portfolio.

We will continue broadening the knowledge of the wider investment team through formal and informal training on RI and climate change issues.

CARBON CREDITS

JUST PARTNERED WITH ECOTREE[12] IN 2021 TO PLANT A TREE FOR EACH NEW CUSTOMER OF OURS FOR THE NEXT FIVE YEARS.

We have completed the planting of 150,000 trees to date and are beginning the next phase of the plan: to plant another 100,000 trees within the UK.

The aim is for this to create a large amount of carbon sequestration, to improve the planet for future generations, but also to produce carbon credits with which we can use to offset any of our remaining emissions, as per the Net Zero standard.

We selected EcoTree as our partner because they manage the forests planted from the acquisition of the land, to the end of the trees' lives, which gives great comfort that our trees will have the desired effect on the planet.

In addition, EcoTree is a certified B Corporation, which means they have undergone a stringent assessment process focusing on the ESG factors surrounding their business. They are also regulated by the French financial authorities (Autorité des Marchés Financiers) and independent forestry experts (Forest Stewardship Council, Programme for the Endorsement of Forest Certification, Experts Forestiers de France), and the carbon methodology is verified by Bureau Veritas[13].

We are working closely with EcoTree to ensure the projects we have invested in support our promise to customers now, and in the future.

We will continue to investigate the potential for further carbon sequestration and/or biodiversity opportunities that we could support, as we continue on our journey to Net Zero.

[12] https://ecotree.green/en
[13] https://group.bureauveritas.com/

CLOSING REMARKS

WE ARE SUPPORTING THE EFFORTS OF THE TPT TO BRING ABOUT MORE CONSISTENT AND STANDARDISED REPORTING, BY ENGAGING WITH THE FRAMEWORK AS WE DEVELOP OUR PLAN.

Going forward, we have prioritised the following areas in our broader sustainability strategy:

- **Scenario analysis:** an enhanced approach to this by combining the outputs of our recently enhanced tools for financed emissions and scenario analysis to improve overall risk management. We will continue to assess the implications across wider business areas through qualitative workshops.
- **Transition management actions:** analyse the impacts of relevant actions associated with transitioning.
- **Training and development:** continuing to invest in our staff's skills, competencies and training opportunities.
- **External initiatives:** maintain our alignment with recognised standards and frameworks, as per our existing commitments, in particular the Net Zero Asset Owner Alliance and the Science Based Targets initiative.
- **Stewardship:** enhancing our Group-wide approach to stewardship activities and applying to become a signatory to the UK Stewardship Code. This includes engaging via our external memberships, such as the ABI and PBAF as well as others.

WE ARE COMMITTED TO DELIVERING ON OUR OBJECTIVES AND LOOK FORWARD TO PROVIDING FURTHER INFORMATION ON OUR JOURNEY TOWARDS NET ZERO.

CAUTIONARY STATEMENTS

The targets, projections and forecasts referenced herein contain forward-looking metrics, which should be assessed with a degree of cautiousness. Climate and sustainability-related metrics include estimates, assumptions and judgements, often from multiple third-party sources, that limit the extent to which these can be relied upon.

Climate and sustainability-related risks are difficult to assess due to their unpredictable, and in some instances, unprecedented nature. As these projections involve assumptions about long-term scenarios, these are inherently uncertain and may change materially over time.

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