Net Zero Transition Plan 2026

Standard Life plc
Formerly Phoenix Group Holdings plc

Standard Life
For the life we live

Contents

Welcome to our Net Zero Transition Plan

We are proud to present our Net Zero Transition Plan, which sets out our ambition to be a net zero business by 2050.

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Our assurance
Standard Life has appointed KPMG to provide limited independent assurance over selected disclosures within this report marked with ^. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements ('ISAE') (UK) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. A limited assurance opinion was issued with respect to the Annual Report and Sustainability Report and is available in the 'Independent Practitioner's Limited Assurance Report' section on pages 2 to 4, which is available **here**.

Our reporting suite

You can find out more about our activities, financial performance, sustainability strategy, policies and detailed governance information by visiting our website:

www.standardlifeplc.com

Look out for these icons throughout the report:

- For further reading in the **NZTP**
- For more information read our **supplementary reports**
- Reference to further reading **online**

Click to read our other reports:

- **Sustainability Report**
- **Annual Report and Accounts**
- **Stewardship Report**

Introduction

Standard Life at a glance

For more than two centuries, we've been standing beside our customers, helping them plan and prepare for their financial future. Our vision is to be the UK's leading retirement savings and income business. We are helping our customers achieve better outcomes and greater financial security in later life by providing the right products and solutions at the right time.

Our business

£317bn
total assets under administration

c.£550m
annual dividend paid to shareholders

c.5,500
colleagues

FTSE 100
and FTSE All World

c.12m
customers

Our brands

Standard Life

For more than 200 years, Standard Life has been trusted to look after people's life savings and retirement needs.

SunLife

SunLife's straightforward and affordable financial products and services are designed to meet the needs of the over 50s.

PHOENIX LIFE

Phoenix Life focuses on providing a secure home for policies, brought together from a number of life companies over the years.

ReAssure

ReAssure looks after customers across a broad range of retirement, investment and protection products.

ESG ratings and award recognition

Ratings

CDP
leadership position on climate

AAA
rated as a leader by MSCI

10.5
rated as low risk by Sustainalytics

Awards

Best app
Our MasterTrust pension app has officially been crowned Best Overall Experience in the 2025 BehindLogin Benchmark Report.

S&P Yearbook
We ranked in the 89th percentile for the insurance industry in the S&P Global Corporate Sustainability Assessment.

Modern Slavery Benchmark
We moved up to Tier 2 in the CCLA Modern Slavery Benchmark, demonstrating evolving good practice.

Introduction continued

Delivering long-term value

I am delighted to introduce our second Net Zero Transition Plan, which marks another important step on our journey to becoming a net zero business by 2050.

Andy Briggs MBE
Group Chief Executive Officer

Read more in our **Annual Report and Accounts**

I look back on what we have achieved since our first Net Zero Transition Plan with huge pride, and look forward to the next phase of our journey with real excitement.

Progress

Over the three years since we published our first Net Zero Transition Plan, we have made excellent progress, including reducing the emissions intensity of our listed equity and credit portfolio by 58%[1] and our absolute Scope 1 and 2 operational emissions by 81%[2].

We have implemented bold action at scale across our business, including rolling out decarbonising benchmarks and strategies across £74 billion of assets under administration and by leading the pension industry by investing in Sustainability Improvers™ labelled funds under the Financial Conduct Authority ('FCA') Sustainability Disclosure Requirements ('SDR') regime for more than 2 million members.

And we have done all this and more in a way that is managing risks and opportunities to deliver better outcomes for our customers and makes good business sense.

Our latest Net Zero Transition Plan comes at a crucial moment in the global transition. The physical effects of climate change are becoming ever more apparent, with average global temperatures continuing to rise and extreme weather events becoming more common, severe and costly. And yet, in parallel, we have seen a fracturing of the political consensus on net zero in the UK and mounting geopolitical headwinds globally.

Supporting better outcomes

We believe that the fundamental drivers to act on climate change remain as strong as ever, and that the actions we are taking are in the best interests of our customers, our business and our society. Our customers are central to our plan, and our actions are designed to support better customer outcomes by mitigating their exposure to climate-related risk and helping them benefit from opportunities arising from the transition.

This plan focuses primarily on the actions we are taking over the next five years. Our overarching ambition over this period is to maintain the actions we have already implemented and incorporate additional themes, such as nature and the just transition. We believe this will position us well to achieve our 2030 interim targets under most scenarios, although we are ultimately dependent on action from others and factors outside our direct control. This is even more the case for our long-term goal to be net zero by 2050.

Supportive government policy to help facilitate real economy change is critical, alongside developments in climate solutions technology and ongoing societal support.

Convening and partnership

Playing an active part in addressing these dependencies and driving wider system change is a key priority for us. We want to use our scale and voice to help overcome policy, regulatory and market barriers to enable and accelerate the transition in a way that supports better customer outcomes, creates commercial opportunities and benefits society as a whole. We believe this is one of the most impactful things we can do as a large asset owner.

The next phase of our journey is crucial. Since our first Net Zero Transition Plan, we have built incredible momentum by taking bold action at scale where our analysis tells us it's in our customers' interests. If we can keep doing this, we have a fantastic opportunity to keep playing a meaningful role in the wider transition, while helping our customers on their journey to and through retirement, and shaping the world they retire into.

Andy Briggs
Group Chief Executive Officer

Introduction continued

Our Net Zero Transition Plan at a glance

Our Plan is an important step on our journey to net zero

Commitment
The fundamental drivers to act on climate change remain as strong as ever and we remain committed to achieving net zero by 2050 and shaping a world worth retiring into.

Value
We believe transitioning to net zero will support better outcomes for our customers, business and society. The actions we take are designed to help our customers achieve greater financial security in later life.

Progress
We have achieved our 2025 investment portfolio decarbonisation target and carbon neutral operations and are taking bold action at scale across the business.

Outlook
We believe we are likely to achieve our 2030 targets under most scenarios, although we will become increasingly dependent on action from others and the global transition to net zero by 2050 is currently off track. We are using our scale, expertise and influence to drive meaningful system change to address these dependencies.

Integration
We have started to integrate nature, just transition and adaptation and resilience considerations into our Net Zero Transition Plan, in recognition of their fundamental importance and interconnectedness.

Our Climate and Nature Action Model sets out our approach

Our purpose
Helping people secure a life of possibilities.

Invest
Decarbonise our portfolio; carry out effective stewardship of our assets; invest in climate solutions; and manage our impact and dependency on nature.

Engage
Work with industry and government to drive wider system change and engage with customers and colleagues on climate and nature action.

Lead
Reduce our direct emissions and impact and dependency on nature; and reduce our wider climate and nature impacts by working collaboratively with suppliers.

We have made significant progress to date and remain committed to being a net zero business by 2050

2025 (achieved)

58%
reduction in emissions intensity of listed equity and credit portfolio[1]

81%
reduction and carbon neutral in our operational Scope 1 and 2 absolute emissions[2,3]

2030

90%
reduction in our operational Scope 1 and 2 absolute emissions[2]

≥50%
reduction in emissions intensity of our investment portfolio[4] and supplier base[5]

2050

Net zero
business across our investments, operations and supply chain

Executive summary

Why we act

We believe transitioning to net zero will deliver better outcomes for our customers, business and society.

The actions we take are designed to help our customers achieve better outcomes and greater financial security in later life. We have a societal responsibility and have taken steps to develop a transition plan which considers impacts on nature and people.

$260bn
in global losses in 2025 caused by natural disasters[6]

In 2025, temperatures were
1.44°C
above pre-industrial levels[7]

Championing change

At Standard Life, we believe that everyone's journey to and through retirement can be better and we are a champion for this change. This is a role that is central to our purpose of helping people secure a life of possibilities. We support 12 million customers, which requires long-term thinking and an understanding of the systemic issues that can affect their financial futures.

Among these, climate change stands out as one of the most urgent and complex systemic issues of our time with both physical and transition risks. The transition to a low-carbon economy presents both risk and opportunity for our customers' financial futures, and we recognise our responsibility to act. That's why we have a target to be net zero by 2050 across our investments, operations and supply chain.

The urgency to act on climate change remains as strong as ever, with global temperatures continuing to rise and extreme weather events driving escalating economic and insurance losses. Natural disasters caused $260 billion in global losses in 2025, marking the fifth consecutive year of insured losses above $100 billion[6]. 2023 and 2024 both broke records for global temperatures, with temperatures in 2025 1.44°C above pre-industrial levels[7]. While public support for climate action remains robust, the political consensus has been fractured and globally government commitments remain off track. The rapid scale-up of clean energy infrastructure needed to keep the transition on track will require unprecedented investment, policy support and collaboration across sectors and borders. There is also a strong economic imperative to act, with a holistic transition to net zero by 2050 representing the cheapest option for the UK's energy system[8].

We believe the action we are taking to achieve net zero across our investments, operations and supply chain is firmly in the best interests of our customers, our business and wider society.

Our drivers for action

Delivering better outcomes for our customers

Our strategy helps us deliver better outcomes for our 12m customers by mitigating their exposure to financially material climate-related risk and helping them realise the opportunities from investing in companies and sectors that stand to gain from the transition to net zero.

c.2m
customers are invested in solutions utilising funds carrying the Sustainability Improvers™ label, including through our Sustainable Multi-Asset ('SMA') workplace default

Supporting our commercial objectives

Our strategy helps drive commercial value for our shareholders by helping us to win new business in markets where sustainability credentials are now expected. We are channelling investment towards net zero-aligned companies and projects which will drive shareholder returns.

£2.5bn
invested in climate solution assets since 2022

Fulfilling our societal responsibilities

As a purpose-driven organisation, we recognise our responsibility to contribute to the wider societal effort to tackle climate change. Our strategy reflects this by helping to build a world worth retiring into.

Delivered
an ongoing programme of thought leadership to drive real-world change

Executive summary continued

Our ambition

We have achieved our 2025 investment portfolio decarbonisation target and carbon neutral operations[9], and are taking action at scale across the business towards our 2030 targets.

What we want to achieve in 2050

Net zero

business across our investments, operations and supply chain

Where we are

58%

reduction in the carbon intensity of our listed equity and credit assets achieved[1]

81%

reduction and carbon neutral in our operational Scope 1 and 2 absolute emissions achieved[2,3]

What we want to achieve in 2030

≥50%

reduction in the carbon intensity of our investment portfolio[4] and supplier base[5]

90%

reduction in our operational Scope 1 and 2 absolute emissions[2]

Key principles underpinning our plan

Put the customer at the heart
We put the customer at the heart of what we do to deliver better customer outcomes.

Align with industry best practice
We developed our plan in line with guidance from the **Transition Plan Taskforce**.

Focus on achieving real economy decarbonisation
Our transition to net zero by 2050 ultimately needs to contribute to real-world change.

We are on a journey
Our Transition Plan sets out a pathway towards net zero by 2050 that will be refined over time as the need to act, external conditions and best practice approaches evolve.

Executive summary continued

Our Climate and Nature Action Model

Our Climate and Nature Action Model sets out our framework for developing and delivering our Net Zero Transition Plan. It is structured around our three strategic pillars of Invest, Engage and Lead.

Our strategic pillars are anchored by the strength of our governance and risk management frameworks, scenario analysis and the ongoing investment in our people capabilities, climate data and technology platforms.

Our purpose
Helping people secure a life of possibilities.

Our climate and nature ambition
We aim to tackle climate change and nature loss in support of delivering better outcomes for our customers.

Governance
See **page 59**

Risk management
See **page 61**

Scenario analysis, people capability, data and technology
See **page 61**

Invest

Investing for the future.
Decarbonise our portfolio; carry out effective stewardship of our assets; invest in climate solutions; and manage our impact and dependency on nature.

See **pages 18–36**

Engage

Engaging to multiply our impact.
Work with industry and government to drive wider system change and engage with customers and colleagues on climate and nature action.

See **pages 37–47**

Lead

Leading by example.
Reduce our direct emissions and impact and dependency on nature; and reduce our wider climate and nature impacts by working collaboratively with suppliers.

See **pages 48–57**

Metrics and targets
Set clear targets for cutting emissions and publish transparent data on our performance against them.

Executive summary continued

Progress to date

We have achieved our 2025 investment portfolio decarbonisation target and carbon neutral operations[9], and are taking action at scale across the business.

Since publishing our first Net Zero Transition Plan, we have taken bold action at scale and we are proud to have achieved our 2025 emissions reduction targets for our investment portfolio and own operations. Our approach has been structured around our three strategic pillars of Invest, Engage and Lead, supporting our commitment to deliver long-term value to our customers, shareholders and society.

Invest

Commitments we made

- **Reduce emissions intensity** of listed equity and credit portfolio by 25% by 2025[10].
- **Adopt climate indices** across listed equity and credit portfolios.
- **Deliver a direct engagement stewardship programme** and take voting in-house for selected strategies.
- **Scale up investment** in climate solutions and integrate net zero considerations into illiquid assets deal flow.

Key achievements

- **58%** reduction in emissions intensity of listed equity and credit portfolio[1].
- **£74bn** AUA aligned with climate aligned indices or strategies.
- **65%** progress against stewardship engagement objectives including climate change and successfully directed votes on >60 companies in mandates with an SDR label.
- **£2.5bn** invested in climate solutions since 2022 and net zero considerations embedded in illiquid asset due diligence.

Engage

Commitments we made

- **Continue** active engagement with industry groups and key decision-makers.
- **Launch thought leadership programme** focused on overcoming key barriers where we can make a real difference.
- Undertake **ongoing customer research.**
- Evolve and promote existing content to reflect our investment strategy journey across our consumer brands, **engaging 1.5m customers.**

Key achievements

- Thought leadership **programme delivered to drive system change.**
- **Fifth annual Responsible Investing Viewpoint** survey conducted, helping us understand our customers' views towards responsible investing and inform our propositions.
- **Fund range development** with introduction of self-select funds, including Sharia-compliant options.
- **c.2m customers** now invested in solutions utilising funds carrying the Sustainability Improvers™ label.

Lead

Commitments we made

- **60%** reduction in absolute Scope 1, 2 and Scope 3 category 6 (business travel) by 2025.
- **Net zero** across Scope 1, 2 and Scope 3 category 6 (business travel) by 2025.
- **90%** of key suppliers committed to Science Based Targets initiative (SBTi) or Race to Zero targets.

Key achievements

- **81%** reduction in our Scope 1 and 2 operational emissions, well ahead of a net zero pathway[2].
- **Carbon neutral** within our own operations[3].
- **100%** renewable energy procured across our UK and EU sites.
- **33%** reduction in absolute emissions from our supplier base against 2022 baseline[5].
- **All** of our top 10 highest emitting suppliers have set science-based decarbonisation targets.

Executive summary continued

Priorities to 2030

Our next phase of delivery focuses on maintaining actions and expanding their scope.

Our commitment to climate action is driven by customer outcomes, commercial value for our shareholders and societal responsibility. In the next phase of delivery to 2030, we will aim to expand decarbonisation strategies into new asset classes, scale investment in sustainable, transition or (UK-focused) productive assets and embed nature, just transition and adaptation and resilience principles across our business. We will actively manage the dependencies that could affect our ability to achieve our targets.

Key targets for next phase

≥50%

reduction in the carbon emissions intensity of our investment portfolio for assets under our control[4]

50%

reduction in the carbon intensity of our supplier base[5]

90%

reduction in our operational Scope 1 and 2 absolute emissions[2]

Priority actions

Invest:

Complete decarbonising strategy roll-out across £153bn AUA listed assets portfolio
Reducing climate-related financial risk and capturing growth opportunities in sectors aligned with the transition. £74bn roll-out completed.

Develop propositions
Meeting customer demand for responsible investment to be embedded within our core default proposition and expanding options for private market investment, helping deliver competitive returns.

Launch our next stewardship engagement programme
Protecting long-term portfolio value by continuing to engage investee companies to deliver transition activities and address nature degradation. We are also expanding to social issues.

Scale investment
Accelerating capital flow into climate solutions and supporting systemic change in the UK and internationally to maximise opportunities that the transition presents.

Engage:

Thought leadership and engagement
Engaging government and industry to address barriers to the transition.

Lead:

Decarbonise operations and supplier base
Reducing our operational emissions where feasible and cutting indirect emissions, strengthening resilience across our value chain.

Supporting an integrated transition

While climate change remains the primary focus of our Net Zero Transition Plan, our roadmap reflects a broadening of scope to incorporate related themes including nature, the just transition and adaptation and resilience. Given the interconnectedness of these themes, we believe that a comprehensive, integrated approach is essential to delivering a successful transition.

Nature

Our work to identify, assess and address nature-related impacts, dependencies, risks and opportunities is becoming increasingly integrated with our work on climate change. This is reflected in our Net Zero Transition Plan, which includes plans to take action on our priority topics of deforestation, freshwater scarcity and pollution, such as building them into our stewardship activities.

Just transition

We have begun developing our approach to embedding just transition principles within our broader net zero transition approach. This includes undertaking a risk assessment across our portfolio to understand the impacts of the transition on people, and potential risks to our business if the transition is not managed effectively.

Adaptation and resilience

Adapting to the impacts of climate change is an increasingly prominent factor within our scenario analysis. We consider investments that support adaptation to enhance resilience.

Executive summary continued

Addressing dependencies

Our ability to achieve our longer-term targets is increasingly dependent on action from others and we are working with key stakeholders to influence change.

Having achieved our 2025 targets, we are making strong progress towards our 2030 targets to reduce the emissions intensity of our investment portfolio and supplier base by 50%[4,5].

However, our ability to achieve our targets is ultimately dependent on the actions of others and factors outside our direct control. Key factors include supportive government policy facilitating real economy transition alongside developments in climate solutions technology and ongoing societal support. This is especially the case with our long-term goal to be net zero across our investments, operations and supply chain by 2050.

We recognise that we have a responsibility to use our scale and voice to address the dependencies we face. We do this by working closely with stakeholders across our value chain and in our wider ecosystem. We have an active thought leadership programme and engage with policymakers, regulators, investee companies and suppliers to influence their actions to enable the transition. If efforts to address the dependencies we face do not result in sufficient action, we may need to review our strategy and targets to ensure they remain appropriate and, crucially, aligned with our fiduciary duty to manage risks and opportunities to deliver better outcomes for our customers.

	Key dependencies	How we are addressing them
Investments	• Our investees need to take sufficient action to decarbonise, especially in high emitting sectors. • Ambitious real economy decarbonisation needs to happen in the markets where we invest. • Our ability to invest in climate solutions and transition assets is dependent on there being an investible project pipeline.	• Investee engagement through our stewardship programme to support positive change. • Policymaker and stakeholder engagement in support of the net zero transition and to overcome barriers to investment.
Supply chain	• Our suppliers need to take sufficient action to decarbonise, especially our large strategic suppliers.	• Sustainability considerations reflected in supplier selection and Code of Conduct. • Engagement with highest emitting suppliers to support positive change.
Operations	• Renewable energy needs to be available to power our premises. • High-quality carbon credits need to be available to offset our residual emissions.	• Energy procurement strategy for renewable energy. • Offsetting strategy and engagement with project developers.
Cross-cutting	• Supportive policy and regulation are needed to enable the overall transition. This requires ongoing public support for a just transition. • There needs to be ongoing customer demand for our sustainable products. • We need reliable emissions data to monitor and report progress.	• Thought leadership, advocacy and engagement to drive wider system change. • Customer engagement to build insight and inform proposition development. • Investing in data platforms and setting expectations for investee companies on disclosing emissions data.

Executive summary continued

Our journey to net zero

We are proud of our progress to date but recognise that we are on a journey, with more still to do. Over the next five years we want to maintain the actions we have already implemented and expand their scope into other asset classes and themes to deliver real impact at scale.

Looking back

2020–25

Our first Net Zero Transition Plan focused on moving beyond target setting and initial actions to start taking tangible action at scale. We achieved this through actions including launching climate aligned benchmarks and SDR-labelled funds within our investment portfolio and consolidating our office estate within our own operations. These actions helped us to achieve our 2025 interim targets for our listed equity and credit investment portfolio[1] and achieve carbon neutrality in our own operations for Scope 1 and 2 emissions[2,3].

Current focus

2026–30

Over the next five years, our overarching ambition is to maintain the actions we have already implemented and expand their scope to incorporate additional asset classes and themes, such as nature and the just transition. We believe that this will position us well to achieve our 2030 interim targets, although we are ultimately dependent on action from others and factors outside our direct control. Playing an active part in addressing these dependencies will be a key focus.

Looking further ahead

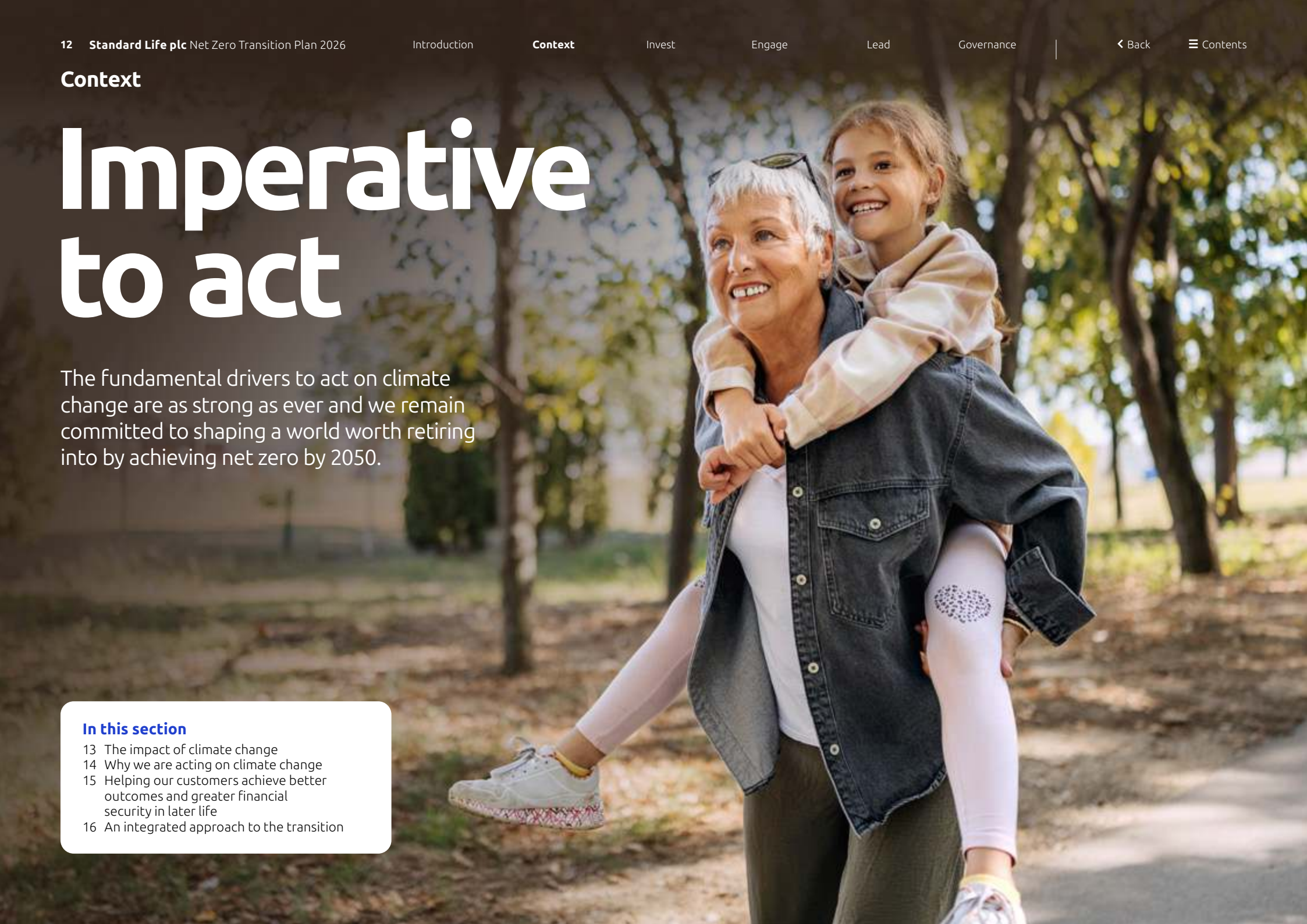
2030+

Beyond 2030, our progress towards our long-term goal to be net zero by 2050 will become even more dependent on action from others and factors outside our direct control. A key focus will be continuing to ensure that our actions continue to support better outcomes for long-term savers.

Context

Imperative to act

The fundamental drivers to act on climate change are as strong as ever and we remain committed to shaping a world worth retiring into by achieving net zero by 2050.



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Context continued

The impact of climate change

The scientific consensus on the imperative to act on climate change remains as strong today as it was when we published our initial Transition Plan in 2023.

Public support for climate action remains strong, with

77%
of people in the UK concerned about climate change[13]

92%
of companies globally are retaining their net zero timelines[16]

£100bn+
in insured losses from natural disasters for 5 consecutive years[6]

The imperative to act on climate change remains as strong as ever

Global warming is becoming increasingly evident, with the three most recent years (2023–25) being the warmest on record[11]. This trend is expected to continue, increasing the likelihood that climate tipping points will be reached. These tipping points are critical thresholds in the Earth's system which, if passed, can cause sudden, dramatic or irreversible changes to occur[12]. Such shifts could affect major systems and pose significant risks to billions of people and their livelihoods.

Around the world, extreme weather events are becoming more frequent and severe, driving substantial insurance losses. In 2025, natural disasters caused $260 billion in global economic losses, with $145 billion covered by insurance[6]. This was the fifth consecutive year in which insured losses exceeded $100 billion.

In spite of these trends, the political consensus on why and how to act on climate change has become fractured, with approaches and speeds of decarbonisation differing around the world. With global emissions reaching a record high in 2024[13], staying aligned with the Paris Agreement's goal of limiting warming to well below 2°C is becoming increasingly challenging. Achieving a 57% reduction in global emissions by 2035, in line with the Paris Agreement, will require unprecedented levels of investment, policy support and collaboration across sectors and borders.

To reduce emissions effectively, the whole economy must transition, presenting both major opportunities and risks. The energy sector's transition is a huge challenge and demands an unprecedented scale-up of renewable energy deployment. Momentum is building. In the first half of 2025, renewables overtook coal as the largest global energy source of power generation for the first time[14]. Solar and wind generation grew by over 400 TWh, with solar alone meeting 83% of the global increase in electricity demand. Renewables now account for 34% of global electricity generation, compared to coal's 33%. This growth has been driven by a combination of rapidly falling costs, resulting in renewables being less expensive than fossil fuels, and a growing desire for energy security, especially given uncertain geopolitics and fossil fuel price volatility.

Public support for climate action remains strong, with 77%[15] of people in the UK concerned about climate change, although high energy costs need to be addressed to maintain a consensus. A similar trend is seen in businesses, with a global survey showing 92% of companies retaining their net zero timelines[16] and 96% of institutional investors globally believing that climate and environmental issues will be important to their organisation's investment strategy within three years[17].

As long-term stewards of capital, asset owners have a unique responsibility and opportunity to act

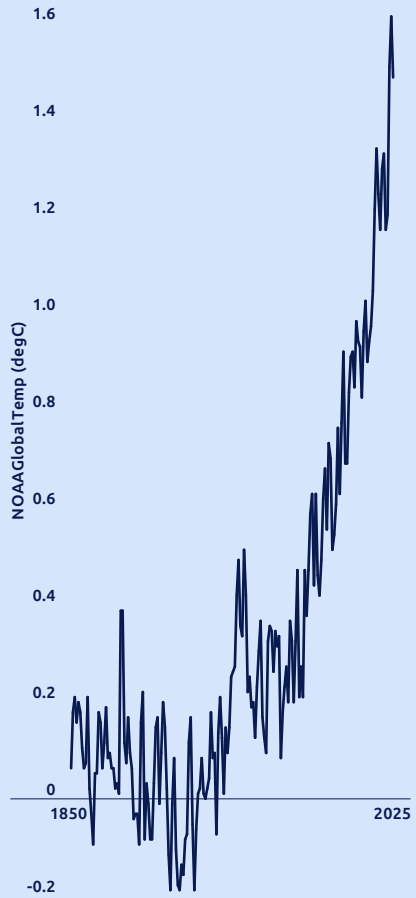
At Standard Life, we are long-term stewards of capital, with £317bn of assets under administration. We are committed to managing risks and seizing opportunities for our customers and, therefore, acting on climate change. We do this by:

- managing transition, social and physical climate risks, as well as nature-related risks that could affect asset valuations;
- embedding resilience across our operations and supplier bases to reduce indirect emissions and protect against disruption;
- using our influence with investee companies, government and suppliers to accelerate real economy decarbonisation and create conditions for an orderly and just transition.

We will continue to use our size, expertise and influence to shape the world our customers will retire into, championing change that supports better outcomes for them.

Global mean temperature 1850–2025

Difference from 1850–1900 average[11]



Context continued

Why we are acting on climate change

A strategic imperative

We believe transitioning to net zero can help deliver better outcomes for our customers, business and society.

The actions we take as a business are designed to help our customers achieve better outcomes and greater financial security in later life.

We believe the transition to net zero is not optional – rather, it's a strategic necessity. As an asset owner, we must act decisively to protect value through managing risk and opportunity for our customers, support commercial outcomes and meeting stakeholder expectations to play our part in shaping a sustainable, resilient future. Our approach is guided by principles that ensure we always prioritise better customer outcomes, align with the Group's enterprise strategy, aim to drive real-world change, remain adaptable and commit to transparency.

We have developed our approach in line with global best practice and industry standards. As best practice evolves, we will evolve our approach accordingly, including integrating emerging and interconnected topics like nature, just transition and adaptation and resilience. We aim to drive systemic change through thought leadership, collaboration and engagement to overcome barriers to progress.

Why we act

Customer

Supporting better financial futures

Our strategy aims to deliver good outcomes for our customers by:

- **Managing our customers' exposure to financially material climate-related risk.** Climate change represents a material financial risk to our customers, both in terms of physical and transition risk. We are committed to managing these risks and seizing opportunities to deliver better long-term outcomes.
- **Helping our customers realise the opportunities from investing in companies and sectors that stand to gain from the transition to net zero.** By increasing exposure to these areas, we can support good outcomes and contribute to closing the pension savings gap.
- **Reflecting our customers' desire to avoid harm and influence positive change as well as grow their money.** We do this by developing propositions that integrate sustainability considerations in ways that support good outcomes.

Commercial

Supporting our commercial objectives

Our strategy aims to drive commercial value for the business and our shareholders by:

- **Winning new business in markets where sustainability credentials have become an expectation.** Our proposition strategy aims to integrate sustainability in ways that support strong financial outcomes.
- **Channelling investment towards net zero-aligned companies and projects which will drive shareholder returns.** Investing in companies and projects that stand to benefit from the transition is not just good for our customers, it can also be good for our shareholders.
- **Aligning with stakeholder expectations, including colleagues, shareholders and regulators.** Despite geopolitical headwinds, stakeholder expectations on climate change continue to rise, as reflected in the Prudential Regulation Authority's ('PRA') updated supervisory statement on climate risk. We must demonstrate robust action to meet these expectations.

Society

Fulfilling our societal responsibilities

Our strategy reflects our commitment as a purpose-driven company by:

- **Shaping a world worth retiring into.** Our investment strength and long-term perspective help us play an active role in delivering responsible growth. Every decision we make is guided by a clear commitment to better outcomes for our customers.
- **Working with industry and policymakers to shape the system for the better.** We want to use our scale and voice to multiply our impact and drive the wider system change needed to deliver net zero.
- **Supporting a just transition.** We aspire to help deliver an inclusive transition by considering the wider human rights risks and opportunities within our transition approach.

Context continued

Helping our customers achieve better outcomes and greater financial security in later life

Climate change is not just an environmental issue; it's a retirement issue. The actions we take are designed to help our customers achieve better outcomes and greater financial security in later life.

Managing the systemic risks and opportunities arising from the physical effects of climate change and the transition to a low carbon economy will contribute to supporting financial security in later life for our millions of customers. As part of our commitment to supporting our customers to and through retirement, it's crucial that we manage these risks and seize opportunities to deliver better financial outcomes for them.

83%
of our customers agree that they want to grow their money, but they also want to avoid harm if they can[18]

Delivering customer outcomes drives commercial success

By responding to what matters most to our customers and clients, we create a virtuous circle: building trust, winning new business and strengthening long-term relationships. This approach not only helps to shape a world worth retiring into, but also supports our commitment to prioritising value, resilience and customer outcomes.

Understanding our customers' needs

Our long-term approach to value creation is rooted in our goal to advocate for better retirements and convene to drive meaningful change. We actively engage with our customers to shape our strategy, including through our annual Responsible Investing Viewpoint research. This insight helps us understand their views on responsible investment, including what matters to them, what they care about most and what they expect from us as a business.

Embedding the transition into our proposition

Our latest Responsible Investing Viewpoint survey found that our customers' top priority (88%) is their investment returns[18]. At the same time, 83% agree that although they want their money to grow, they would prefer to avoid doing harm if they can. Nearly half (47%) identify climate change as the most important issue to them in responsible investing. This provides us with a clear mandate to act.

Sustainable Multi Asset Universal Strategic Lifestyle Profile – Five-year anniversary

Sustainable Multi Asset ('SMA') Universal SLP, our business workplace default option, has celebrated its fifth anniversary since launch, and has delivered strong and competitive returns for members. We are leading the pension industry by investing in Sustainability Improvers™ labelled funds under the SDR regime for c.2m members.

What we achieved so far

- **c.2m** customers in SMA solution
- **49%** carbon emissions intensity reduction
- **52%** increase in green revenues, supporting transition-aligned companies
- Reached **£39bn** AUM
- **56%** cumulative gross returns

Why it matters for net zero

The SMA Universal SLP shows that a well-designed, sustainability-integrated default can drive meaningful emissions reductions, support the transition to a low carbon economy, and deliver competitive long-term returns for members.

As Chair of the Standard Life Master Trust, part of my role is about ensuring our investment propositions meet our members' needs and deliver good outcomes over the long term. Managing risks and opportunities on the transition to net zero is absolutely central to this, and something I'm genuinely passionate about, which is why I'm so proud of what we've achieved with the SMA strategy. Since Standard Life launched it five years ago, SMA has demonstrably helped our members save for the retirement they aspire to, while also supporting positive sustainability outcomes and helping to build a world worth retiring into.

Helen Dean
Chair of Standard Life Master Trust

Context continued

An integrated approach to the transition

While mitigation of climate change remains the primary focus of our Net Zero Transition Plan, our roadmap reflects a broadening of scope to incorporate related themes including nature, just transition and adaptation and resilience.

Nature

The interrelation between climate and nature is clear; climate change is the third leading driver of nature loss, while natural ecosystems play a vital role in absorbing roughly half of global carbon dioxide emissions and increasing resilience against the physical effects of climate change. Understanding and addressing this nexus is critical to delivering a credible and integrated Transition Plan.

Our approach

We began developing our Group-wide approach to nature after it was identified as a potential material issue in our Double Materiality Assessment, initially conducted in 2023 and refreshed in 2025. The assessment recognised that our activities have a potentially material impact on nature loss, and that nature loss is a material issue for the Group.

It is estimated that over 50% of the global economy is highly or moderately dependent on these ecosystem services[19]. Therefore, it is likely that our customers' and shareholders' returns are exposed to nature-related risks through our investments in companies which both depend on and affect the ecosystem services nature provides.

At the same time, potential nature-related opportunities are emerging; transitioning to a nature-positive economy could generate potential business value of $10.1tn by 2030[20]. This represents a potentially significant opportunity for the Group to generate returns while also contributing to environmental resilience.

Nature also continues to resonate strongly with our customers. In our 2025 Responsible Investing Viewpoint, 80% of respondents agreed that nature loss should be a key focus when engaging with companies[18], making it the top ESG priority identified by our customers.

Building our nature roadmap

In response to nature emerging as a material issue for our business, we signed the Finance for Biodiversity Pledge in May 2023. This is a commitment to align finance activities and investment with biodiversity protection and restoration. We have begun to apply the Taskforce on Nature-related Financial Disclosures' ('TNFD') Locate, Evaluate, Assess and Prepare ('LEAP') framework to assess our nature-related impacts, dependencies, risks and opportunities. Our initial work identified deforestation and freshwater scarcity as priority nature-related issues within our investment portfolio. We published position statements on these issues in 2025, committing to further develop our portfolio assessment methods to understand our exposure, risk and opportunity across asset classes – and to take action to address them. In 2026, we aim to integrate pollution issues into this work.

Within this Transition Plan, we have begun to integrate nature considerations where the climate-nature nexus is apparent across our investment portfolio, operations and supply chain. The plan sets out how we will continue to build on our work to date and further integrate nature considerations in our approach including our data and metrics strategy.

See our **TCFD disclosure** for our disclosures in line with TNFD

Context continued

An integrated approach to the transition continued

Adaptation and resilience

The global financing focus to date has been on climate mitigation rather than adaptation but as the world is not on track to meet net zero by 2050, there is an increasing focus on how to direct capital flows towards adaptation and resilience to mitigate physical risk impacts. We aim to further integrate adaptation and resilience into our Transition Plan as it forms an important part of good risk management for our customers.

Our approach

We are still at an early stage of our journey to integrate adaptation and resilience into our transition planning, but the scale of potential physical climate risks globally means we must accelerate our efforts. Increasing our focus on adaptation and resilience by integrating it into our core risk management processes is critical to protecting long-term value, securing our supplier base and safeguarding our own operations.

To address these challenges, we have expanded our physical risk impact analysis to include our real estate and listed asset portfolios. Going forward, we'll explore how the analysis can be extended to other asset classes. We are also members of the Institutional Investors Group on Climate Change ('IIGCC') Adaptation and Resilience Working Group, helping to shape industry thinking on integrating physical risk. Within our nature strategy, we recognise the role of ecosystem integrity and importance of halting and reversing nature loss in achieving more robust adaptation and resilience outcomes.

In parallel, we are actively exploring investment opportunities that strengthen climate resilience, aligning with our long-term ambition to invest up to £40 billion in sustainable, transition or UK-focused productive assets. By enhancing how we consider adaptation and resilience in investments, we can both mitigate risks and capture opportunities that support a more resilient economy and deliver value for our customers and shareholders.

Just transition

A truly sustainable transition to net zero must extend beyond environmental ambitions to address the impacts on people and society. A just transition would ensure that the shift to a low carbon economy is fair for all by recognising the connection between climate change and human rights, maximising the social and economic opportunities of climate action while minimising and carefully managing any challenges. This includes respecting fundamental human and labour rights to support those most affected by the transition, such as workers, communities and Indigenous peoples. Ultimately, it's about ensuring everyone benefits from the transition and that no one is left behind.

Our Responsible Investing Viewpoint survey shows that our customers expect us to act on human rights, with over half (54%) considering it their top responsible investment concern[18]. By further embedding these considerations across our business, we can identify opportunities more effectively, manage risks and support good outcomes for our customers.

Our approach

We are developing our approach to embedding just transition principles within our broader net zero transition strategy. This includes undertaking a risk and opportunity assessment across our portfolio to understand both the human rights implications of the transition and business risks associated with inadequate management of social impacts of the transition. This has helped inform our plan to embed people into our climate strategy.

Our just transition approach focuses on three main areas:

1. Embedding social considerations into our climate strategy, including human rights.
2. Looking for opportunities to support the transition in emerging markets.
3. Applying a local UK lens, exploring how we can support regional investment, job creation and inclusive economic growth.

Invest

Responsible growth

We are managing risks and opportunities to deliver better outcomes for our customers.

In this section

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Invest continued

Invest at a glance

We have achieved our 2025 investment portfolio decarbonisation target and are clear on our priorities for the next phase.

The emissions from our investments represent over 99% of our carbon footprint. Taking action to decarbonise our investment portfolio, ensuring effective stewardship of our assets and investing in climate solutions is therefore central to our Net Zero Transition Plan. We have made significant progress since publishing our first Net Zero Transition Plan and are taking bold action at scale across our portfolio. The actions we take are designed to support better customer outcomes and align with our commercial objectives, and ultimately drive real economy decarbonisation.

Achieved

58%

We are proud to have achieved our 2025 interim target to reduce the emissions intensity of our listed equity and credit portfolio by 25%[1]

On track for

50%

reduction target by 2030 for our listed equity and credit, private equity and real estate assets within our control and influence[21]

Key progress on strategy since 2023

- Implemented decarbonising benchmarks and strategies designed to manage climate risk and opportunity across £74bn AUA to date.
- Became signatories to the UK Stewardship Code and completed our initial three-year stewardship climate engagement programme, with progress or commitments made on nearly 65% of engagement objectives to date.
- Invested £2.5bn in climate solutions as part of a wider allocation in sustainable, transition and (UK-focused) productive assets.
- Enhanced our proposition to workplace customers, with Sustainability Disclosure Requirements ('SDR') labelled funds underpinning key products including Sustainable Multi Asset ('SMA'), Future Advantage and selected Investment Pathway solutions.
- Started to embed nature-related considerations in our investment process.

Status vs headline targets

- We achieved an 58% reduction in the emissions intensity of our listed equity and credit portfolio[1], comfortably ahead of our 2025 interim target of 25%.
- We believe we are on track to deliver our 2030 target of a 50% reduction in the emissions intensity of the in-scope assets where we have control and influence[21] if we complete our programme of management actions, although we are ultimately dependent on action from others.
- Our ability to achieve net zero in our investment portfolio by 2050 remains highly uncertain due to external dependencies and factors outside our direct control.
- We continue to face challenges scaling up our investments in climate solutions in support of our longer term aspiration to invest up to £40bn in sustainable, transition and (UK-focused) productive assets. To date we have invested £4.7bn in these assets.

Challenges and dependencies

- As a universal owner with exposure across the entire real economy, our ability to achieve net zero is ultimately dependent on real-economy decarbonisation. This is especially true of our investee companies in high emitting sectors.
- We continue to advocate for supportive government policy and regulation to drive real economy decarbonisation and create investment opportunities that support better customer outcomes.
- Our 2030 interim target is intensity based, which means our performance can be affected by changes in asset values.

Key priorities for next phase

- Complete roll-out of climate aligned benchmarks and decarbonisation approaches across listed assets and roll out decarbonisation strategies to other asset classes including private credit and directly held real estate.
- Launch next three-year thematic climate and nature investee stewardship engagement programme.
- Continue to seek opportunities to scale up investment in climate solutions.
- Further develop our nature strategy including data acquisition and metrics development and continue its integration into the investment process.

Invest continued

Progress since our first Transition Plan

We are proud to have achieved a 58% reduction in the emissions intensity of our listed equity and credit portfolio[1], well ahead of our 2025 interim target of 25%.

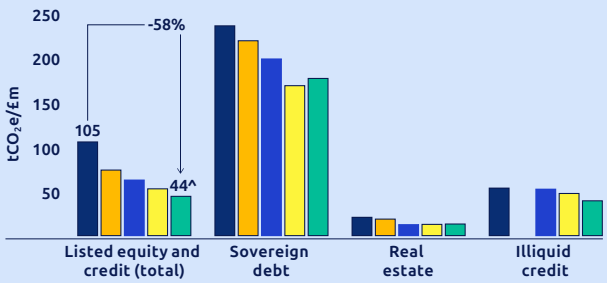
Economic emissions intensity is an important measure for portfolio investors as this enables comparison between portfolios of different sizes and between different time periods. We observed a 16% reduction in the economic emissions intensity of our listed asset portfolio between YE2024[22] and YE2025. This was driven by a combination of a reduction in absolute emissions and an increase in our listed assets' Enterprise Value Including Cash ('EVIC'), which is a measure of a company's capital base[23].

We recognise that our economic emissions intensity metric can change year-on-year due to changes in asset values, volatility in the EVIC component of the calculation and evolution of methodology and processes. We therefore recognise that the economic emissions intensity of our investment portfolio could increase in future in particular if asset values fall.

On an absolute basis we have reduced our absolute emissions (Scope 3 category 15) for all assets in carbon emissions baseline across our entire investment portfolio by 42%, from a 2019 baseline of 24.6 $MtCO_2e$ to 14.3 $MtCO_2e$^. This is primarily driven by a combination of carbon reduction activity undertaken by our investee companies and investment allocation changes from management actions, including introducing decarbonising benchmarks in some of our listed equity and credit portfolios.

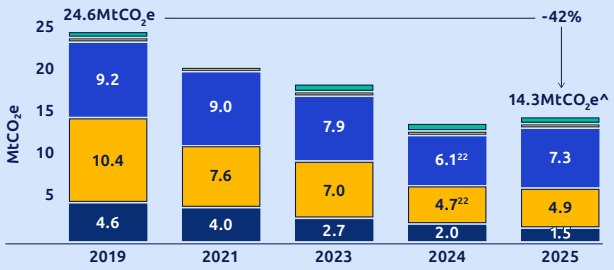
Portfolio decarbonisation progress intensity and absolute basis

Economic emissions intensity (EVIC) of all assets within our control and influence



- 2019
- 2021
- 2023
- 2024[22]
- 2025

Absolute emissions (Scope 3 category 15, emissions from investments) for all assets in carbon emissions baseline[24]



- Listed credit
- Listed equity
- Sovereign debt
- Real estate
- Illiquid credit
- Equity release mortgages
- Alternatives

Progress on the actions we committed to in our first Transition Plan

In addition to reaffirming our commitment to headline decarbonisation targets, our first Net Zero Transition Plan also included directional roadmaps summarising planned management actions intended to help us make progress towards our targets. Investment portfolio-related management actions were structured around our three key levers of decarbonising our portfolio, effective stewardship of our assets and investing in climate solutions.

Decarbonising our portfolio

We have made strong progress on our portfolio decarbonisation efforts to roll out decarbonising benchmarks and strategies across our listed equity and credit portfolios, and are due to complete the roll-out by the end of 2026. We have also launched a range of SDR-labelled funds to support our core propositions including the SMA benefitting c.2 million customers and applying to c.£41 billion AUA.

Effective stewardship of our assets

We have completed all our stewardship-related plans set out in our last Transition Plan, including becoming a signatory to the UK Stewardship Code, delivering our direct engagement programme and expanding our voting activities.

We have seen good progress on investee company objectives for our direct engagement programme, with 23% of objectives met and 40% partially achieved. The review of this completed programme will inform our second three-year engagement programme to launch in 2026.

Investing in climate solutions

Since 2022 we have invested £2.5 billion in climate solutions as part of our wider £4.7 billion investment in sustainable, transition or UK-focused productive assets, including across both policyholder and shareholder assets. Efforts to scale this up are ongoing and we continue to actively address barriers we are facing through our ongoing programme of thought leadership, engagement and advocacy.

Invest continued

Progress since our first Transition Plan continued

Summary of progress against commitments from first Transition Plan

NZTP priorities	What we committed to in our roadmap	Progress to date	Status summary
Decarbonising the portfolio	Adopt climate indices across US and UK equity portfolios.	Climate aligned indices have been adopted across all regional equity and corporate bond funds underlying our Sustainable Multi Asset default solution, and across our equity enhanced index funds. The roll-out of the indices to wider solutions will continue in 2026.	Ongoing (due to complete in 2026)
	Adopt use of climate indices across other equity portfolios and fixed income (commitment went beyond 2025).	We are in the process of rolling out the FTSE Phoenix Climate Aligned benchmark series and decarbonisation targets across many equity funds in our policyholder book.	Ongoing (due to complete in 2026)
Effective stewardship of our assets	Deliver direct engagement programme to top 25 emitting investee companies.	Completed three-year stewardship engagement programme in 2025, with progress or commitments made on nearly 65% of engagement objectives to date.	**Complete**
	Shadow test and then pilot voting policy for 100 companies.	We have successfully used our Voting Principles to assess votes on 300 companies by a selection of asset manager partners ('AMPs')and engaged with them to increase alignment through their central voting policies. We have successfully directed votes on 60+ companies in mandates with a SDR Sustainability Improver™ Label focused on climate change.	**Complete**
	Expand coverage and take voting in-house for selected strategies.	We have expanded the coverage of our shadow voting from 100 to 300 companies. We continue to explore other strategies to increase alignment with our Voting Principles.	**Complete**
Investing in climate solutions	Scale up investments in climate solutions as part of broader goal to invest up to £40bn in sustainable and/or productive assets dependent on favourable policy, regulatory and market landscape.	We have invested nearly £2.5bn in climate solutions since 2022. We also launched Future Growth Capital to facilitate the allocation to private markets for policyholders; and are a signatory to the Mansion House Accord. We deliver an ongoing programme of thought leadership and advocacy focusing on overcoming barriers currently limiting our ability to scale investment further.	Ongoing
	Integrate net zero considerations into illiquid assets dealflow.	Considerations embedded at the due diligence phase to assess alignment with the Sustainable Classification for Private Markets. £4.7bn in illiquid asset origination in sustainable, productive or UK-focused transition assets since 2022.	**Complete**

Invest continued

Delivering portfolio decarbonisation

As part of our commitment to align with industry best practice, including guidance from the Net-Zero Asset Owner Alliance, approaches taken by our peers and our commitment to supporting responsible growth for long-term savers, we have reviewed and refined our 2030 target.

≥50%
emissions intensity reduction target by 2030 for our listed equity and credit, private equity and real estate assets within our control and influence[4]

Refining our 2030 target

Our 2030 target to reduce the carbon emission intensity of all assets where we have control and influence by 50%[4] was set in 2021 covering a range of different asset classes.

As part of our commitment to align with industry best practice, including guidance from the Net-Zero Asset Owner Alliance ('NZAOA'), approaches taken by our peers and our commitment to supporting responsible growth for long-term savers, we have reviewed and refined the scope of our 2030 target. Our review considered the latest target setting protocols, the availability of established carbon accounting methodologies in place and the extent to which we have the flexibility to act in different asset categories.

Our 2030 target maintains the 50% reduction in economic emissions intensity (versus our 2019 baseline year) of assets over which we can exercise control and influence, but now applies specifically to listed and private equity, credit assets and directly held real estate. Asset classes now excluded from scope include sovereign bonds, equity release mortgages, cash and derivatives.

We aim to engage with governments and support development of climate policy, but we nevertheless recognise that for sovereign bonds, an emissions reduction target is not currently the right approach for our investment portfolio. We take this view in light of the limited influence we have over the emissions profile of these assets and given we hold a significant proportion of them for liquidity and hedging purposes. We will, however, continue to monitor their emissions and they remain in scope of our 2050 target. Given similar challenges on influence of emissions and the current absence of established carbon accounting methodologies, equity release mortgages, cash and derivatives are now also outside the 2030 target scope.

Our 2030 target covers investee Scope 1 and 2 emissions, with Scope 3 emissions remaining under ongoing review and monitoring.

Assessing progress

We have developed a suite of metrics to assess our progress towards our decarbonisation targets. These are built into our governance processes, with a report going to the Enterprise Asset Management Committee, Board Investment Committee, Board Sustainability Committee and Enterprise Sustainability Committee twice a year. We will continue to build on this in line with industry best practices such as guidance from the Partnership for Carbon Accounting Financials ('PCAF').

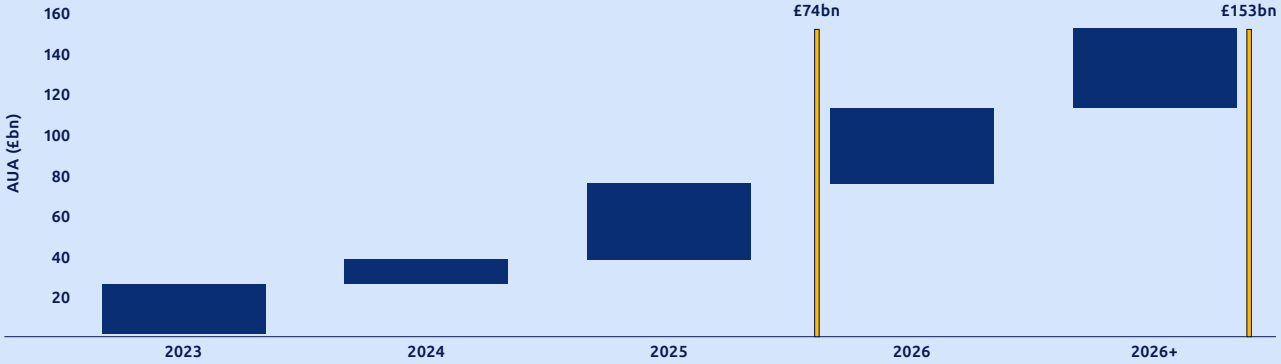
We have expanded our Scope 3 reporting this year to show additional sector level information that will help inform our strategy. We will also conduct periodic reviews of our targets and strategy to ensure they continue to align with our commitment to driving better outcomes for our customers.

Invest continued

Delivering portfolio decarbonisation continued

By reducing the carbon intensity of our investment portfolio, we can reduce our customers' exposure to companies with significant climate risk and increase their exposure to companies that are investing in the net zero transition and aligning their business models with low carbon growth. We are undertaking action across asset classes.

Directional timeline for decarbonising our £153bn listed equity and credit portfolio and AUA[25]



Listed equity and credit: £153 billion AUA

In our first Net Zero Transition Plan we set out a directional timeline for decarbonising our investment portfolio, starting with our listed equity and credit portfolio. To date, we have rolled out decarbonising strategies to £74 billion of AUA. By the end of 2026 we expect coverage to reach £125 billion.

We launched our bespoke Climate Aware index series (for regional equity) in 2024 and our Climate Aligned Index Series (for regional equity and corporate bonds) in 2025. These indices, developed with FTSE Russell and Bloomberg, are central to our decarbonisation approach and aim to help protect policyholder portfolios against the financial risks of climate change through decarbonisation, reduced exposure to companies deemed to be the most exposed to transition risk, and increased exposure to climate opportunities.

The Climate Aware indices were first introduced to parts of our policyholder North America equity portfolios in May 2024. In 2025, through our in-house fund manager Phoenix Unit Trust Managers ('PUTM'), we utilised our Climate Aligned indices to adopt Sustainability Improvers™ labels for the six regional equity funds and two corporate bond funds underlying our Sustainable Multi Asset solution. These labelled funds had AUA of c.£41 billion as at YE2025. We are planning to roll out decarbonisation strategies for the remaining policyholder equity and credit assets in 2026.

Directly held real estate and alternative investments: £9 billion AUA

For directly held real estate assets we will continue to assess and agree value accretive actions that can be undertaken, such as improving energy efficiency. We will also evaluate opportunities to switch to renewable energy providers where possible.

We aim to develop our strategy for alternative investments, focusing on private equity managers, in 2026.

Sovereign bonds: £42 billion AUA

We hold sovereign bonds for investment purposes as these assets are important in satisfying liquidity and hedging requirements. As a long-term investor in these assets, we will continue to monitor the climate-related risk exposure of sovereign assets by utilising the Assessing Sovereign Climate-related Opportunities and Risks ('ASCOR') framework. This framework evaluates countries' climate policies, transition readiness and emissions trajectories. By assessing these factors, we can assess transition alignment and policy intervention required, which we can use to help inform our engagement strategy.

Invest continued

Delivering portfolio decarbonisation continued

Decarbonisation strategy by asset class

Asset class	2030 target scope	Decarbonisation strategy
Listed equity (PH*) **Listed credit (PH)**	Yes	• Roll out self-decarbonising indices (-7% p.a.) and decarbonisation objectives. • Monitor through ongoing controls. • Engage with investee companies to promote implementation of own targets.
Directly held real estate (PH)	Yes	• Agree low-cost value accretive maintenance actions through routine maintenance. • Consider switch to renewable electricity providers if appropriate. • Reflect emissions intensity in portfolio strategy decisions.
Alternative investments (PH)	Yes	• Develop decarbonisation strategy options in 2026.
Listed and private credit (SH*)	Yes	• Manage portfolio intensity in line with overall SH decarbonisation trajectory. • Regularly monitor intensity progress and use as a reference point.
Sovereign bonds	Out of scope	• Continue to promote support for territorial emissions reductions through continued thought leadership and government engagement on key decarbonisation issues.
Equity release mortgages, cash and derivatives	Out of scope	• Maintain awareness of any industry carbon footprinting approaches as they are developed.

* PH: Policyholder, SH: Shareholder

Exclusions

We will continue to implement the **Group Exclusions Policy.** This policy includes exclusions related to the net zero transition including thermal coal (where >20% of revenue is from thermal coal extraction), oil sands (where >20% of revenue is from oil sands operations) and Arctic drilling (where >20% of revenue is from Arctic drilling activity). This policy is reviewed every year.

We expect to tighten the revenue thresholds progressively over time and may introduce new exclusions where we see a need and are confident we can enforce them. As a member of the NZAOA, we expect to conform with its position on oil and gas which sets out clear expectations of companies, policymakers and investors to ensure an urgent, transparent and equitable transition insofar as possible through the normal course of our investment activity.

Further detail on our position on oil and gas can be found in **Our Approach to ESG Integration**

Effective stewardship of our assets

We launched our first stewardship engagement programme in 2023 and concluded it at the end of 2025.

Progress against our engagement objectives

This programme was a three-year dialogue between us as investors and the companies in which we invest where we discussed corporate business strategy and practices that we believe to be material to long-term value creation. We engaged directly with 25 of our highest emitting investee companies representing a combined 40% of financed emissions in highly emitting sectors and achieved progress or commitments on 65% of our engagement objectives, up from 58% last year. For our engagement we set out bespoke objectives for each investee company with expectations that they provide robust disclosure and evidence on climate change management action across pillars of the Task Force on Climate-related Financial Disclosures ('TCFD') framework.

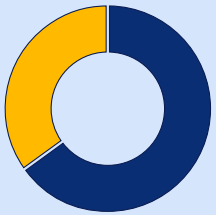
Read our **views on climate change and other sustainability themes for companies**

Alongside our direct engagement, we have engaged indirectly with a significantly larger number of investee companies via our asset management partners ('AMPs'). We have seen a continuous increase in our asset managers' engagements relating to climate change. For information on engagements by asset managers in 2025, please refer to our 2025 Stewardship Report. Each year, climate change is one of the topics that our AMPs engage issuers on the most, and in 2025 two AMPs launched tailored climate change stewardship programmes for our SDR Sustainable Improvers™ labelled funds.

We regularly monitor progress towards tailored objectives for our engagements. In case of insufficient progress over time, we consider different engagement strategies, which may include writing letters to the board, public statements, recommending voting against management and, as a last resort, divestment. Our first programme concluded at the end of 2025, so we will now consider whether further engagement strategies are required with companies that have demonstrated insufficient progress or commitment.

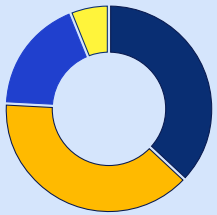
Stewardship progress overview

Type of dialogue



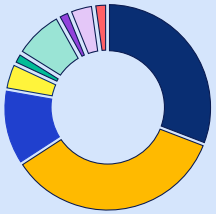
Collaborative engagement	65%
Individual engagement	35%

Engagement meetings by region



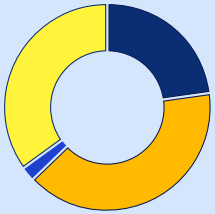
Europe	37%
UK	39%
USA	18%
APAC	6%

Engagement meetings by sector



Utilities	31%
Oil & gas	35%
Chemicals	12%
Metals & mining	4%
Agriculture, forestry & fisheries	2%
Steel	8%
Hotels, resorts & cruise liners	2%
Airlines	4%
Cement	2%

Progress on objectives by engaged companies



Met	23%
Partially achieved	40%
Committed	2%
Not achieved	35%

Invest continued

Effective stewardship of our assets continued

The next phase of engagement: top 25 investee engagement on climate and nature

We will use the insights gathered from our first engagement programme to inform our next three-year engagement programme which will maintain a focus on target material investee companies. Some companies will remain on the next engagement programme if we believe they remain highly material. We recognise the climate-nature nexus is an important issue to be addressed by investee companies on their transition to net zero, so we will consider nature-related risks and opportunities when developing our engagement objectives. For the first time, our next engagement programme will also include both transition and physical risks.

Progress on our first three-year engagement programme and information on our future climate and nature engagement programme will be available in our 2025 **Stewardship Report**

External collaboration

External collaboration is a key part of our strategy. We remain committed to playing a significant role in industry engagement initiatives including Climate Action 100+ ('CA100+') Net Zero Engagement Initiative ('NZEI') and Nature Action 100 ('NA100'). We hold the Chair position on CA100+ (until April 2026) and will maintain membership of the Steering Committee alongside a Board position at the Transition Pathway Initiative ('TPI') PLC Board.

Outside our direct engagement programme, we delegate the management of our investments to our AMPs. We set strategy while they manage day-to-day mandates.

As at the end of 2025, we managed 4% of our assets in-house, while our AMPs manage another 76% of our AUA. The remaining 20% of our assets is in External Fund Links ('EFLs') where we do not control strategy. Of our total AUA, 87% are policyholder assets linked to insured products and EFLs, and 14% are shareholder assets backing annuity liabilities. For all of our AMPs (with the exception of EFLs), ESG assessments form part of our ongoing manager oversight framework, through in-depth formal due diligence reviews that focus on all aspects assessed at the selection stage.

In the event that any of our managers fall short of our expectations, we engage with them to put improvements in place within an agreed timeline. Where engagement does not lead to expected outcomes, we follow our internal escalation process which is linked to specific milestones and time frames. We hold regular meetings with key AMPs on stewardship.

For the two AMPs managing funds for our SDR Sustainability Improvers™ labelled funds, we hold dedicated oversight meetings to assess their engagement and voting activity for the tailored climate change stewardship programmes underpinning the label. Climate and nature form part of the ESG assessment component of our manager oversight framework.

This framework is reviewed annually and combines scores on performance at both firm and strategy level. We have identified that integration of nature as well as engagement with companies on nature-related issues are both areas for further improvement, compared to more established areas such as ESG integration processes, climate change considerations and overall reporting. We will continue to monitor progress against these areas and engage with our managers to improve in areas where we see lower scores.

We will also continue to analyse and assess the voting practices of our managers and engage with them as relevant.

Tom Davies
Head of Portfolio Management

Valeria Piani
Head of Stewardship

Invest continued

Investing in climate solutions

Since 2022, we have invested £2.5 billion directly into climate solutions of a total of £4.7 billion illiquid asset investments in the shareholder portfolio directed to sustainable, transition or UK-focused productive assets.

Since 2022, we have invested

£2.5bn

directly in climate solutions

And we have invested

67%^

of shareholder illiquid asset originations in sustainable, transition or UK-focussed productive assets in 2025

Our longer-term aspiration continues to be to invest up to

£40bn

in sustainable, transition or UK-focused productive assets, including climate solutions, across both policyholder and shareholder assets

In 2025, we invested £1.3 billion in sustainable assets, alongside playing an active role in trying to drive the wider system change needed to unlock and accelerate further investment. Our efforts particularly focused on climate solutions, where we continue to face barriers to scaling our investment. Our external engagement approach is detailed in the Engage section of this Transition Plan.

Read more in the **Engage section**

Within our shareholder portfolio, we set an annual target to invest 50–70% shareholder illiquid asset origination to be in sustainable, transition or UK-focused productive assets. We undertake targeted due diligence on each investment to manage material ESG risks. Our Sustainable Finance Classification Framework for Private Markets (the 'Framework') is used to assess alignment of private market transactions with sustainable or transition investments. Deals are also assessed for alignment to the Association of British Insurers ('ABI') definition of UK productive assets. This defines themes, eligible activities, thresholds and exclusions to guide classification. Key themes include renewable energy, energy efficiency, clean transportation and green buildings, affordable housing and access to essential services. Within our policyholder portfolio, we are aiming to increase exposure to private markets that can include climate solutions investments.

Supporting responsible, long-term growth

We use our investment strength to support responsible, long-term growth. To demonstrate our commitment to this, we are a signatory to the Mansion House Accord. We have actively advocated for reforms to enable pension funds to invest more into alternative asset classes such as infrastructure including clean energy, property and private equity. We hope this will enable us to support the scaling of transition finance. Signatories to the Accord, subject to consumer and fiduciary duties, pledge to invest 10% of their key workplace portfolios in unlisted assets that boost the economy such as infrastructure, property and private equity by 2030. At least 5% of these portfolios will be ringfenced for the UK and are expected to release £25bn directly into the UK economy by 2030[26].

To scale our investment, we have formed a joint venture with Schroders to launch Future Growth Capital ('FGC')[27], the first dedicated private market investment manager to be established in the UK to promote the objectives of the Mansion House Accord. FGC aims to deploy a significant allocation of up to £2.5bn by the end of 2028 from Standard Life, in line with our Mansion House Accord ambition, with an initial £1bn commitment. In total, FGC will aim to deploy £10–20bn of investor funds into private markets over the next decade.

Part of this will consider where investments can support nature. It is estimated that there is a c.£5bn of annual investment required annually in the UK to meet goals[28] to halt and reverse biodiversity loss.

Invest continued

Understanding and addressing nature-related risk in our portfolio

Nature is identified as an emerging risk for the Group. As we advance our net zero transition strategy, we recognise that we need to ensure climate action works in harmony with nature. Climate change and nature loss intersect across four key domains: physical risks, climate adaptation opportunities, transition risks and transition opportunities.

Our approach is designed to:

1. Halt and reverse nature loss as an essential part of supporting the long-term success of the transition.

2. Build ecosystem resilience to support the transition and reduce disruption to economic growth from rising physical climate risks.

3. Restore and expand natural carbon sinks to reverse biodiversity loss and ecosystem decline.

To deliver on these objectives, we are embedding nature considerations into our transition planning and investment processes.

Invest continued

Understanding and addressing nature-related risk in our portfolio continued

Portfolio assessment and risk management

Nature is an emerging risk for the Group and we have developed assessment methods to understand our exposure to nature-related risks and support investment portfolio decisions for both customers and shareholders. Using leading frameworks such as TNFD's LEAP framework, alongside Exploring Natural Capital Opportunities, Risks and Exposure ('ENCORE') data[29], we have reviewed the listed equity and credit portfolios that we own directly or can influence. For those investments, we've measured how they affect nature, rely on nature and potentially face risks because of nature-related issues. This assessment identified land use change, specifically tropical deforestation, freshwater scarcity and pollution as initial focuses.

We conducted focused assessments on two priority nature-related impact drivers for the Group. These were tropical deforestation and water withdrawal and use. The purpose of the assessment was to understand the potential exposure and risk profile within our listed equity and listed credit portfolios. For tropical deforestation, we used the Forest 500 dataset[30] to identify the companies most exposed and evaluate the strength of their deforestation and human rights commitments. Our analysis shows that we have 157 portfolio holdings in Forest 500 companies, representing c.9.5% of total investment value assessed.

The analysis identified that 108 portfolio holdings have a Forest 500 score of 0–2, indicating that 6.2% of our total portfolio investment value is exposed to companies that have poor deforestation risk management practices.

Our assessment of freshwater scarcity provides a high-level indication of the extent to which our listed equity and listed credit portfolios are exposed to freshwater-related risk through our portfolio companies' water use and the quality of management actions to mitigate associated risks.

Around 20% of investments assessed are within sub-industries with higher water use profiles and of these 45% have a CDP water score[31] of A to B- providing some evidence of management actions to mitigate water-related risks. However, almost 55% of investment value assessed is exposed to companies which have a CDP rating of C or lower, including 'failure to respond' and 'score not available' categories, which may indicate a more elevated risk profile for these investments.

Policy and position statements

In 2025, we published position statements on **tropical deforestation** and **freshwater scarcity.** These statements set out our ambition to strengthen portfolio assessment methods and consider how we can further integrate nature into the investment process.

Read more in our **Annual Report and Accounts**

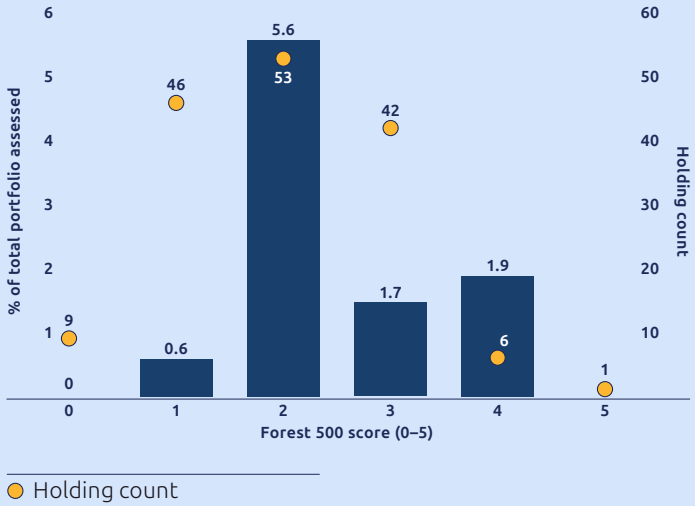
Integration and engagement

We have begun to undertake several actions to identify and begin to mitigate nature-related factors – including integrating nature considerations into ESG integration, our stewardship strategy, asset management partner engagement and reviewing our Exclusions Policy. We also continue to build on our approach to monitoring nature-related impacts, dependencies, risks and opportunities across our portfolio.

We have developed a Nature Roadmap which sets out our planned nature-related activity in the short term (2026) and medium term (2027 onwards). Key components of the roadmap to integrate considerations of nature include:

- Integrating nature considerations into customer research.
- Expanding assessment coverage of our portfolio's exposure.
- Enhancing stewardship and engagement on nature factors, including aligning AMPs with our objectives.
- Exploring direct investment opportunities in nature-based solutions, integrating nature into the private markets framework.
- Identifying new exclusions linked to high nature impact, where this aligns with better customer and shareholder outcomes.

Portfolio holdings by Forest 500 score[30]



% investment value of holdings with significant exposure of assets to areas of high water stress by CDP score[31]

Invest continued

Understanding and addressing just transition risk in our portfolio

We are working towards building a people-centred approach to managing climate transition impacts across our investment portfolio.

Climate change, inaction to manage it, and the actions taken to address it, can affect people's lives in many ways – including their jobs, incomes and access to essential services. As the economy transitions, these impacts will be felt across the workforce and within communities in significant and differing ways. By embedding human rights into our transition approach, we can better manage risks to people while unlocking opportunities that support a fair transition and create long-term value for our customers.

Portfolio-level just transition assessment

In 2025, we began the process of conducting a joint climate and human rights risk assessment across our investment portfolio to understand where the transition could create risks or opportunities for people.

Working with BSR, we mapped impacts across priority sectors, including energy and mining, and geographies, considering business model risks, tailored country risk indicators and cumulative impacts people may be exposed to in the transition. Recognising the transition is an economy-wide and full value chain effort, issues were prioritised by assessing the severity and likelihood of potential impacts on stakeholders, including migrant workers, Indigenous communities, women, children and consumers. We then identified transition-related risks, including systemic risks related to inequality and rule of law, and opportunities that can deliver value. This analysis equipped us to better understand how the just transition manifests in our portfolio and the actions to address impacts, risks and opportunities we could take going forward.

Next steps

In 2026, we will develop a multi-year Just Transition Roadmap that sets out how we will continue to integrate human rights into our transition planning. Building on assessment findings, we will consider how we could embed these insights into our stewardship engagement with investee companies, deepen due diligence with priority portfolio companies, undertake targeted deep dives into other high-risk activities, asset classes and sectors and work with our AMPs to assess and strengthen their integration of just transition considerations.

To support this, we will provide training for colleagues at all levels of the organisation to build capability on people-centred climate action. We will track and report on our progress in line with our wider transition planning and human rights commitments, drawing on relevant metrics and qualitative insights.

We also recognise access to remedy as a core element of a just transition and we are rolling out a grievance mechanism, ensuring that our approach can address climate and nature-related concerns in line with the United Nations Guiding Principles on Business and Human Rights ('UNGPs'). This includes engaging portfolio companies, particularly in the energy and utilities sectors, to ensure their grievance mechanisms can effectively address human rights concerns, and we will expand this approach across other sectors and to include climate and nature-related grievances.

Our human rights commitment

Standard Life's Human Rights Policy affirms the right to a clean, healthy and sustainable environment, and we recognise climate change and nature loss as salient human rights risks due to its far reaching impacts on health, livelihoods, safety and wellbeing.

Our approach is aligned with the UNGPs and the OECD Guidelines for Multinational Enterprises, which set clear expectations for companies to identify, prevent, mitigate and remediate adverse impacts on people arising from both climate change and climate action.

Invest continued

Integrating the transition into customer solutions

Our net zero strategy is rooted in our commitment to providing a responsible voice on issues that affect lifelong financial security.

Decarbonising our investment portfolio supports our customers to and through retirement by helping to actively manage the risks and seize the opportunities presented by the transition. All our actions are designed to support good outcomes for long-term savers. Our actions span our pensions and savings solutions for Workplace and Retail customers, as well as our retirement solutions including Pension Risk Transfers and individual annuities.

Pensions and Savings

We continue to evolve our fund ranges to reflect the risks and opportunities of the transition to a low carbon economy, most notably through our default strategy, the SMA lifestyle profile. Our customer research shows that our customers want action, with 83% of respondents agreeing that they want their money to grow, but they also want to avoid harm if they can[18]. Given that most of our customers remain in their default investment options, developing the default is critical to meeting expectations and delivering good outcomes.

Transparency is a key focus, and we're proud that our default SMA is thought to be the first in the industry to utilise underlying funds with the Sustainability Improvers™ label from the Financial Conduct Authority ('FCA'). This label, which we choose to apply under the FCA's SDR, helps customers understand the credible sustainability standards set in their equities and corporate bonds. The Improver designation reflects a dedicated approach to improving sustainability factors across equities and corporate bonds with explicit net zero objectives designed to optimise long-term investment returns.

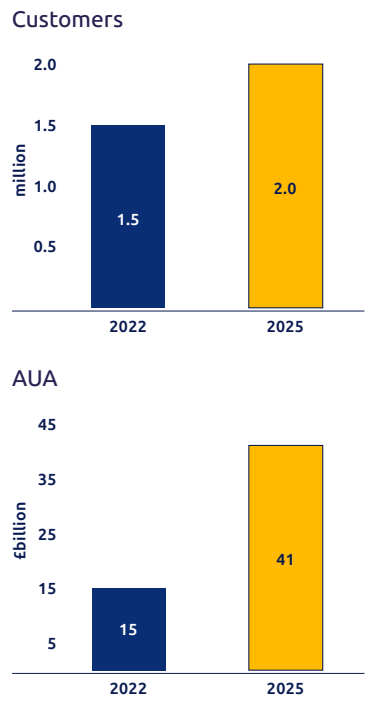
Minimising risk and maximising opportunity are central to our investment approach. Over 75% of SMA's component funds aim to manage climate-related risks to safeguard long-term outcomes for customers by targeting a 7% annual reduction in emissions intensity, reaching 50% by 2030 and net zero by 2050, based on a 2019 baseline. On the opportunity side, the SMA aims to increase exposure to companies investing in the transition, with exposure to green revenues in the Climate Aligned Index targeted to be at least 150% of the benchmark exposure[32].

Around 2 million of our customers are now invested in funds carrying the Sustainability Improvers™ label, including through our SMA, Future Advantage and selected Investment Pathway funds, with a combined size of c.£41bn AUA.

We are continuing to evolve options for our customers. In 2026 we will launch Future Opportunities, a new alternative default strategy, that will increase allocation to private markets, which may include climate solutions. Allocation will increase incrementally over time, with the potential to reach 25%. This is in line with our current view that this allocation can help maximise net outcomes for customers. Future Opportunities will complement the strong foundation of Standard Life's £39bn SMA default strategy.

Future Opportunities is a good example of action we are taking in support of our Mansion House Accord commitment to invest more of our default pension options in private markets by 2030, provided this supports better outcomes for scheme members.

SDR customer and asset growth (indicative)



Invest continued

Integrating the transition into customer solutions continued

Retirement Solutions

Sustainability considerations are increasingly important for the UK annuities market, given the long-term nature of these products and their exposure to systemic climate risks. Our Retirement Solutions products play a key role in our Net Zero Transition Plan because the assets we invest in to support annuity liabilities represent a significant portion of our portfolio. By investing in climate solutions that meet our risk-return criteria, we support the broader transition to a low carbon economy. To date we have invested £2.5bn in climate solutions to back our annuity liabilities.

We are proud to be signatory to the Accounting for Sustainability's ('A4S') Sustainability Principles Charter for the bulk annuity industry. The assessment made by advisors in response to our Bulk Annuity Sustainability Survey ('BASS') submission is used to inform our proposition and we review it each year to inform how we structure and evolve our approach.

Strengthening our relationship with Cancer Research UK

Our Retirement Solutions and Asset Management business operates within the competitive UK Pension Risk Transfer market, where sustainability, and climate considerations in particular, are increasingly influencing selection decisions for organisations looking to de-risk defined benefit pension schemes.

Our ability to deliver complex benefit structures alongside strong climate and sustainability credentials and a positive member experience were key enablers in securing a £280m pension risk transfer deal with the Cancer Research UK Pension Scheme. This transaction helps provide long-term financial security for around 2.8k of its members.

Invest continued

Our decarbonisation outlook

We expect to meet our 2030 target of at least a 50% reduction in the emissions intensity of the assets where we have control and influence under most scenarios, by continuing with our plan of management actions.

It is important to note, however, that we are still ultimately dependent on the actions of others and factors outside our direct control.

See **page 34** for further detail on our dependencies and how we are addressing them.

In particular, we will be more likely to achieve our 2030 target if:

- the current pace of real economy decarbonisation in our core markets is maintained or accelerates, and we see our investees make meaningful progress towards decarbonising their operations; and
- asset values continue to grow in line with historical averages and our asset allocation remains relatively stable or if asset allocation changes aid decarbonisation through investments in less carbon intensive asset classes, sectors or geographies.

Conversely, we will be less likely to achieve our 2030 target if:

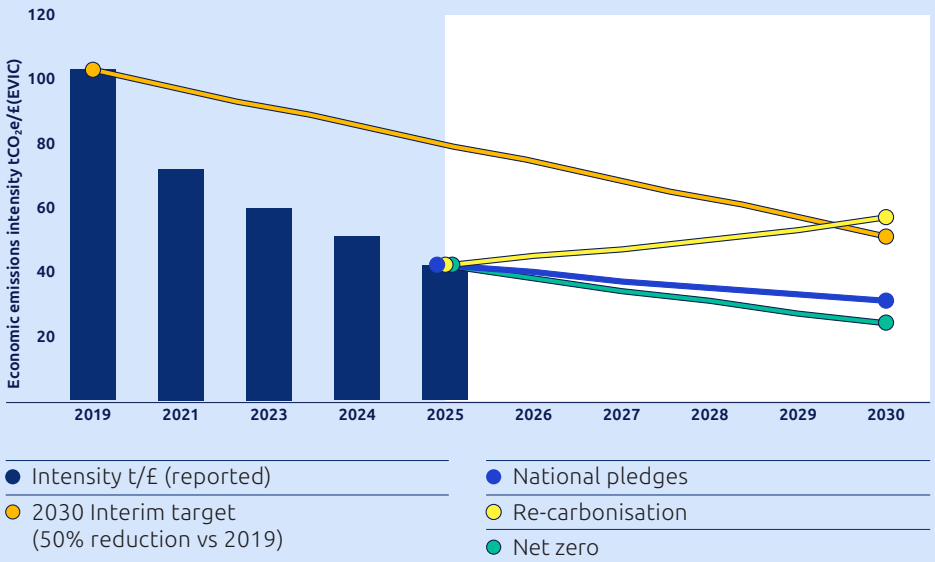
- the pace of real economy decarbonisation in our core markets stalls or is reversed and our investees stop decarbonising or see previous reductions reverse; and
- asset values stall or fall or we make substantial changes to our asset allocation.

Emissions pathways are inherently uncertain due to the unpredictability of economy-wide decarbonisation rates and evolving policy, regulatory and market environments. These are all factors that could affect our ability to meet our targets and that are outside our direct control. In addition, our targets are intensity based rather than absolute, so our progress can also be affected by changes in asset values.

To help illustrate how portfolio emissions could potentially change between now and 2030, we have considered the potential effects of three high-level, economy-wide decarbonisation scenarios on our listed asset portfolio, as follows:

- **National pledges scenario:** Utilises NGFS National Pledges scenario, with 5% annual asset growth
- **Re-carbonisation scenario:** Emissions growth of 3% year-on-year, with 3% annual asset decline
- **Net zero scenario:** Utilises Network for Greening the Financial System ('NGFS') NZ 1.5°C scenario, with 5% annual asset growth

Potential emissions intensity pathways for assets in scope of our 2030 target[24]



These illustrative scenarios show that there is a wide range of potential outcomes. The targets are achieved under many, but not all of the possible outcomes. The pathways shown represent a small selection of possible outcomes rather than predications. As such, they do not represent firm upper and lower bounds of our expectations, and actual results will vary from year to year rather than follow a linear path.

The scenarios also do not allow for planned (or unplanned) management actions, changes in business mix or asset mix, and only apply to assets that are in scope of our 2030 target and are currently held. It is important to note that all potential future actions, including those currently in development, are subject to detailed analysis and robust governance to ensure decisions are made in customers' best interests.

We recognise we are on a journey and our approach to implementing our Net Zero Transition Plan reflects inherent uncertainty. We will continue to closely monitor our progress, real economy decarbonisation rates and the wider policy, regulatory and market environment to inform our approach.

Invest continued

Addressing dependencies

Our ability to deliver our Transition Plan and achieve our investment portfolio targets is increasingly dependent on action from others.

In spite of the actions we are now taking at scale across our investment portfolio, our ability to achieve our net zero targets is ultimately highly dependent on the actions of others, including our investee companies, policymakers and regulators. Our ability to achieve our 2030 target could also be affected by changes in asset values, since it's an intensity-based target.

We are directly dependent on our investees and the wider real economy decarbonising on a Paris-aligned trajectory, and on the existence of sufficient climate solutions and transition assets suitable for investment.

Overcoming our direct dependencies can be enabled through supportive government policy and regulation, ongoing public support for the transition and customer demand for our sustainable products. Addressing these 'enabling dependencies' is crucial, since this is how we are most likely to overcome our direct dependencies.

We recognise that we have a responsibility to use our scale and voice to address the dependencies we face. We do this by working closely with stakeholders across our value chain and in our wider ecosystem. We have an active thought leadership programme and engage with policymakers, regulators, investee companies and others to influence their actions to enable the transition.

Invest continued

Addressing dependencies continued

	Dependency	Description	How we are addressing them
Direct dependencies	Investee decarbonisation	Our investees need to take sufficient action to decarbonise – especially those in highly emitting, high transition risk sectors where our investment portfolio emissions are concentrated.	We engage directly with our priority target investee companies and indirectly via our asset manager partners and many others to influence positive change.
	Wider real economy decarbonisation	Our status as a universal owner and significant holder of sovereign bonds means we ultimately need to see decarbonisation across the entire real economy in the regions where we invest.	In addition to our direct and indirect engagement with investees, we have an ongoing programme of engagement with policymakers where we support the UK's commitment to be net zero by 2050.
	Investible projects	Our ability to scale up investment in climate solutions is dependent on there being a sufficient pipeline of investible projects.	We continue to proactively seek opportunities to invest in climate solutions through engagement with central and local government and public finance institutions such as the National Wealth Fund.
Enabling dependencies	Supportive government policy and regulation	Supportive government policy and regulation is needed for our investees and the wider real economy to decarbonise at the necessary pace, and for us to be able to invest in the transition at scale in a way that supports better customer outcomes.	We use our scale and voice to play our part in driving wider system change to address policy and regulatory and market barriers through our ongoing programme of thought leadership, engagement with policymakers and regulators and active involvement in industry taskforces.
	Public support	Supportive government policy and regulation is ultimately dependent on ongoing support from the voting public.	We use our size, expertise and influence to help support the UK's commitment to be net zero by 2050 on the basis that we believe it's in the interests of our customers, shareholders and society.
	Customer demand	Our ability to take action at scale is ultimately dependent on ongoing customer support for our approach and demand for our products.	We engage with customers to build insight and inform our proposition development, as well as show them the impact their investments can have.
	Reliable data	We rely on reliable Scope 1, 2 and 3 emissions data across our investment portfolio to measure, monitor and report on progress against our decarbonisation targets and to develop and refine our strategies.	We continue to invest in data platforms and set clear expectations on investee companies to disclose in line with industry standards.

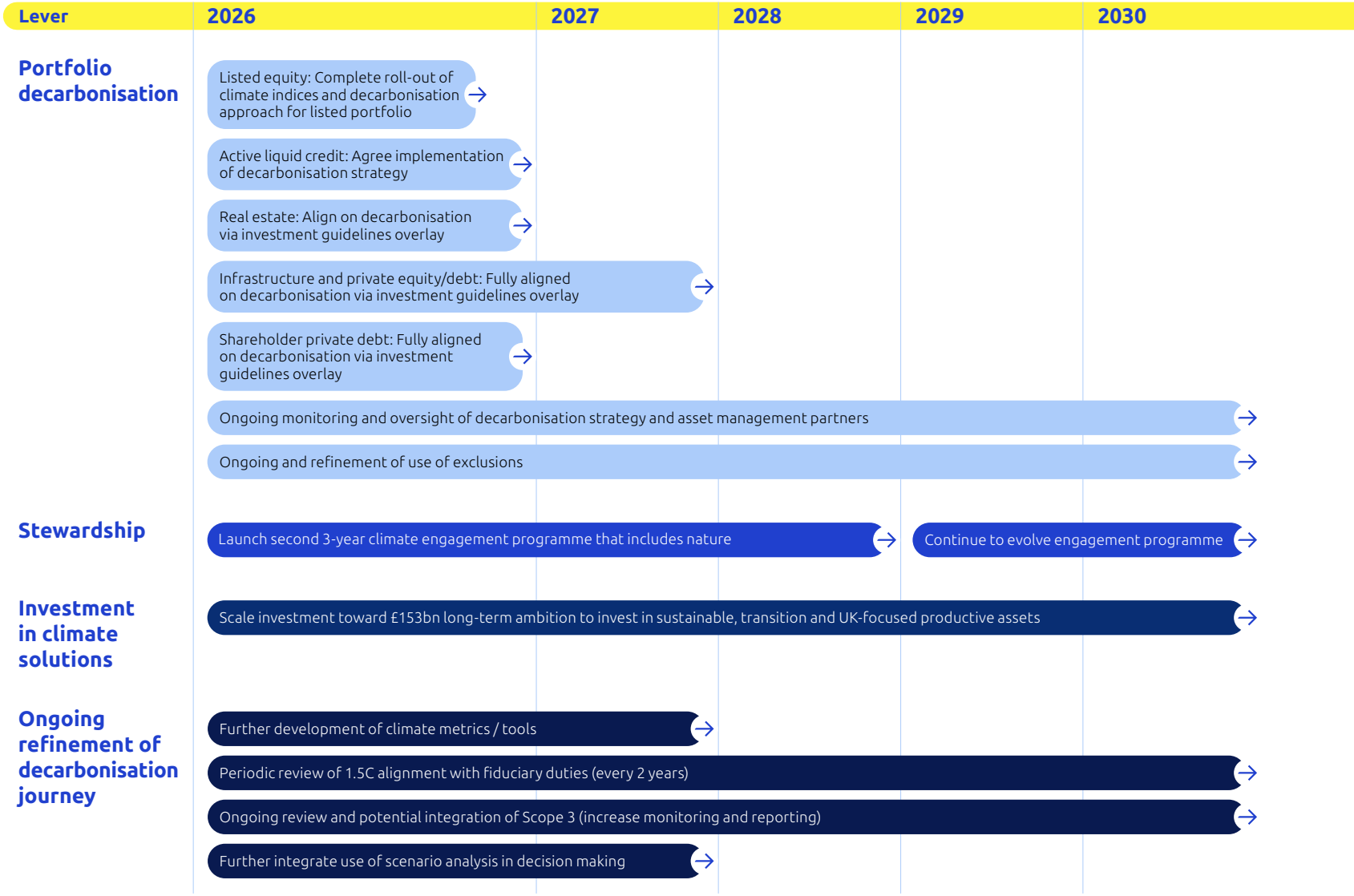
Invest continued

Our directional roadmap to 2030

We have developed a directional roadmap for the next phase of our net zero transition. It outlines the activities that we plan to undertake between now and 2030 to build on the action we are already taking at scale and maintain our progress towards our next interim target.

This roadmap is intended as a directional guide; many elements will require further detailed analysis and formal approval before implementation. Importantly, we will only take action where we believe it is in the best interest of customers.

2026 is a crucial year for us as we will complete roll-out of the indices strategy to support portfolio decarbonisation.



Engage

Convening & partnership

We are using our scale, expertise and influence to drive meaningful change.

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47 Our directional roadmap to 2030

Engage continued

Engage at a glance

Supporting our 12 million customers on their journey to and through retirement requires long-term thinking and an understanding of the systemic issues that can affect their financial futures.

Our customers are at the heart of our Transition Plan. Understanding their evolving views on responsible investment is critical to informing our propositions and communications.

Our customers' expectations are continually evolving, so we regularly undertake research to capture their views. By listening to them and understanding what matters most to them, we ensure that our approach to responsible investment stays relevant and can support them on their journeys to and through retirement.

Supporting our customers on their journey to and through retirement requires long-term thinking and an understanding of the systemic risks that can affect their financial futures. Climate change is one of the most urgent and complex systemic risks of our time, with the potential to materially affect our customers' financial futures. Playing our part in tackling it and driving wider systemic change is therefore an important part of our fiduciary duty.

Tackling the systemic risk of climate change and delivering net zero is not something any single business, sector or government can achieve alone; it requires coordinated action across the entire economy.

As one of the UK's largest asset owners with long-term investment portfolios spanning sectors across the economy, we are well placed to use our scale, expertise and influence to contribute to driving meaningful systemic change in support of the transition. We aim to play our part through our ongoing programme of thought leadership, stakeholder engagement and industry collaboration, focusing on the policy, regulatory and market barriers currently limiting progress. As retirement specialists, we believe this is one of the most impactful things we can do to influence meaningful real-world change.

Key progress on strategy since 2023

Engaging our customers

- c.2m of our customers are now invested in funds carrying the Sustainability Improvers™ label, including through our SMA fund with £39bn AUA.
- We are signatories to the A4S Sustainability Principles Charter, committing to greater transparency, reporting and engagement before, during and after buy-out or buy-in transactions between pension schemes and insurers.
- We continued engaging our customers to improve our understanding of their views towards responsible investment through our annual Responsible Investing Viewpoint survey and create solutions that reflect their priorities and aim to support their lasting financial security.

Driving system change

- We launched a thought leadership programme to help unlock investment in climate solutions by overcoming policy, regulatory and market barriers. This programme has convened key decision makers to inform a series of papers on UK government policy change as well as specific workforce skills and regional investment topics.
- We are involved in key UK Government taskforces and have seen several elements of our recommendations reflected in policy announcements.
- We have continued to play an active leadership role within major cross-industry bodies and initiatives.

Key priorities for next phase

Engaging our customers

- Continue regularly engaging with our customers to understand and support their evolving needs and expectations on their journey to and through retirement.
- Launch Future Opportunities alternative default solution, which is designed to maximise member outcomes through exposure to private assets.

Driving system change

- Continue our programme of thought leadership and advocacy to help support the UK's net zero transition, including helping overcome barriers that are currently limiting the scale and pace of investment in climate solutions.
- Engage industry peers on climate and emerging topics, such as nature, where we believe we can make a difference.

Engage continued

Progress since our first Transition Plan

Our first Net Zero Transition Plan included directional roadmaps summarising planned actions intended to increase customer engagement and drive system change. The table summarises our progress against these actions.

NZTP priorities	What we committed to in our roadmap	Progress to date	Status summary
Engaging our customers	Deliver Innovation Forum in conjunction with industry partners to develop tools to engage our customers.	Programme of work complete, though did not ultimately result in a partnership. We continue to engage with our customers through ongoing activity.	**Complete**
	Ongoing customer research.	Conducted annual Responsible Investing Viewpoint surveys, helping us better understand our customers' views towards responsible investment and informing our propositions and engagement approach.	Ongoing
	Evolve and promote existing content to reflect our investment strategy journey and ensure consistency across our consumer brands, engaging 1.5m. Increase customer engagement across all our consumer brands and channels.	Increased the responsible investing content in many of our Investment Pathways to 57% – 91% across multiple different funds with content depending on underlying investments. Enhanced our proposition to workplace customers, with SDR Sustainability Improvers™ labelled funds underpinning key products including SMA Future Advantage and selected Investment Pathway funds. c.2m of our customers are now invested in funds carrying the Sustainability Improvers™ label. Created explicit sustainability objectives to help customers understand the degree to which their funds are sustainable, and set specific stewardship objectives to help achieve these.	Ongoing
Driving system change	Launch thought leadership programme focused on overcoming key barriers where we can make a real difference.	Launched our thought leadership programme in 2023, delivering a series of impactful policy papers and reports exploring a range of themes. Produced reports and policy papers calling for policy and regulatory changes that we believe can unlock greater investment in climate solutions and transition assets in the UK. Several elements of our recommendations are reflected in recent government policy announcements.	Ongoing
	Continue active engagement with industry groups and key decision makers.	Continued to play an active leadership role across key cross-industry initiatives, including the Association of British Insurers ('ABI') Investment Delivery Forum ('IDF'), Climate Action 100+ and UK Sustainable Investment and Finance Association ('UKSIF').	Ongoing

Engaging our customers

Our customers are at the centre of our Net Zero Transition Plan as we manage risks and opportunities to deliver better outcomes for long-term savers.

As our customers plan for their financial futures, it's essential that we understand what matters to them and support their journey both to and through retirement.

As retirement specialists committed to helping people build lasting financial security, we regularly engage with them to understand their needs and expectations. We use these insights to shape our propositions, ensuring they reflect what matters most to our customers and support their retirement goals.

Gathering customer feedback

Our annual Responsible Investing Viewpoint survey gives us a valuable long-term picture of how our customers' views are evolving. It explores a wide range of topics related to responsible investing, examining everything from how well customers understand these terms to how they view specific responsible investment issues and approaches.

2025 was the fifth time we've asked our customers to share their thoughts and feelings about responsible investing. While customers continue to rank financial returns as their highest priority, most still want to avoid causing harm through their investments and expect us to undertake responsible investment decisions on their behalf.

Responsible Investing Viewpoint[18]

The **Responsible Investing Viewpoint survey** continues to be an important way for us to keep track of what matters most to our customers. It also helps us keep our approach to responsible investing in tune with their priorities. We also use it to inform our engagement and communication with a wide range of stakeholders across our ecosystem, including pension fund trustees.

Grow my pension

88%

of customers say returns are their top priority. An increasing amount (**46%** – up from 40% in 2024) agreed with the statement: "I only care about growing my money."

Avoid harm

83%

agree that they want to grow their money, but they also want to avoid harm if they can. **47%** say that climate change is the most important responsible investing issue to them.

Make it easy

78%

agree when it comes to responsible investing, they want their pension provider to "take care of it" for them. Meanwhile, among those who don't consider responsible investing to a large extent when retirement planning, **32%** say they don't have time to look into the subject.

Give me a choice

44%

agree they would like to choose specific investments based on their values and ethics. A similar percentage **(46%)** would be interested in learning more about responsible investing.

Engage continued

Engaging our customers continued

Responding to feedback: journey to retirement

As part of a package of measures to improve customers' understanding of sustainability claims and to make them more transparent, the Financial Conduct Authority ('FCA') has introduced SDRs. We think these standards are robust, credible and set a high bar for asset managers. That's why we've opted to align with them through our core-solution equity and bonds and our SMA default solution. In the latter, we've been able to apply the Sustainability Improvers™ label to more than 75% of the underlying funds, which benefit from a net zero sustainability objective, have clear and transparent measurements and benefit from a fund level stewardship strategy to support the sustainability objective.

To help more people invest according to their values and beliefs, we continue to evolve our offering and have expanded our range of self-select funds, including adding new Sharia-compliant options.

We have increased the responsible investing content in our Investment Pathways to 57–91% across five different funds with content depending on underlying investments. This means customer using these pathways now benefit more from our responsible investment approach when it comes to equities and corporate bonds, helping us manage a broad range of financial risks and opportunities.

Responding to feedback: journey through retirement

We partner with pension schemes to secure the retirement benefits of their members, helping reduce the schemes' exposure to investment and longevity risk through Pension Risk Transfers. We're committed to building trust and transparency throughout the Pension Risk Transfer process. When we acquire policyholders, we prioritise clear, open engagement with both trustees and individual scheme members. We explain how the assets we hold are used to secure and pay their pensions, reinforcing confidence in the sustainability and resilience of our approach. This helps customers understand the strength of the assets backing their retirement income.

Beyond customer communication, we actively collaborate across the industry through initiatives such as the A4S group. This platform enables us to share best practices, contribute to thought leadership and help shape frameworks that embed sustainability into financial decision making.

We have signed A4S's Sustainability Principles Charter for the Bulk Annuity Process and, alongside our peers, participate in the annual Bulk Annuity Sustainability Survey ('BASS'), which enables employee benefit consultants to improve their assessment of providers' sustainability credentials. By combining direct customer engagement with industry collaboration, we strengthen trust and drive progress towards a more sustainable retirement system.

Engage continued

Driving system change

We want to use our scale and voice to multiply impact and drive the wider system changes needed to deliver net zero by 2050.

We believe that driving system change is one of the most impactful things we can do as a large asset owner to support the transition to net zero and play our part in addressing the dependencies we face. Our overarching goal is to help overcome policy, regulatory and market barriers to enable and accelerate the transition in a way that supports better customer outcomes, creates commercial opportunities and benefits society as a whole.

Our approach to driving system change is structured around an ongoing programme of thought leadership, stakeholder engagement and industry collaboration. We focus on themes where we see the greatest need for thought leadership, where we feel we are well positioned to make a material difference to the debate and where we can best support better customer outcomes.

Stakeholder engagement and collaboration, particularly with government and peers across our industry, is central to our approach. It helps us to identify priority themes, refine our thinking and amplify our impact. We regularly meet with key stakeholders in government and industry, and are members of multiple government taskforces and industry bodies. We also regularly contribute to government consultations and collaborate with industry bodies to influence market standards and best practice.

Our driving system change approach has three pillars

1

Delivering thought leadership

We deliver impactful thought leadership both directly and with partners on areas where we can make a significant impact: unlocking investment, industry standards and skills and good work.

2

Engaging government

We work extensively with key government departments and taskforces to aid the development of supportive policy and regulatory frameworks that enable real economy decarbonisation.

3

Engaging industry

We amplify our impact through working with industry peers and leading cross-industry initiatives to shape policy, standards and market practice that aim to aid the transition to net zero.

Engage continued

Delivering thought leadership

Unlocking investment

Unlocking investment in the net zero transition has been our primary focus because it supports our ambition to scale up our investment. Despite our ambition, our ability to do so is currently limited by a range of policy, regulatory and market barriers. That's why we believe there is a significant need to inform the conversation on this topic, and feel we are well placed to make a difference.

Our thought leadership on unlocking investment is ultimately intended to help facilitate our goal to invest at least 10% of defined contribution default funds in unlisted equities; and to invest up to £40bn overall in sustainable, transition and UK productive assets.

Since publishing our first Transition Plan in 2023, we have produced a series of reports and policy papers calling for policy and regulatory changes that we believe can unlock greater investment in climate solutions and transition assets in the UK. Our latest policy paper from 2025, Unlocking Investment to Support the Net Zero Transition, sets out four overarching recommendations, as follows:

- **Crowd in institutional investment via the National Wealth Fund** leveraging the financing products offered including structured guarantees and brokerage support that incentivise institutional investors to deploy capital into net zero infrastructure.
- **Empower UK regions to facilitate investment** empowering local authorities through frameworks like Local Area Energy Planning and dedicated advisory bodies to build investible project pipelines and simplify access to finance.
- **Develop Sectoral Investment Roadmaps** to provide investor certainty development of detailed sectoral investment roadmaps to clarify policy, regulatory levers, and investment milestones, enhancing investor confidence.
- **Address regulatory and structural barriers** to unlock capital reform regulatory frameworks – such as guarantee structures, capital rules and project pipelines – to remove hurdles and facilitate large-scale institutional investment.

We will continue to engage government and industry to address wider policy and regulatory changes that we believe have the potential to unlock greater investment opportunities.

Read more in our **policy paper**

Industry standards

We play a leading role in driving industry best practice across climate, nature and transition finance to shape standards and inform policymaking.

- **Accounting standards –** As Chair of the PCAF Global Core Team and UK Working Group, we help evolve global GHG accounting standards, enabling more accurate financed and insurance-associated emissions measurement. Through our involvement in the TPI, we guide credible company transition assessments that underpin investor stewardship worldwide.
- **Nature-related risk –** We contribute to the Institute and Faculty of Actuaries ('IFOA') work on investing in nature, helping define how financial institutions can manage nature-related risk and access nature-positive investment opportunities through both indirect company investments and direct natural capital solutions. As a lead author within the Climate Financial Risk Forum, we support strengthening capabilities on adaptation, resilience and nature, developing frameworks, case studies and practical steps for integrating nature risk into decision-making.

Skills and good work

The UK's clean energy sector is projected to generate more than 400,000 new jobs by 2030, but growing skills shortages could hinder progress[33]. To address this, we are helping remove barriers that limit growth and highlighting the importance of reskilling for a net zero economy. We focus on:

- **Reskilling –** Research published in 2024 by the Standard Life Centre for the Future of Retirement found that many mid- and late-career workers lack knowledge of 'green' jobs[34], reinforcing the need for accessible training pathways and inclusive hiring practices to entice workers to reskill.
- **Workforce challenges –** In 2025, alongside Aldersgate Group, Santander and the MCS Foundation, we examined workforce challenges in the UK heat pump sector. Despite significant potential, the sector faces shortages of skilled labour, regional imbalances and inadequate training routes[35]. Our findings emphasise the need for targeted planning and investment to help the sector scale fairly and effectively.

Engage continued

Engaging government

Governments have a critical role to play in creating the necessary policy and regulatory frameworks to deliver the net zero transition.

Policy and regulatory frameworks that drive real economy decarbonisation will support our investee companies on their decarbonisation journeys which, in turn, will help us meet our own goals. If our portfolio decarbonises materially faster than the real economy, we risk being out of step with the economy as a whole, misaligning with customer outcomes. This means the rate at which the real economy transitions effectively sets a ceiling on how quickly our portfolio can decarbonise without unintended consequences.

We also want to play an active role in financing the transition, but our ability to scale up investment in climate solutions and the net zero transition remains limited by policy, regulatory and market barriers affecting both the supply of and demand for finance.

To help accelerate the transition and create investment opportunities we have an extensive engagement programme, encompassing key government departments such as the Department for Energy Security and Net Zero ('DESNZ'), HM Treasury ('HMT'), Department for Work and Pensions ('DWP'), Foreign, Commonwealth and Development office ('FCDO'), members of parliament, select committees and All-Party Parliamentary Groups. We are committed to working constructively with government to shape policy and regulatory frameworks to deliver real economy decarbonisation and remove barriers to investment.

Government taskforces

Participating in the government forums that will help shape key net zero policy is another crucial element of our government engagement. We are currently members of four central and regional government forums and taskforces: UK Transition Finance Council, Mayor of London's Climate Finance Taskforce, Emerging Markets and Developing Economies Investor Taskforce and the British Infrastructure Taskforce ('BIT').

Claire Hawkins
Director of
Corporate Affairs & Brand

Engage continued

Engaging government continued

Taskforce	Objective	Output
UK Transition Finance Council HMT and The City of London Corporation	Monitor and drive implementation of the Transition Finance Market Review's recommendations. Support transition finance capacity building and engagement across a breadth of UK and international stakeholders. Convene working groups to progress priority areas in accordance with the Council's objectives.	We sit on the Pathways, Policies and Governance and Scaling Transition Finance working groups that focus on creating long-term policy certainty which unlocks private investment in the transition and promoting the UK's competitive position in transition finance. A key focus has been developing the Sector Transition Plans: The Finance Playbook that sets out guidance for actionable plans that unlock investment in high emitting sectors.
London Climate Finance Taskforce Mayor of London	Taskforce of senior stakeholders to identify new financing mechanisms which can unlock private investment at the scale required to facilitate London's transition to net zero.	We are members of the Taskforce which is working with the Green Finance Institute to recommend a set of actionable next steps to develop attractive financial solutions to help London reach its net zero by 2030 goal.
Emerging Markets and Developing Economies ('EMDE') Investor Taskforce FCDO	Industry-led initiative convened by UK Government Ministers. The Taskforce is dedicated to unlocking long-term investment aimed at seizing sustainable opportunities across EMDEs and tackling climate change.	We are playing an active role across workstreams focused on policy, regulation and product development, and have contributed to reports exploring how pension funds and insurers can unlock investment in EMDEs.
British Infrastructure Taskforce HMT	Bring together experts from the UK's financial services sector to support investment in UK infrastructure, including assets that support the Government's Clean Power 2030 objective.	We have contributed to multiple workstreams and provided expert insight and recommendations to help shape policy aimed at unlocking greater private sector investment in UK infrastructure and other productive assets. This has included input into reports and discussions with government to ensure the conditions are in place for institutional investors, such as insurers and pension funds, to deploy long-term capital effectively.

We are pleased to see that several elements of our recommendations have been reflected in recent government policy announcements. This includes:

- **The UK Government launched a revamped Office for Investment ('OfI'),** strengthening the UK's efforts to secure investment to drive economic growth. The enhanced OfI now provides high-end investor relations, commercial support and tailored opportunities for those looking to invest in the UK, aligning with the Government's Plan for Change and its Modern Industrial Strategy, including renewable energy assets.
- **The National Infrastructure and Service Transformation Authority ('NISTA') launched an interactive online tool** to provide investors with greater visibility of upcoming projects and the pipeline of energy infrastructure projects.
- **The Pensions Schemes Bill includes proposals to consolidate workplace default funds into larger 'mega funds' of at least £25 billion.** This initiative aims to enhance member outcomes and align pension investments with long-term economic growth objectives.
- **The Mansion House Accord and Sterling 20 initiatives are government-backed partnerships between some of the UK's largest pension funds and insurers, including Standard Life.** The initiatives aim to boost investment into domestic assets and private markets and support, develop a strong pipeline of investible assets and channel the nation's savings into key infrastructure and fast-growing businesses and sectors.
- **The Carbon Budget and Growth Delivery Plan Investor Prospectus** set out the government's intention to publish factsheets setting out greater policy direction for key sectors.

Engaging with industry

To achieve net zero, collective action is required from across the financial system.

As an asset owner, we amplify our impact by engaging with our industry peers, both bilaterally and through cross-industry bodies to jointly shape policy, standards and market practices that will help to accelerate the transition.

Since publishing our first Transition Plan, we have continued to play an active leadership role across key cross-industry initiatives, including the ABI IDF, Climate Action 100+ and UKSIF. These forums are key to delivering meaningful and impactful change in the real economy.

Our key focus continues to be addressing the policy, regulatory and market barriers that need to be overcome to unlock investment in the transition to net zero. Our engagement is guided by the principles set out in our **Political Engagement and Lobbying Policy** to ensure alignment with our values and ambitions.

Looking ahead, we will aim to broaden our engagement through our industry memberships across emerging topics such as nature, just transition, adaptation and resilience.

Industry forums

ABI Investment Delivery Forum ('IDF') & Investment Visibility Group ('IVG')
Our CEO, Andy Briggs, became president of the ABI in early 2025. The ABI aims to ensure Solvency UK regulations are implemented in a way that helps unlock capital, convening industry, government and regulators to explore how assets can meet Matching Adjustment eligibility criteria. Assets includes renewable energy infrastrucutre.

Institutional Investors Group on Climate Change ('IIGCC')
We joined the IIGCC Just Transition Working Group. The project intends to build upon existing external best practice among practitioners to integrate the topic in future versions of the Net Zero Investment Framework. We also contributed to the IIGCC Implementation Guidance for Objectives and Targets, by providing a case study on rebaselining which was included.

Aldersgate Group
Our Aldersgate Group membership has provided several valuable opportunities to engage with ministers and peers, including co-hosting events around COP29 and COP30 with Rt Hon. Ed Miliband, UK Special Representative for Climate Rachel Kyte and the Rt Hon. Baroness Theresa May.

Climate Action 100+
We have chaired and now sit on the CA100+ Global Steering Committee. This provides us with an opportunity to share the asset owner's perspective in the second phase of the initiative focusing on decarbonisation actions and disclosure by high emitting companies.

UK Sustainable Investment and Finance Association ('UKSIF')
We sit on the UKSIF Board and chair its Policy Committee. UKSIF brings together members of the sustainable finance and investment community. Our involvement helps to drive real economy change that, in turn, supports our wider government and regulatory engagement.

Nature Action 100
We are members of Nature Action 100, a global investor engagement initiative, launched at COP15, which aims to drive greater corporate ambition and action on tackling nature loss and biodiversity decline.

Climate Financial Risk Forum ('CFRF')
We actively participate in the PRA and FCA's CFRF that aims to advance the finance sector's response to climate change. We were one of the lead authors of the Developing an approach to nature risk in Financial Services publication.

Transition Pathway Initiative ('TPI')
We are Board and Strategic Advisory Committee Members for TPI that aims to understand how companies are managing the transition to a low carbon economy. The TPI's Management Quality score assesses over 2,000 companies in 11 industries, providing valuable insight for investor and stewardship engagement.

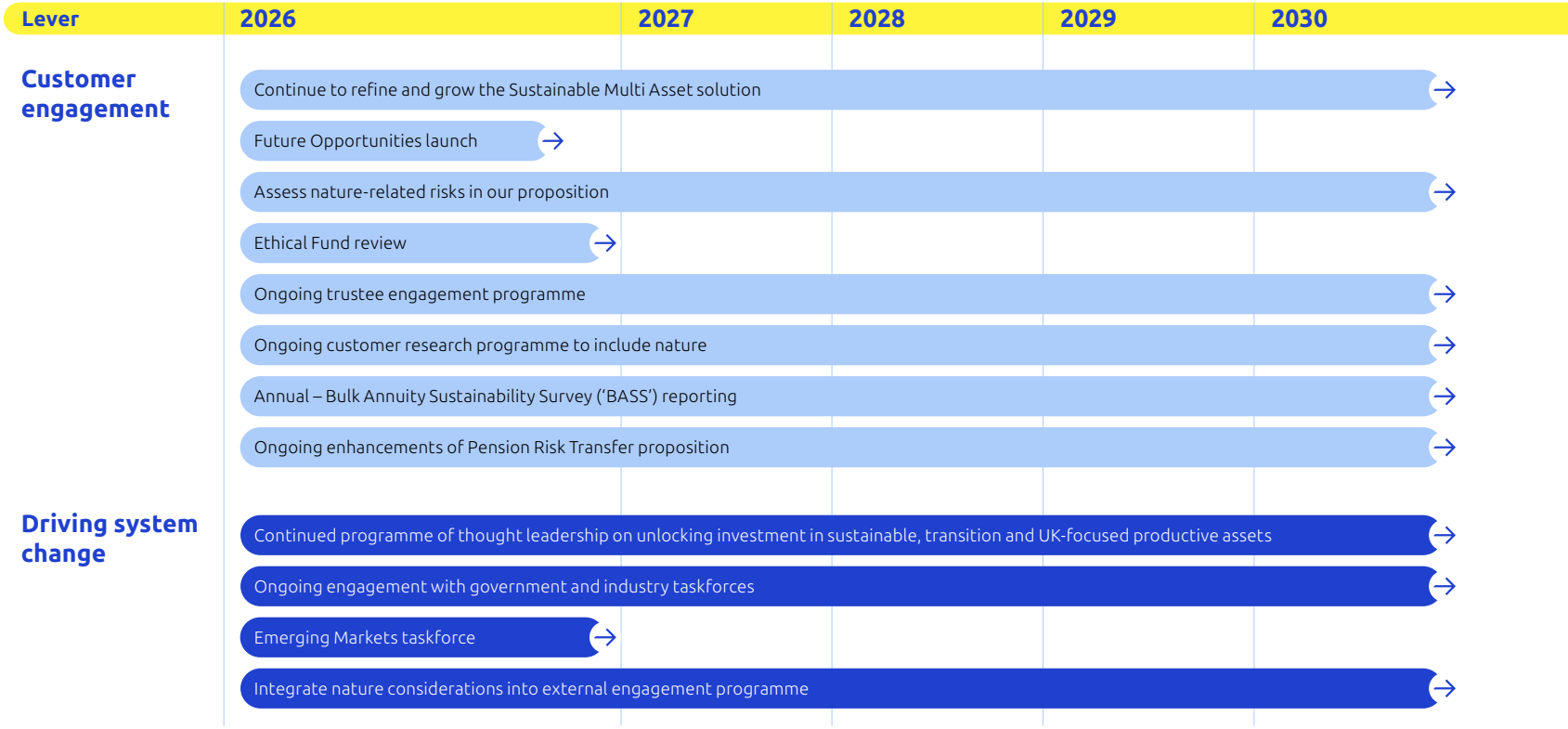
Engage continued

Our directional roadmap to 2030

We have developed a directional roadmap for the next phase of engagement. It outlines the activities that we plan to undertake between now and 2030 to continue engaging with our customers and driving system change.

Our customer engagement will help us understand more about their needs and inform our proposition development. Our work on driving system change will broaden to include nature, just transition and adaptation and resilience-related themes alongside net zero.

This roadmap is intended as a directional guide, and many elements will require further detailed analysis and formal approval before implementation.



Lead

Lead by example

We are reducing our direct and wider emissions and nature impacts within our own operations and by working collaboratively with suppliers.

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Lead continued

Lead at a glance

We have reduced our operational Scope 1 and 2 emissions by 81%[2] and our supplier emissions by 33% on an absolute basis.

By decarbonising our own operations and working collaboratively with our suppliers, we are helping to future-proof our organisation and ensure we can continue to deliver high-quality, cost-effective services to our customers.

We have achieved an 81% reduction in Scope 1 and 2 absolute operational emissions (market-based) versus our 2019 baseline[2]. This comfortably exceeds our 60% target for 2025. We have also made strong progress towards halving the emissions intensity of our supplier base by 2030[5], although we are ultimately dependent on our suppliers taking action.

We are taking steps to understand, and develop strategies to address, our nature dependencies and impacts.

Our 2030 targets

90%
reduction in our operational Scope 1 and 2 absolute emissions[2]

50%
reduction in the carbon intensity of our supplier base[5]

Key progress on strategy since 2023

Own operations

- Procured 100% renewable electricity across our UK and EU sites.
- Achieved ISO 14001 certification for our Environmental Management System.
- Reduced energy consumption by 24% since YE2023 from estate consolidation and efficient estate use including introducing energy performance contracts
- Offset residual Scope 1 and 2 emissions to achieve carbon neutrality.

Supplier base

- Undertook our first climate risk assessment across our material supplier population.
- Refreshed our ESG Supplier Standards to set expectations that suppliers commit to a long-term goal of net zero by 2050.
- 99% of the requested suppliers approached in 2025 submitted a disclosure to the annual Carbon Disclosure Project ('CDP'), up 15% since 2023.

Challenges and dependencies

Operations

- Our business travel emissions profile remains a challenge and will be a key area of focus.
- Cost of electrification of gas boilers to replace with heat pumps for large office estates.
- Offsetting residual emissions is dependent on availability of high-quality carbon removal credits.

Supplier base

- We are ultimately dependent on our suppliers taking meaningful action to reduce their emissions in line with their commitments to net zero.

Status vs headline targets

Own operations

- Achieved an 81% reduction in Scope 1 and 2 absolute emissions (market-based) versus our 2019 baseline[2]. This is in line with a science-based net zero trajectory. Offsetting the residual emissions helps us achieve carbon neutrality.

Supplier base

- Achieved 36% reduction in the Scope 3, category 1 and 2 emissions intensity and 33% absolute basis in 2025, relative to the 2022 baseline.

Key priorities for next phase

Operations

- Maintain our focus on driving energy efficiency and progressing site rationalisation initiatives to reduce emissions and optimise resource use.
- Implement targets to minimise water usage and enhance biodiversity.
- Introduce an internal carbon budget and colleague engagement campaign to encourage more sustainable business travel choices.
- Continue to purchase high-quality carbon credits.

Supplier base

- Engage our 50 highest emitting suppliers on their net zero journey and setting a science-based target or equivalent.
- Further embed considerations on climate change, nature and human rights into internal procurement processes.

Lead continued

Progress since our first Transition Plan

Our first Net Zero Transition Plan included directional roadmaps summarising planned actions intended to decarbonise our own operations and supplier base. The table summarises our progress against these actions.

NZTP priorities	What we committed to in our roadmap	Progress to date	Status summary
Reducing our own emissions	Implement carbon removal credit strategy for residual carbon.	Published our position statement on the use of carbon credits in 2025, setting out our approach to using carbon credits and offsetting to help decarbonise operational emissions. Purchased first tranche of carbon removal credits of 3,852 tCO_2e.	**Complete**
	Realise absolute Scope 1 and 2 carbon reductions (min 60% from 2019) by 2024.	Achieved an 81% reduction in Scope 1 and 2 absolute emissions (market-based) versus our 2019 baseline[2] comfortably exceeding our 60% reduction target for 2025. Latest science-based targets guidance states a 90% reduction in all scopes must be achieved before claiming net zero with the use of carbon removal offsets. We are now targeting 90% reduction in Scope 1 and 2 absolute emissions[2], by 2030 or sooner. From 2025, we will use high integrity carbon removal credits to offset residual Scope 1 and 2 emissions.	Ongoing
	Net zero across Scope 1, 2 and Scope 3 business travel by 2025.		
Working collaboratively with partners	Publish ESG Supply Chain Standards including actions and steps towards decarbonisation.	Published ESG Supplier Standards and engaged with our top 10 highest emitting suppliers to ensure they understood the requirements.	**Complete**
	90% of key suppliers committed to Science Based Targets Initiative ('SBTi') or Race to Zero targets.	All of our top 10 highest emitting suppliers and 19 of our top 20 suppliers have SBTi or science-based equivalent targets.	**Complete**
	Undertake supply chain spend and taxonomy data exercise.	Assessment completed to inform our decarbonisation strategy.	**Complete**
	Introduce carbon pricing as an additional lever to support sustainable strategic sourcing.	Descoped following organisational restructure and reprioritisation of management actions.	De-scoped
	Reduce supply chain carbon intensity by 50% by 2030 (2019 baseline).	We have made good progress towards our interim target to reduce the emissions intensity of our supplier base by 50% by 2030[5]. Our supplier base absolute emissions (Scope 3 category 1 and 2) have reduced by 33% to c.47,116 tCO_2e^ in 2025 versus our 2022 baseline of c.70,000 tCO_2e. We reduced Scope 3, category 1 and 2 emissions intensity by 36% in 2025 versus our 2022 baseline.	Ongoing
	Net zero supply chain by 2050 (2019 baseline).		

Lead continued

Decarbonising our operations

Our operational emissions are a small part of our overall carbon footprint, but they are where we have the greatest direct control and ability to influence. That's why decarbonising our own operations is a crucial part of our Net Zero Transition Plan and reflects our commitment to lead by example.

Our operational emissions arise from several sources, the most material of which are natural gas and fugitive emissions (Scope 1), and business travel (Scope 3 category 6). Electricity for our sites is sourced from renewable energy providers so our Scope 2 grid electricity emissions are zero.

We monitor our overall operational carbon performance both by assessing our emissions in absolute terms as well as using intensity metrics, given changes in employee number and office estate size. Our chosen intensity metric tracks market-based (reflecting emissions from electricity that we have procured) Scope 1 and 2 emissions per full-time employee ('FTE'). We also use a per floor area metric to assess the energy efficiency of our occupied spaces, which uses location-based emissions (reflecting the average emissions intensity of grids on which energy consumption occurs) as it allows us to capture electricity saving measures.

81%
reduction in own operations Scope 1 and 2 emissions achieved[2]

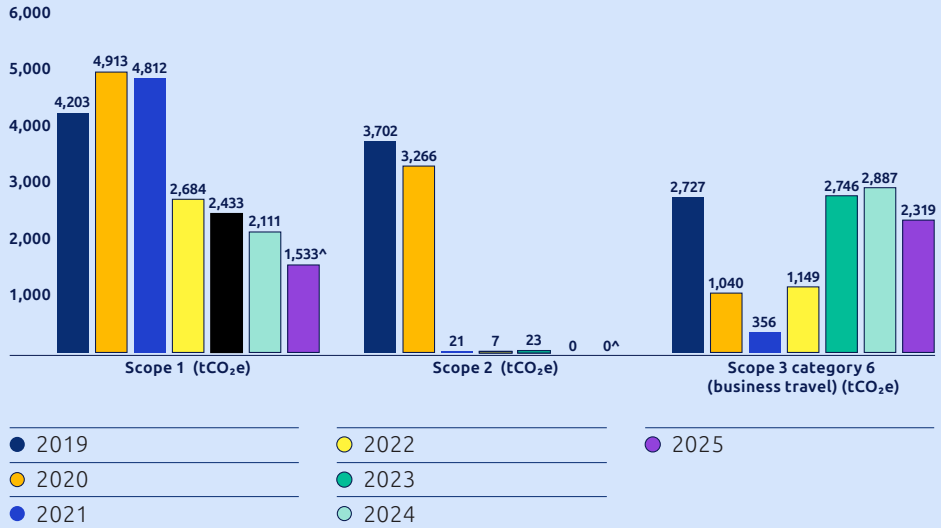
Progress to date

We have achieved an 81% reduction in Scope 1 and 2 absolute emissions (market-based) versus our 2019 baseline[2]. This comfortably exceeds our 60% minimum reduction target for 2025, which was set in line with a science-based net zero trajectory. We achieved an 84% reduction in Scope 1 and 2 emissions intensity versus our 2019 baseline. Progress was driven by renewable electricity sourcing, estate consolidation and optimisation and energy efficiency measures. In line with current best practice, we are now targeting a 90% reduction in Scope 1 and 2 absolute emissions, which we aim to achieve by 2030 or sooner.

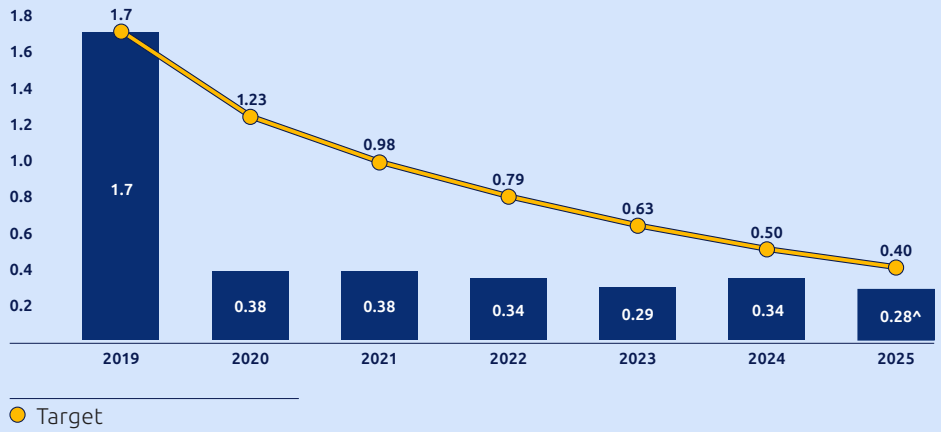
We have rebaselined our Scope 3 category 6 business travel emissions to reflect an increase in scope since our original 2019 baseline, enabled by greater data availability. In 2025, we have achieved a 15% reduction in our business travel emissions (restated) versus the new baseline.

As of 2025, we are taking responsibility for our residual direct operational emissions (including business travel) by offsetting them with high integrity carbon credits. We consider ourselves to be carbon neutral for our Scope 1 and 2 emissions[3].

Absolute operational emissions 2019–2025 by Scope 1, 2 and 3 (tCO_2e market-based)



Scope 1 and 2 operational emissions intensity per FTE (market-based) – accounting for renewable energy purchasing as a carbon method



Lead continued

Decarbonising our operations continued

Our strategic approach to addressing our operational emissions

Scope 1 and 2 emissions

Our strategic approach to reducing our operational emissions is based on the four-step 'Eliminate, Reduce, Substitute, Compensate' framework.

Eliminate

We focus on eliminating emissions wherever possible by aligning our capital expenditure programme with our net zero target and continually reviewing our building use to focus on efficient and appropriately sized office space for our colleagues. This includes consolidating office space and rationalising sites to reduce energy use and associated emissions. Our move from Wythall to a Birmingham office reduced office space by c.375,000 sq ft. Our Birmingham office achieved BREEAM excellence certification with the building utilising on-site solar panels and an all-electric heating system.

100%
renewable energy used in all sites across the UK and EU

Reduce

Where elimination is not possible, we reduce emissions and improve energy efficiency. This is achieved through technology and digital upgrades, such as optimising lighting systems, ventilation controls and boiler systems in line with our Smart Energy Coalition commitment. We will also address our business travel emissions through colleague engagement and will continue to drive reductions through the roll-out of our carbon budget approach to drive sustainable travel choices.

Substitute

We substitute remaining energy sources with low carbon alternatives by generating or procuring 100% renewable electricity across sites in the UK and EU.

Compensate

Finally, we compensate for what is left through the purchase of high integrity carbon credits from nature-based removal projects that meet industry leading standards.

In 2025, we published our **Position statement on the use of carbon credits** which sets out our four-pillar approach to using carbon credits and offsetting to compensate for our operational emissions.

More information on how we've used carbon credits to date can be found in our **Annual Report and Accounts**

Delivering emissions reductions through energy performance contracts

In 2024, we entered a multi-year energy performance contract with our primary facilities management partner, Mitie. The contract draws upon the experience of dedicated energy managers to audit, propose, implement, monitor and verify energy conservation measures ('ECMs') across our main UK sites. The service utilises a gain-share mechanism to deliver energy savings and cost benefits to both Standard Life, through reduced energy costs, and Mitie, through gain-share.

In its first year, the contract has delivered 2.3 GWh in cumulative energy savings in gas and electricity.

Going forward, the contract will remain instrumental in further decarbonising our operations. We will continue to deliver low and no cost optimisations in heating, ventilation and air conditioning and explore further opportunities that require more significant capital expenditure.

Scope 3 – category 6 business travel emissions

The scope of our business travel reporting has increased significantly since the baseline year and now includes air, rail and hotel emissions. Previously, it only included employees' business mileage from cars. Because of this, we have rebaselined our emissions to maintain transparency and ensure that our baseline accurately captures the full range of business travel activities now included in our reporting.

We have implemented a system to manage real-time travel emissions data for all colleagues across the Group. This will support ongoing colleague engagement and help embed lower carbon travel considerations into everyday decision making. In 2026, we plan to introduce internal carbon budgets, designed to reduce travel emissions each year, and review options for setting an interim decarbonisation target for business travel.

Addressing nature within our estate

We want to build on our emissions reduction programme by broadening our focus to encompass nature and its vital role in our operations. By the end of 2027, our goal is to have developed a comprehensive biodiversity monitoring plan and implemented an initial wave of biodiversity enhancements across key sites. We also intend to address water consumption throughout our office estate. We have already introduced automatic water metering systems and now plan to develop a strategy to minimise water usage, including setting measurable targets.

Looking ahead to 2030, we will begin implementing water-saving measures across our key sites and deliver targeted biodiversity enhancements. We will also review our minimum sustainability standards for office moves and fit-outs, ensuring nature-related enhancements are included in their design. These steps will help to establish nature and resource efficiency as integral elements of our operations strategy.

Lead continued

Decarbonising our operations continued

Own operations decarbonisation outlook

Our ability to achieve our target of a 90% reduction in our Scope 1 and 2 absolute emissions by 2030 or sooner is dependent on our ability to deliver further emissions reduction through our energy performance contract and more efficient use of office space. We will also need to continue being able to purchase renewable power.

To help illustrate how emissions could potentially change between now and 2030, we have considered the potential effects of our decarbonisation strategy as follows:

- **Base case:**
  4% annual reduction. This reflects our central expectation for what we will achieve through Mitie EPC and other energy efficiency programmes.
- **Low achievement:**
  2% annual reduction. This assumes we continue to deliver some emissions reduction but underperform versus our central expectation.
- **High achievement:**
  6% annual reduction. This assumes we find additional cost-effective opportunities to reduce emissions and outperform versus our central expectation.

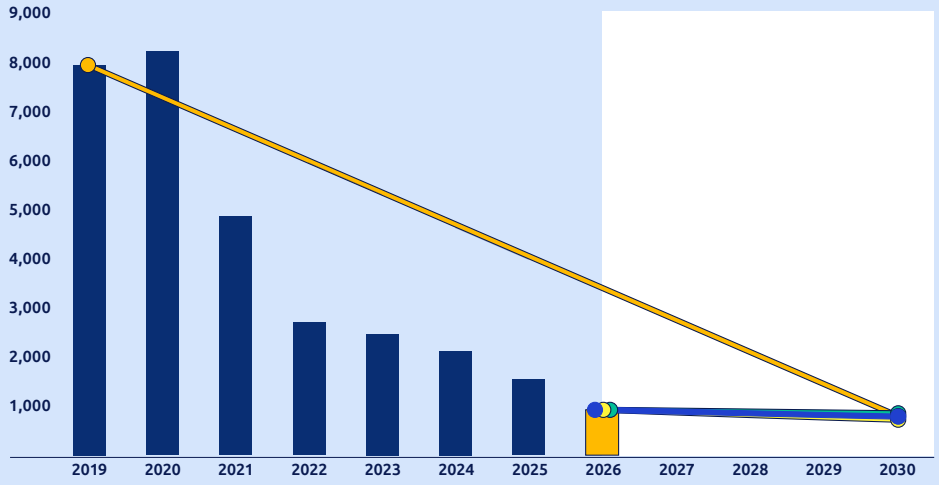
Our emissions pathways show that under the base case and high achievement scenario to deliver energy efficiency programmes as planned or with additional savings, we will achieve our 2030 90% reduction target[2].

It is important to note that the pathways utilise 2026 as a starting point, accounting for the emissions reduction achieved from the sale of our Wythall office, which delivered a step change in emissions reductions.

Our ability to achieve our 2030 Scope 1 and 2 emissions target[2] and net zero by 2050 is partially dependent on several factors outside our control, in particular the cost-competitiveness of decarbonisation measures and availability of high-quality carbon credits.

We will continue to monitor our progress closely, reassess decarbonisation options and monitor wider policy, and the regulatory and market environment to inform our approach.

Operational emissions decarbonisation outlook



- Total Scope 1 and 2
- 90% reduction trajectory to 2030
- Base case
- High achievement
- Low achievement

Dependency	Description	Action we are taking
Cost-competitiveness of decarbonisation	Measures need to demonstrate return on investment amid evolved estate strategy, in particular the cost of decarbonising heat.	Review sites on a regular basis for improvements and work with facilities manager to implement where feasible.
Availability of high-quality carbon credits	High-quality nature-based carbon removal credits need to be available to offset residual emissions.	Internal standards and strategy set out. Work with partner to acquire credits.
Travel emissions	Air travel emissions are unavoidable in certain circumstances.	Engagement of colleagues to take digital-first or sustainable travel choices via introduction of carbon budget.

Lead continued

Decarbonising our supplier base

We have achieved a 33% reduction in supplier base emissions since 2022[5].

The majority of our spend is with our 1,100 partners and suppliers from fully managed outsourced services, IT, professional services and goods and services related to the management of our premises. Our supplier base emissions are heavily concentrated among our largest suppliers with our top 10 highest emitting suppliers, accounting for 41% of our total supplier base emissions.

Progress to date

We have made good progress towards our interim target to reduce the emissions intensity of our supplier base by 50% by 2030[5]. Our supplier base emissions intensity has reduced by 36% from 101 to 65 t/CO_2e/£m^ from 2022 to 2025.

We have helped to encourage these reductions through a combination of supplier engagement, skills training for colleagues and expectation-setting through our ESG Supplier Standards.

We engage with our suppliers to ensure they understand our ESG Supplier Standards with a focus on our top 10 highest emitting suppliers to support their transition to net zero and accelerate their decarbonisation efforts. This engagement is a critical step in driving emissions reductions across our value chain. The key request we make of our selected suppliers is that they complete an annual Carbon Disclosure Project ('CDP') disclosure. In 2025, 99% of the suppliers we approached submitted a disclosure. This reflects a 15% increase since 2023 in the number of our suppliers who participate in the CDP survey, and is well above the industry average participation rate of 63%.

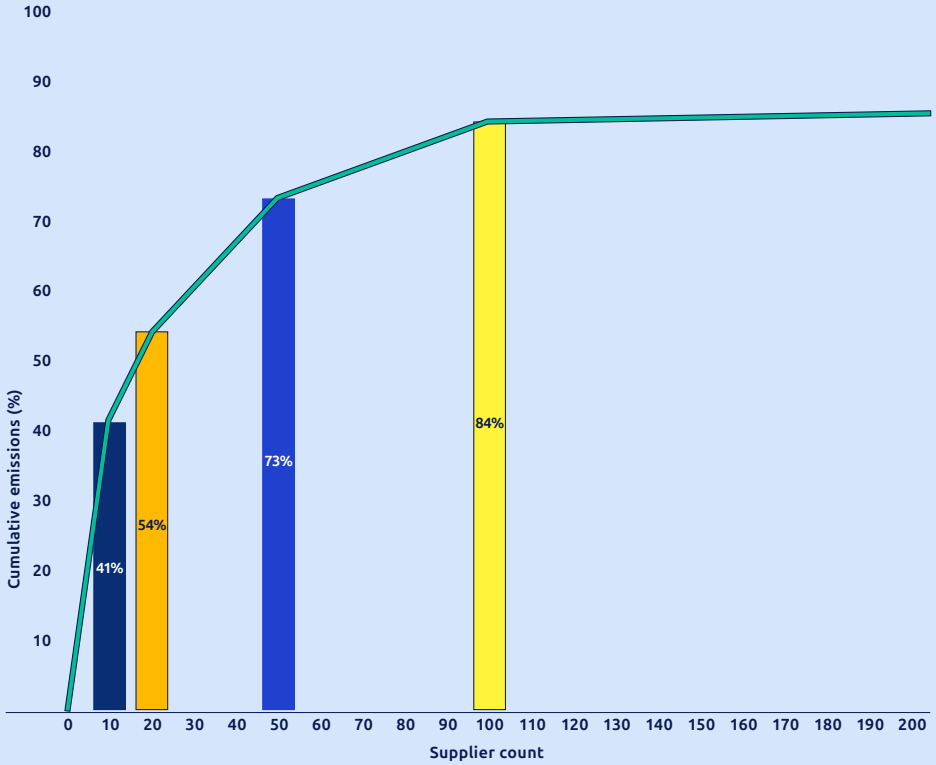
Our ESG Supplier Standards and Supplier Code of Conduct set out our expectations of suppliers in relation to net zero (alongside wider expectations). In 2025 we reviewed and refreshed our ESG Supplier Standards and updated our Supplier Code of Conduct to reflect evolving market expectations. Our expectations include suppliers committing to a long-term goal to be net zero by 2050 or sooner and annual disclosure of their Scope 1 and 2 emissions.

In addition to our ongoing focus on reducing the emissions intensity of our supplier base, we have started to broaden our focus to incorporate nature-related elements. The first step was to conduct a nature-based risk assessment of our material supplier population. This will enable us to prioritise engagement where the greatest impact can be achieved.

36%
reduction in supplier base emissions intensity since 2022

99%
of suppliers approached completed a CDP disclosure

2025 estimated Standard Life supplier base emissions assessment



This graph depicts indicative supply chain emission footprint data modelled on current visibility of our supply chain and spend to provide context around our current scope of supply chain emissions, which has not yet been assured. Standard Life is currently undergoing an extensive exercise to enhance supply chain spend data quality and categorisation and align this more closely with Standard Life taxonomy within our procurement and finance tools, in order to calculate supply chain emissions more accurately.

- % emissions attributable to top 10 suppliers
- % emissions attributable to top 20 suppliers (YE2024)
- % emissions attributable to top 50 suppliers (YE2024)
- % emissions attributable to top 100 suppliers (YE2024)

Lead continued

Decarbonising our supplier base continued

Our strategic approach

Our strategy focuses on supplier engagement to encourage suppliers to set decarbonisation targets. To enable this engagement and collaboration we upskill our supplier relationship manager colleagues on climate change themes relevant to our supplier base.

We will continue to deliver meaningful change to our supplier base through engagement with material suppliers, expanding our programme to ensure that by the end of 2030, we will have engaged our top 50 highest emitting suppliers on their net zero journey and request that they set a science-based target or equivalent if they have not already done so.

We will continue to embed net zero considerations into our supplier management processes, and upskill colleagues to strengthen climate capability across our business to reflect market expectations on climate change, nature and human rights. Our approach prioritises partnerships based on responsible business practices and sourcing, ensuring resilience to climate-related risks.

Understanding nature-related risk

We have undertaken a Taskforce on Nature-related Financial Disclosures ('TNFD')-aligned assessment of nature-related risks and opportunities across our most material suppliers and their downstream value chains.

We followed a TNFD Locate, Evaluate, Assess and Prepare ('LEAP') approach to conduct an initial assessment, and further assessed suppliers operating in data infrastructure and computer manufacturing as the highest priority sectors.

The review identified factors including water stress, land use change, pollution and biodiversity loss, with physical risks such as droughts and flooding that could pose operational challenges in the future. Transition risks linked to tightening global regulations such as the Corporate Sustainability Reporting Directive ('CSRD') and European Union Deforestation Regulation ('EUDR') may increase compliance costs and reputational exposure. High-risk locations that our suppliers who were assessed have dependencies on within their downstream value chains include Guinea (aluminium mining), Chile (copper mining), Indonesia (smelting), and water-stressed regions in the UK and India.

These assessments will be repeated periodically across our material supplier population. By the end of 2026, we will embed nature and biodiversity questions into existing request for proposal ('RFP') and due diligence processes, as well as equipping our Group Procurement and Partner Management team with further knowledge to assess supplier ESG credentials more broadly. In 2027 we will review our current 15% weighting in procurement-led RFP sourcing activity with a view to increasing it, subject to a commercially reasonable business case.

We will continue to regularly update our internal policies, Supplier Code of Conduct and procurement processes in line with market expectations on climate change, nature and human rights.

Lead continued

Decarbonising our supplier base continued

Supplier base decarbonisation outlook

Dependencies for achieving our supplier base decarbonisation

Our ability to achieve our 2030 target of a 50% reduction in the emissions intensity of our supplier base[5] is heavily dependent on ongoing progress by our suppliers on their decarbonisation journeys. Our suppliers in turn will be dependent on the pace of wider decarbonisation of the real economy in the jurisdictions where they operate.

In summary, we will be more likely to achieve our target if our suppliers make meaningful progress towards decarbonising their operations, which will be more likely if the pace of real economy decarbonisation in the jurisdictions in which they operate is maintained or accelerates; and if any new suppliers that are onboarded between now and 2030 have lower emissions factors than our current suppliers. We will be less likely to achieve our 2030 target if the reverse is true.

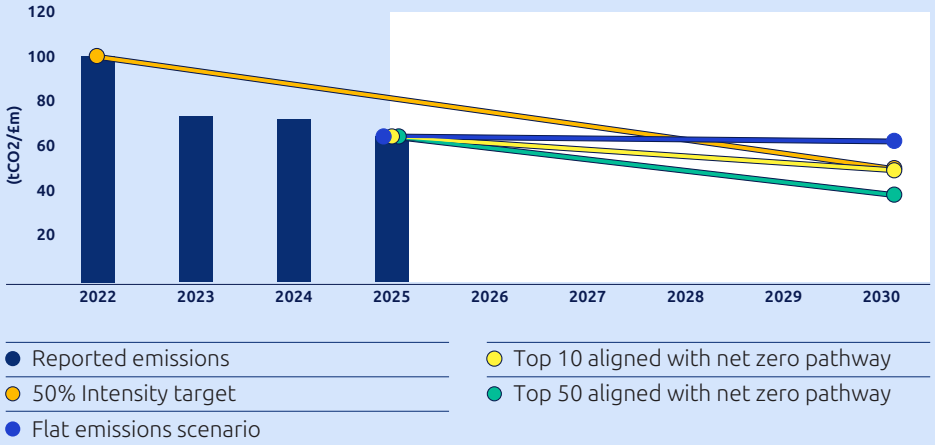
To help illustrate how our supplier base emissions could potentially change between now and 2030, we have considered the potential effects of three high-level decarbonisation scenarios on our supplier base emissions, as follows:

Flat emissions scenario: Assumes that our overall supplier base emissions remain flat with moderate ongoing decarbonising from some suppliers cancelled out by increased emissions from other suppliers.

Dependency	Description	Action we are taking
Decarbonisation action by suppliers	Our ability to achieve our targets is heavily dependent on the extent to which our suppliers decarbonise.	Ongoing engagement with top 50 suppliers. Ongoing integration of standards, and procurement processes.
Disclosure	We require accurate and timely data to measure and report climate and nature-related risks.	Encourage continued uptake of CDP disclosures and strengthened reporting frameworks.
Electricity grid decarbonisation	Many of our service providers' emissions are driven by Scope 1 and 2 emissions, so their ability to decarbonise is heavily dependent on the pace of grid decarbonisation.	We encourage suppliers to commit to net zero targets and undertake measures to decarbonise.

Illustrative emissions intensity pathways for our supplier base vs our 2030 target

Supplier base emissions projections



Top 10 highest emitters align with net zero pathway: Assumes that our top 10 highest emitting suppliers decarbonise in line with Transition Pathway Initiative's ('TPI') Electricity Sector 1.5 Degrees scenario, while all other suppliers continue to decarbonise in line with the TPI National Pledges scenario. This scenario reflects the fact that our top 10 suppliers have all committed to science-based targets.

Top 50 highest emitters align with net zero pathway: Assumes that our top 50 highest emitting suppliers decarbonise in line with TPI Electricity Sector 1.5 Degrees scenario, while all other suppliers continue to decarbonise in line with the TPI's National Pledges scenario. This scenario reflects our ambition to engage our top 50 emitting suppliers on their net zero journey and request that they set a science-based target if they have not already done so.

These illustrative scenarios show that there are a wide range of potential outcomes. Our 2030 target is achieved under Scenarios 2 and 3, but not Scenario 1. It is important to note that the pathways shown represent a selection of possible outcomes rather than predictions.

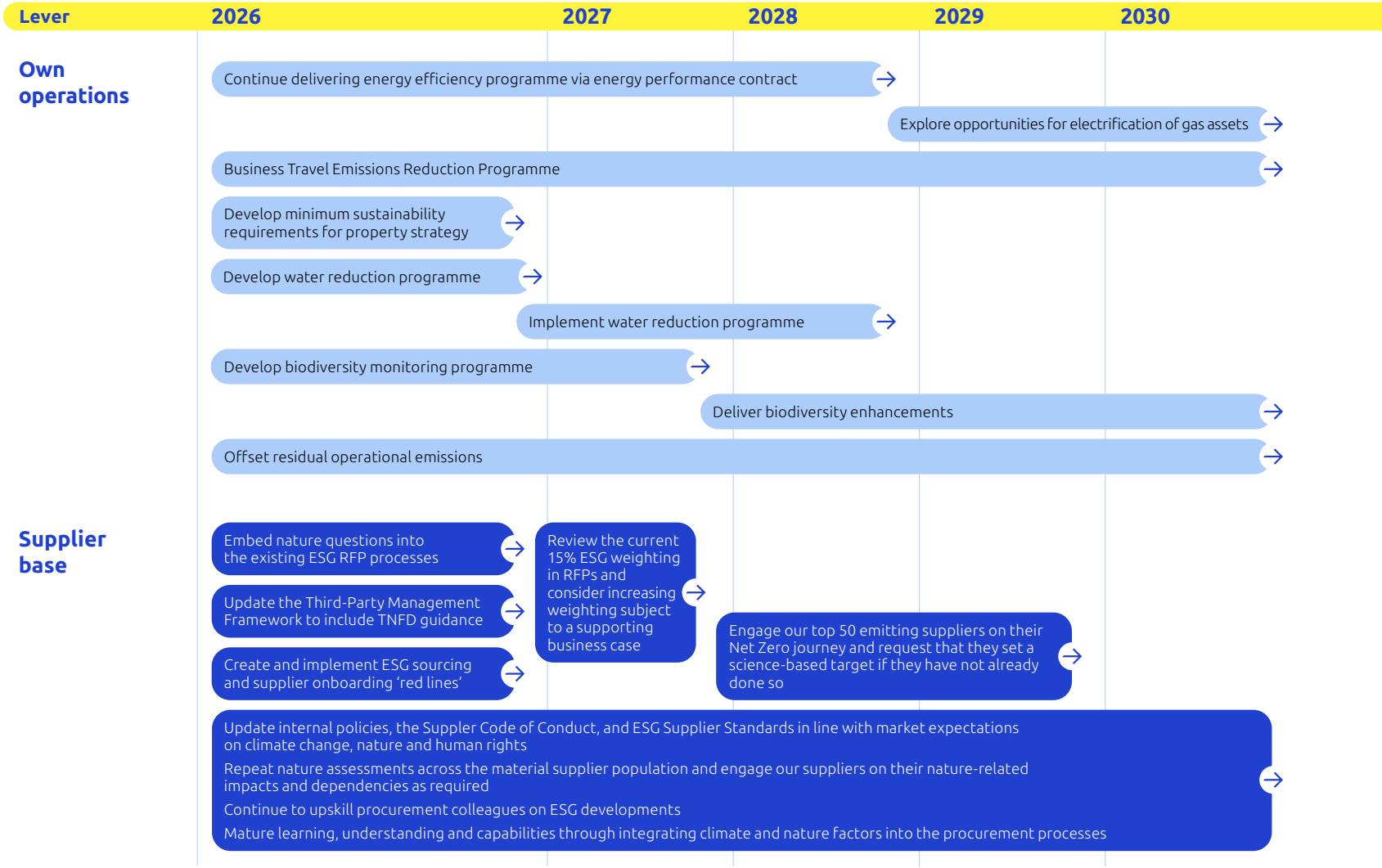
The scenarios also do not allow for wider potential management actions such as strategic changes to supplier relationships or the onboarding of new material suppliers which may change the average emissions intensity of our supplier base between now and 2030. As such, they do not represent firm forecasts or upper and lower bounds of our expectations.

Lead continued

Our directional roadmap to 2030

We have developed a directional roadmap for the next phase of our net zero transition. It outlines the activities that we plan to undertake between now and 2030 to build on the action we are already taking at scale and maintain our progress towards our next interim target.

This roadmap is intended as a directional guide. Many elements will require further detailed analysis and formal approval before implementation.



Governance

An integrated approach

Climate change is embedded within our robust group governance framework.

In this section

59 Embedding net zero in our business
60 Our climate governance framework
64 Transition Plan Taskforce alignment mapping

Governance continued

Embedding net zero in our business

Robust governance ensures a solid foundation for accountability and action on climate change. We have a clear governance framework in place to ensure we systematically and effectively identify, assess and manage climate-related risks and opportunities and the delivery of our Net Zero Transition Plan. Our framework covers our climate change strategy across our investment portfolio, operations and supply chain.

Governance

We have a robust climate governance approach in place with climate change integrated into the Group governance framework.

See our **governance framework** on **page 60**

Board oversight – Standard Life plc Board oversight

The Board recognises that managing the impact on the business of the net zero transition and climate-related risks and opportunities is a strategic priority. As such, the consideration of climate change is embedded within our Group governance framework and processes. The Board has oversight of the Group's strategic approach to climate change (including risks and opportunities) and setting the Group's risk appetite. The Board has a robust governance structure to assist in the discharge of its responsibilities through delegations within approved terms of reference.

The Board and its Committees, including the Sustainability Committee, have defined roles and responsibilities relating to the management, oversight and reporting of climate-related matters, including our Net Zero Transition Plan. Cross-committee membership and engagement between the Committees is key to driving consistency in how climate-related matters are addressed across the Group's governance framework.

Management-level forums with climate and nature-related responsibilities

Executive management is assisted in making day-to-day decisions and/or reporting to the Life companies and Group-level Boards and Committees on climate and nature-related matters by management-level governance forums and working groups which do not have decision-making authority within our business. The responsibilities of these forums are set out in the table above.

Forum	Climate-related responsibilities
Enterprise Sustainability Committee	To support effective decision making by Executive and Senior Management in relation to the implementation and oversight of the Group's sustainability and climate strategies and associated initiatives.
Enterprise Asset Management Committee	To support effective decision making by Executive and Senior Management in relation to the direction and oversight of the Group's investment strategy (including the strategic asset allocation framework and sustainable investment and asset liability management strategies) and asset management activities undertaken for policyholder and shareholder funds, ensuring alignment with sustainability climate strategies and relevant risk appetites.

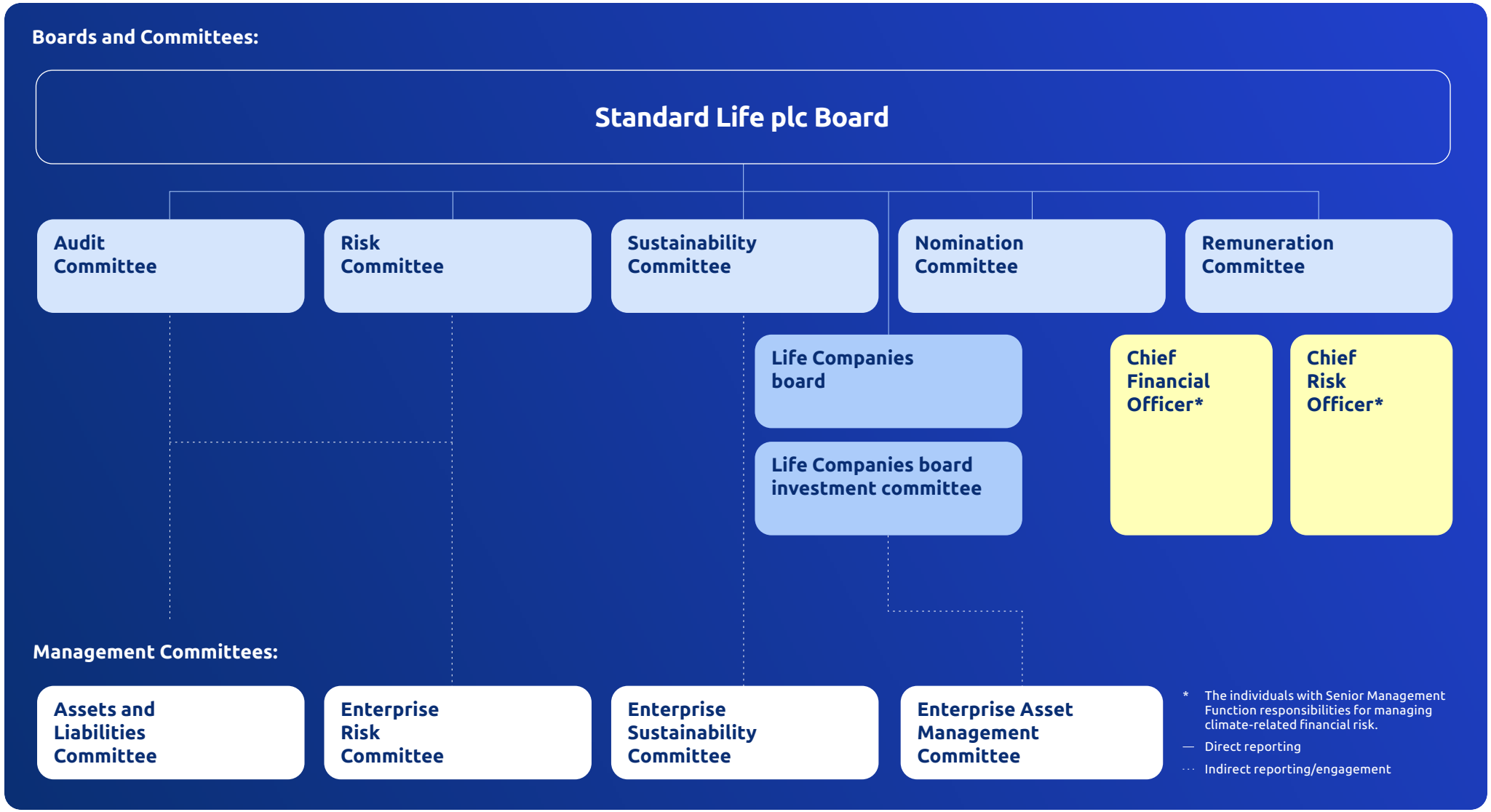
Karen Green
Sustainability Committee Chair

It has been a pleasure to chair the Board Sustainability Committee over the last five years since its inception and I am proud of the progress the organisation has made. This Net Zero Transition Plan sets out a comprehensive roadmap which will see us continuing to support better customer outcomes and play a meaningful role in the wider transition over the next five years.

Karen Green
Board Sustainability Committee Chair, Standard Life plc

Governance continued

Our climate governance framework



Governance continued

Our climate governance framework continued

Individual accountability

The Group's Chief Executive Officer ('CEO'), is responsible for the creation and delivery of the Group strategy and business plan, consistent with the strategy and thresholds set by the Life Companies and Group Boards, that reflects the needs of shareholders, customers, employees, regulators and other stakeholders.

As delegated by the CEO, the Director of Corporate Affairs and Brand has responsibility for defining and overseeing delivery of the Group sustainability strategy, including the Net Zero Transition Plan as agreed with Group and Life Companies Board; and ensuring appropriate accountabilities, risk and controls oversight, and decision rights are in place to achieve business sustainability strategy objectives.

The Group's Chief Financial Officer ('CFO') and the Group's Chief Risk Officer ('CRO') are both appointed as Senior Managers responsible for climate-related financial risk under the UK Prudential Regulation Authority's and Financial Conduct Authority's Senior Managers and Certification Regime.

The Group CFO is responsible for reporting metrics and targets and external disclosures. They have responsibility for ensuring the appropriate identification, assessment, management and reporting of climate-related financial risks and opportunities that could affect the Group. They are also responsible for reporting metrics and targets and external disclosures.

Executive oversight

We have named Executive Committee members who sponsor delivery of the strategy to enable our climate change targets to be achieved:

Investment Portfolio:
Chief Investment Officer
Operations:
Group HR Director
Supply Chain:
Chief Operations Officer

Within these departments there are dedicated colleagues responsible for delivering the strategy.

Executive remuneration

The Sustainability Committee reviews progress against Group ESG targets quarterly and considers annually whether formula-driven remuneration outcomes reflect performance appropriately. In particular, it will consider, if selected NZTP targets and commitments have not been met during the year, recommending to the Remuneration Committee that it exercises its discretion to adjust variable pay outcomes. The Chair of the Board Sustainability Committee may propose a downward adjustment to remuneration of up to 100% based on its assessment.

For the 2026 Long Term Incentive Plan ('LTIP') (evaluated YE2028) the Committee's recommendation will include an assessment of whether the following two targets relating to the NZTP have been met: (i) Investment portfolio intensity reduction of -40%; and (ii) 50% of shareholder private assets originated which are deemed to be sustainable, transition or productive (evaluated over three years).

Further detail can be found in our **Annual Report and Accounts**

Scenario analysis

We assess the resilience of our strategy to climate and nature-related risks and opportunities, taking into consideration different climate-related scenarios, across a range of temperature outcomes.

We use quantitative and qualitative scenario analysis to model the impact of different temperature pathways on our business to gain insight into how climate-related risks may materialise over time. The output of this modelling, alongside research and analysis, informs our strategic response to transfer, accept, control or mitigate our exposure to the risk. We have developed a set of metrics to help us measure, track and manage the potential financial impact of climate-related risks and opportunities.

Scenario analysis helps us to assess the impact of the following risks and opportunities identified in our risk analysis:

- Climate risk exposures within our investment portfolios.
- Changing demand for products, funds and solutions.
- Emerging government policy, regulation and legal changes.
- Reputational damage if climate risk is not appropriately managed.
- Disruption to our business operations and supplier base.

We are continuing to develop our approach to assessing nature-related risks and opportunities and to better understand the implications for the Group and its investment strategy. Given the close interconnections between climate change and nature loss, inparticular the role of stable and healthy functioning ecosystems as carbon sinks, we have started to explore the potential integration of nature factors within climate scenario analysis. While very early stage, we will look to develop our approach in alignment with best practice market guidance as it evolves.

A full overview of our scenario analysis can be found within our **TCFD disclosure**

Risk management

Our processes for managing climate and nature-related dependencies, impacts, risks and opportunities continue to evolve.

Our processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall Risk Management Framework. The Group is developing and beginning to embed corresponding processes for nature-related risks, reflecting the earlier stage of maturity in this area. The Group's understanding of climate-related risks has deepened as regulatory expectations, stakeholder priorities and scientific understanding evolve. In particular, the release of the PRA's updated SS5/25 supervisory statement has raised regulatory expectations, prompting the Group to further strengthen its approach. As part of this evolution, we are considering the interdependencies between climate and nature-related risks to ensure that components of the framework are adapted to maintain resilience against these interconnected and emerging challenges.

A full overview of our risk management analysis can be found within our **TCFD disclosure**

Colleague engagement

We will continue to embed climate considerations into our colleagues' everyday roles through our carbon budget programme, which aims to limit emissions and support lower carbon business travel. This approach will help colleagues understand their impact and consider the environmental impact of their travel choices. We also look to provide colleagues with the tools to make environmentally friendly decisions outside the workplace. Since 2022, we have offered an Electric Vehicle Scheme which provides the opportunity to lease an electric vehicle. We have also maintained our cycle-to-work scheme and season ticket support schemes to further promote lower emissions travel options.

Our cautionary statements

Basis of preparation

The reader should be aware that this report and the information contained within it, is prepared on the following basis:

The preparation of this report requires the application of a number of key judgements and also requires assumptions and best estimates to be made at a given point in time. There is a risk that the judgement exercised, or the estimates or assumptions used, may subsequently turn out to be incorrect. These judgements and resulting data presented in this report are not a substitute for judgements and analysis made independently by the reader;

The disclosures in the 2026 Net Zero Transition Plan use a greater number and level of judgements, assumptions and estimates, including with respect to the classification of sustainability and climate related activities, than the Group's reporting of historical financial information. These judgements, assumptions and estimates are highly likely to change over time, and, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain;

The uncertainty of the current and future conditions of the global financial markets, global economic and political outlook can cause uncertainty when assessing climate related disclosures;

In addition, the Group's sustainability and climate risk analysis and net zero transition planning will continue to evolve and the data underlying the Group's analysis and strategy remain subject to change over time. As a result, the Group expects that certain sustainability and climate related disclosures made in this report are likely to be amended, updated, recalculated or restated in the future;

The uncertainty of the current and future conditions of the global financial markets, global economic and political outlook can cause uncertainty when assessing climate related disclosures;

This report uses climate models, external climate data and other sources/methodologies, each of which are subject to ongoing refinement and modifications beyond our control;

The outputs of these models, external data and other sources/methodologies can be materially affected by the quality of the underlying data used. They may be subject to uncertainties affecting the accuracy of their outputs. There is a risk that the outputs may be misinterpreted or misused when dealing with developing themes, such as climate related disclosures and other environmental, social and governance data points, due to the lack of market standards, historical reference points and benchmark data, as well as the inability to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution;

In general, the quality of the data relied upon in sustainability and climate related disclosures is often not yet of the same standard as more traditional financial reporting and therefore presents an inherent limitation. Further development of reporting standards could materially impact the performance metrics, data points and targets contained in this report;

Some sustainability-related metrics in this report can be subject to a degree of external assurance which can have inherent limitations; and as standards, frameworks and practices continue to evolve, it may mean subsequent reports do not allow a reader to compare performance metrics, data points or targets from one reporting period to another, on a direct like-by-like basis.

Caution to references and materials

Any graphics or case studies contained in the 2026 Net Zero Transition Plan are illustrative and are designed to be read in the context of the report.

The 2026 Net Zero Transition Plan may contain references to websites or include some views or opinions of third parties outside of or unconnected to the Group. Readers should note that the Group is not endorsing or supporting such views or opinions by stating them in the 2026 Net Zero Transition Plan and are advised to do their own due diligence in regard to material on those websites and any third party views and opinions.

Note on materiality

Our public disclosures, including our Sustainability Report, include a range of topics that we believe are relevant to our businesses and that are of interest to investors and other stakeholders. For the purposes of complying with our annual and half-yearly disclosure obligations in the United Kingdom we apply materiality based on the applicable rules and regulations governing public reporting in the United Kingdom. However, in our Sustainability Report, we have adapted our approach to materiality based on both the subject matter and purpose of the disclosures. Our approach to these disclosures may sometimes have regard to broader understandings of materiality based on certain external frameworks and reporting guidelines that take into consideration a wider range of factors relevant to sustainability including the views of our key stakeholders. This report uses longer time frames to assess potential impacts than those time frames customarily used in certain of our other disclosures, including our annual and half yearly financial reports submitted to the London Stock Exchange ('LSE').

This approach to materiality means that this report, and many of our sustainability reporting disclosures, including with respect to climate related risks and opportunities, includes certain information that we have not included in our LSE filings for which we use a different approach to materiality. Our approach to materiality in this report and other sustainability and climate related disclosures also means that statements made in this report and in our other sustainability and climate related disclosures use a greater number and level of assumptions and estimates than many of our LSE filings. These assumptions and estimates are subject to change over time, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain. The Group's approach to materiality may develop in line with the understanding of risks and opportunities related to sustainability and the climate. We expect that certain disclosures made in this report are likely to be amended, updated, recalculated, and restated in the future as the quality and completeness of our data and methodologies continue to improve.

Governance continued

Our cautionary statements continued

Forward-looking statements

The 2026 Net Zero Transition Plan contains, and the Group may make other statements (verbal or otherwise) containing, forward-looking statements and other financial and/or statistical data about the Group's current plans, goals and expectations relating to future financial conditions, performance, results, strategy and/or objectives. Statements containing the words: 'believes', 'budget', 'forecast', 'intends', 'will', 'may', 'should', 'expects', 'plans', 'aims', 'seeks', 'targets', 'predict', 'outlook', 'goal', 'continues', 'projected', and 'anticipates' or other words of similar meaning are forward-looking. Such forward-looking statements and other financial and/or statistical data involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control. Factors which could cause actual results to differ materially from those estimated by forward-looking statements include, but are not limited to:

- changes in legislation and increasing oversight and regulation related to the climate, sustainability and human rights;
- industry and regulatory standards;
- the development of standards and interpretations including evolving practices in sustainability and climate reporting with regard to the interpretation and application of accounting, such as emissions accounting methodologies;
- increasing investigation, litigation and enforcement proceedings in relation to the climate, sustainability and the environment;
- developments in available technology;
- the timely implementation and integration of adequate government policies;
- the implementation of rules, regulations or other actions with an opposing stance to sustainability matters or policies;
- climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its targets);
- the limitation of climate and sustainability data and metrics, climate scenario analysis and the model that analyse them;
- lack of transparency and comparability of climate related forward-looking methodologies;
- environmental, social and geopolitical risks; and
- the Group's ability with government and other stakeholders to manage and mitigate the impacts of climate change effectively.

As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements and other financial and/or statistical data within the 2026 Net Zero Transition Plan.

No representation is made that any of these statements will come to pass or that any future results will be achieved. As a result, you are cautioned not to place undue reliance on such forward-looking statements contained in this 2026 Net Zero Transition Plan. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

The forward-looking statements speak only as at the date on which they are made. The Group undertakes no obligation to publicly update or revise any of the forward-looking statements or data contained within the 2026 Net Zero Transition Plan or any other forward-looking statements or data it may make or publish whether as a result of new information or for any other reason. This forward-looking statement in relation to sustainability and climate related disclosures should not be regarded as a complete and comprehensive statement and should be read together with the forward-looking statements and the risks identified in the **Risk Management Report** on pages on pages 352 and 78 to 83 of the **2025 Annual Report and Accounts** respectively.

Governance continued

TPT disclosure framework alignment mapping

Guiding principle	Element	Recommendation	Mapping to our Transition Plan
Ambition	1. Foundation	1.1 Objectives and priorities	Our Net Zero Transition Plan at a glance: page 4
		1.2 Business model implications	Why we act: page 5
Action	2. Implementation	2.1 Business planning and operations	Invest at a glance: page 19 Lead at a glance: page 49
		2.2 Products and services	Integrating the transition into customer solutions: page 31–32 Engaging our customers: page 40–41
		2.3 Policies and conditions	Invest: page 18–36 Lead: page 48–57
		2.4 Financial planning	
		2.5 Sensitivity analysis	Investment portfolio decarbonisation outlook: page 33 Own operations decarbonisation outlook: page 53 Supplier base decarbonisation outlook: page 56
	3. Engagement Strategy	3.1 Engagement with value chain	Effective stewardship of our assets: page 25–26 Decarbonising our supplier base: page 54–56
		3.2 Engagement with industry	Engaging industry: page 46
		3.3 Engagement with government	Engaging government: page 44–45
Accountability targets	4. Metrics & Targets	4.1 Governance	Our climate governance framework: page 60
		4.2 Financial metrics and targets	Our ambition: page 6
		4.3 GHG emissions metrics and targets	Investment portfolio decarbonisation progress: page 20 Own operation decarbonisation progress: page 51 Supplier base decarbonisation progress: page 54
	5. Governance	5.1 Board oversight and reporting	Governance: page 59–61
		5.2 Roles, responsibility and accountability	
		5.3 Culture	
		5.4 Incentives and remuneration	
		5.5 Skills, competencies and training	

Footnotes

1. EVIC intensity metric Scope 1 and 2. Relative to 2019 baseline, where we exercise influence and control. We note that the emissions intensity of our portfolio could increase in the future if asset values fall.
2. Scope 1 and 2 absolute operational emissions (market-based) relative to 2019 baseline, in line with a net zero trajectory.
3. Carbon neutral for Scope 1 and 2 means that all direct and energy related emissions are fully balanced through equivalent CO_2 removals via offsetting.
4. EVIC intensity metric Scope 1 and 2. Relative to 2019 baseline, where we exercise influence and control. Assets in scope include listed and private equity, credit assets and directly held real estate.
5. Location-based intensity measure (Scope 3 category 1 & 2 on a per £spend intensity), relative to 2022 baseline.
6. 2026 Climate and Catastrophe Insight, Aon, 2026.
7. WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level, World Meteorological Organization, 2025.
8. Future Energy Scenarios: Pathways to Net Zero, National Energy System Operator, 2025.
9. 2025 operational target has been reframed as carbon neutral across Scope 1 and 2 emissions, reflecting changes to best practice guidance on net zero claims since we originally set our net zero operational emissions target.
10. Covers all listed equity and credit where we can exercise control and influence (c. £160 billion as at YE2021).
11. WMO confirms 2025 was one of warmest years on record, World Meteorological Organization, 2026.
12. Global Tipping Points Report 2025, Global Tipping Points, 2025.
13. Global Energy Review 2025, IEA, 2025.
14. Global Electricity Mid-Year Insights 2025, Ember, 2025.
15. DESNZ Public Attitudes Tracker: Net Zero and climate change, Spring 2025, UK, Department for Energy Security and Net Zero, 2025.
16. A world in balance 2025, Capgemini Research Institute, 2025.
17. Sustainability Pulse Survey, HSBC, 2025.
18. Responsible Investing Viewpoint 2025, Standard Life, 2025.
19. Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy, World Economic Forum, 2020.
20. Building a pipeline of 50 investible opportunities for a nature-positive economy, World Economic Forum, 2025.
21. Under most scenarios, relative to 2019 baseline.
22. As part of our commitment to improving our carbon footprinting process, we show updated YE24 numbers to reflect an enhancement in listed asset data coverage that was delivered after publication of our Group Annual Report and Accounts 2024. The restatement only impacts YE24 numbers, not the 2019 baseline. The assured metrics impacted are: absolute emissions of the investment portfolio, increasing from 12.4MtCO_2e to 13.4MtCO_2e, driven by absolute emissions of listed equity increasing from 4.3MtCO_2e to 4.7MtCO_2e and listed credit increasing from 1.5MtCO_2e to 2.0MtCO_2e. Economic emissions intensity of the assets in scope of 2030 target increased from 72tCO_2e/£m to 73tCO_2e/£m, driven by listed equity and credit increasing from 51tCO_2e/£ to 52tCO_2e/£m (due to listed equity increasing from 47tCO_2e/£m to 49tCO_2e/£m).
23. An increase in company value since YE2019 is in line with expectations given market performance over this period.
24. Due to the time-lag in sourcing climate data, prior disclosures reported investment portfolio GHG emissions from earlier financial periods. Since the YE2023 reporting cycle, reporting capability was upgraded to enable investment portfolio emissions disclosures to relate to the latest financial year. The result is that there has been no reporting against YE2020 and YE2022.
25. AUA as at YE2025.
26. Pension schemes back British growth, HM Treasury, 2025.
27. Phoenix Group and Schroders to launch new private markets investment manager with £1bn initial commitment; up to £2.5bn over three years, Standard Life, 2024.
28. The UK nature finance ecosystem: Status and opportunities for scale, Leverhulme Centre for Nature Recovery, 2025.
29. ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure, ENCORE Partners (Global Canopy, UNEP FI, and UNEP-WCMC), 2024.
30. Forest 500 assessment data, Global Canopy, 2024.
31. Water-related disclosures, CDP, retrieved 10th October, 2025.
32. Designing climate transition benchmarks for core equity investments with Phoenix Group, LSEG, 2025.
33. Clean energy jobs boom to bring thousands of new jobs, Department for Energy Security and Net Zero, 2025.
34. Resourcing the net zero transition: What do workers in their mid- and late-careers think of 'green' jobs?, Standard Life Centre for the Future of Retirement, 2024.
35. Workforce planning for clean heat, WPI Economics, 2025.

Standard Life

Contact us

News and updates

In line with our Net Zero Transition Plan and our commitment to reduce our environmental impact, you can view key information on our website:

www.standardlifeplc.com

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