

ClimateWise Principles Report

*Standard Life's action on the
ClimateWise principles*

June 2009



Standard Life is a member of ClimateWise, the insurance industry initiative through which members work individually and collectively to pro-actively reduce the societal and economic risks associated with climate change.

Members include leading international brands from across the industry. ClimateWise was launched in September 2007 and all members commit to principles in six key areas. These cover climate risk analysis, public policy, climate awareness amongst customers, investment strategies and the impact of their business operations. Members also commit to independent public reporting against all of these commitments.

*For more information, visit
<http://www.climatewise.org.uk>*

As signatories we have committed to implementing the following principles where applicable and we have reported our performance against these principles to ClimateWise where relevant

Lead in risk analysis

See page 4

Inform public policy making

See page 5

Incorporate climate change into our investment strategies

See page 9

Reduce the environmental impact of our business

See page 12

Support climate awareness amongst our customers

See page 7

Report and be accountable

See page 14

1.0 Lead in risk analysis

ClimateWise Principles and Actions

- 1.1 Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests.
- 1.2 Support more accurate national regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.
- 1.3 Use research and improve data quality to inform levels of pricing, capital and reserves to match changing risks.
- 1.4 Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with technological developments.
- 1.5 Share our research with scientists, society, business, governments and NGOs through an appropriate forum.

Standard Life Response

Standard Life has been working with a number of organisations including governments, business, and scientists to understand the impacts of climate change and to inform our business strategies and decisions (refer to the responses to the remaining principles). In relation to Principle 1.1. to 1. 5, we do not offer casualty or property insurance however we support the Association of British Insurers, which engages in the research described.

2.0 Inform public policy making

ClimateWise Principles and Actions

- 2.1 Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.
- 2.2 Promote and actively engage in public debate on climate change and the need for action.
- 2.3 Support work to set and achieve national and global emissions reduction targets.
- 2.4 Support Government action, including regulation, that will enhance the resilience and reduce the environmental impact of infrastructure and communities.
- 2.5 Work effectively with emergency services and others in the event of a major climate-related disaster.

Standard Life Response

For principles 2.1, 2.2, and 2.3, we are:

- Active members of the Carbon Disclosure Project both as a signatory investor and as a discloser of information (our company report can be found on the [Carbon Disclosure Project website](#)).
- Signatories to the statement on the UNFCCC negotiations; ClimateWise statement of support for the Prince of Wales's Corporate Leaders Group on Climate Change 'Copenhagen Communique'; and taking part in the Munich Climate Insurance Initiative 'Adaptation and Insurance' proposal.
- Promoting debate on climate change issues through the implementation of Principles 2.3, 2.4, 2.5 and Principle 4.1 to 4.4.

We have set stretching targets in relation to our environmental impacts and these targets take into account national and global emissions targets, details are provided in the Environment and Data and Statistics section of the Corporate Responsibility Report 2008 ([2009 targets](#); [progress against 2008 targets](#); and [long term targets](#)).

In addition, we have also committed to climate change targets through the Business In the Community Prince's May Day Network on climate change.

Our work in this area is presented in the [Environment](#) section of Corporate Responsibility Report 2008.

Through our membership of the British Property Federation we have been driving debate and action on the climate change agenda and its impact on property and specifically investment property portfolios. We have been leading on the development and implementation of:

- Guidance notes for property managers about the implications and impacts of the Carbon Reduction Commitment.
- LESTER (Display Energy Certificates) and Energy Performance Certificates.

- Ways to engage further with tenants to enable them to realise opportunities related to energy efficiency and other environmental management issues.

We have also been involved with discussions with Scottish Executive on flooding and contamination and work with different agencies on post-disaster recovery (including business continuity as described in Principle 2.5).

Examples of buildings where we have encouraged and made improvements in the energy performance, and other environmental issues are provided in the [Investment Property Portfolio](#) section of our Corporate Responsibility Report 2008.

We do not offer casualty or property insurance however we actively participate with the Treasury, Bank of England and the Financial Services Authority to ensure that 'business continuity' is reviewed on a regular basis (for example, pandemic flu planning). At a local level, we work closely and have good relationships with The City of Edinburgh Council, Emergency Services and other parties. Our work ranges from work on local flood prevention, pandemic flu plans and general business continuity planning.

3.0 Support climate awareness amongst our customers

ClimateWise Principles and Actions

- 3.1 Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.
- 3.2 Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.
- 3.3 Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.
- 3.4 Consider how we can use our expertise to assist the developing world to understand and respond to climate change.

Standard Life Response

We provide information around investment decisions to enable customers to assess their own levels of risks in relation to their investments.

We have continued to raise awareness and inform our stakeholders about how we can reduce our consumption of the world's resources.

In November 2007 we began a campaign to move our customers to e-communications. This involved the development of an on-line document centre on one of our secure websites which allows customers to access their information and statements securely. We incentivised our customers to register for the service and 'Go Paperless' by promising to plant a seedling for the first 10,000 customers who signed up. So far, over 30,000 customers have signed-up as a result of our Go Paperless campaign and in 2008 the document store was extended and is now available to all our life and pension customers.

Since 2006 we have encouraged our shareholders to receive their shareholders communications online through a combination of e-mail and website information. We have the most complex and second largest shareholder register in the UK (with around 1.5 million shareholders in over 50 different countries around the world) and this strategy represents a significant opportunity for us to communicate more effectively, reduce costs and minimise our environmental impact. Specifically we:

- Made it easy for our shareholders to register for e-communications and incentivised people by donating a pound to 'Trees for Life' for everyone who signed-up.
- Encouraged our shareholders to opt out of the full Annual Report and Accounts by offering a 'light' Annual Review that contained 84% less paper.

- Made the most of the Companies Act 2006 provision which enabled companies to use letters with signposts to web addresses to company documents online as the default option for communications with shareholders. When we gave our shareholders this option, the following results were achieved in 2008:
 - Over 30%, or 505,000 shareholders, receive full electronic communications;
 - Over 60% or 896,000 shareholders, are in the paper and website default category;
 - Only 6% opted for full paper communications – this is just 65,000 shareholders; and
 - Encouraged our shareholders to vote and encouraged online voting. In 2008 a total of 31,195 of our shareholders voted online – a 78% increase from 2007.

We do not offer casualty, vehicle or property insurance however we do engage in dialogue with our suppliers to ensure products/ services are manufactured and/ or delivered in a sustainable way and waste is managed appropriately (see Principle 5.1 to 5.4 for further details).

Our international business extends to Canada, Germany, Ireland and Hong Kong however we do have interests in companies in the developing world. As a result, we are working with organisations in these regions to understand and respond to climate change.

We are on the Rainforest Bond working group with other ClimateWise members. This group is working in conjunction with [The Prince's Rainforest Project](#).

We are involved with [microfinance initiatives](#) in developing countries.

4.0 Incorporate climate change into our investment strategies

ClimateWise Principles and Actions

4.1 Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process.

Standard Life Response

Our work in this area includes:

- research on the impact of climate change on individual sectors and companies;
- encouraging best practice in environmental management at the companies in which we invest;
- participation in collaborative efforts to promote the incorporation of environmental issues in investment processes; and
- support of research into policy issues relating to climate change.

We regularly look at the potential implications of climate change for investment decisions through in-house research and the encouragement of research by sell-side brokers. We look at these issues at both a sector and company level. Some of our in-house research is published on the [Shareholder Responsibility pages of our Standard Life Investments website](#) (see for example on that site, Related Links, "[Offshore wind farms – do they have a future](#)" and "[Biofuels – solution or problem?](#)").

In addition, we are on the Rainforest Bond working group with other ClimateWise members. This group is working in conjunction with [The Prince's Rainforest Project](#).

ClimateWise Principles and Actions

4.2 Encourage appropriate disclosure on climate change from the companies in which we invest.

Standard Life Response

We regularly engage with investee companies to encourage best practice on a range of environmental, social and governance issues, including climate change.

We are a signatory of the Carbon Disclosure Project and the UN Principles on Responsible Investment, collaborative efforts to promote the disclosure of information to enable the assessment of climate change impacts and to promote the incorporation of environmental issues including climate change into investment processes.

For further information about our affiliations see our [Corporate Responsibility Report 2008 – UNPRI and affiliations sections](#).

For information about our implementation of the UN Principles for Responsible Investment refer to our [Corporate Responsibility Report 2008](#).

For information about our policy of using voting rights on ESG issues [click here](#).

Where possible, we use our influence to encourage best practice in the way ESG issues are managed by the companies in which we invest. In 2008, we had 680 engagements to discuss ESG issues with companies, up from 633 in 2007. For further information on our voting activities go to our [Corporate Responsibility Report 2008](#).

ClimateWise Principles and Actions

4.3 Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio.

Standard Life Response

Our work in this area is presented in the [Environment section of Corporate Responsibility Report 2008](#).

Through our membership of the British Property Federation we have been driving debate and action on the climate change agenda and its impact on property and specifically investment property portfolios. We have been leading on the development and implementation of:

- Guidance notes for property managers about the implications and impacts of the Carbon Reduction Commitment.
- LESTER (Display Energy Certificates) and Energy Performance Certificates.
- Ways to engage further with tenants to enable them to realise opportunities related to energy efficiency and other environmental management issues.

We have also been involved with discussions with Scottish Executive on flooding and contamination and work with different agencies on post-disaster recovery (including business continuity as described in Principle 2.5).

Examples of buildings where we have encouraged and made improvements in the energy performance, and other environmental issues are provided in the [Investment Property Portfolio](#) section of our Corporate Responsibility Report 2008.

Although we cannot set a portfolio wide target for overall energy consumption, due to the fluctuating size and nature of our estate, we have had a long term commitment to reduce energy consumption on an asset level basis by 10% by 2008 based on 2003 figures. A good example of where we have achieved this is in the Thistle Shopping Centre in Stirling where the overall energy consumption reduction for the Centre is 22.3%, which is some 13.7% below the 2008 target figure.

ClimateWise Principles and Actions

4.4 Communicate our investment beliefs and strategy on climate change to our customers and shareholders.

Standard Life Response

For further information on our investment beliefs and strategy on climate change go to the [Corporate Governance](#) and [SRI and Ethical Investing](#) sections of our Standard Life Investments website.

For information on Standard Life's [strategy and approach to climate change](#) go to our Climate Change Statement and our Environment section of the Corporate Responsibility Report 2008).

ClimateWise Principles and Actions

4.5 Share our assessment of the impacts of climate change with our pension fund trustees.

Standard Life Response

Our research on the impacts of climate change is publicly available and this is discussed with clients, including pension fund trustees, where required.

5.0 Reduce the environmental impact of our business

ClimateWise Principles and Actions

5.1 Encourage our suppliers to improve the sustainability of their products and services.

Standard Life Response

We are continually working with our suppliers to understand the impact of their products and services on the environment and identify how these impacts can be reduced. In 2009, we issued questionnaire to our top suppliers to gather information about their environmental and ethical performance and understand performance changes since our 2007 survey.

We are a member of the Financial Services Purchasing Forum - Corporate Social Responsibility Sub-Group, an initiative established by financial institutions to encourage the adoption of CSR values within suppliers.

Examples of how we are working with our suppliers include:

- Our switch to 100% non-carbon emitting electricity in 2008 and in 2009 renewable energy for our electricity in the UK.
- We have also worked with our suppliers to ensure that all the paper used in our offices (letterhead and photocopier paper) and for our marketing literature is responsibly sourced from recycled or Forest Stewardship Council (FSC) sources.

ClimateWise Principles and Actions

5.2 Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.

Standard Life Response

Extensive details of our strategy, targets, key performance indicators and performance are detailed in the [Environment section of our Corporate Responsibility Report 2008](#).

In 2008 we did an extensive review of our environmental management system. As a result we have:

- Moved to a central environment KPI reporting system utilising Excel spreadsheets and Lotus Notes databases;
- Implemented standardised processes and procedures for collecting and reporting the data internally and externally;
- Extended the scope of data reported to cover our global operations; and
- Improved the accuracy and consistency of the data reported and ensured the data reported met the requirements of reporting and assurance standards and other best practice requirements as stated above.

We have a series of experts across the business providing guidance on key environmental issues including energy manager, socially responsible investment analysts, property managers with expertise on energy efficiency/ carbon reduction / waste management, waste management specialists, environment procurement specialists and environment reporting/ communication specialists. Each individual has specific responsibility for managing internal environmental impacts and the relevant tasks are included in job descriptions and performance appraisals.

We have set stretching targets in relation to our environmental impacts and these targets take into account national and global emissions targets, details are provided in the Environment and Data and Statistics section of the Corporate Responsibility Report 2008 ([2009 targets](#); [progress against 2008 targets](#); [and long term targets](#)).

Our [climate change statement](#) details our approach to carbon offsetting.

ClimateWise Principles and Actions

5.3 Disclose our direct emissions of greenhouse gases using a globally recognised standard.

Standard Life Response

Our direct emissions of greenhouse gases are reported in the [Environment and Data and Statistics](#) section of our Corporate Responsibility Report 2008.

We have also reported our greenhouse gas emissions to Business In the Community Prince's May Day Network on climate change, Carbon Disclosure Project and other Corporate Responsibility indices.

ClimateWise Principles and Actions

5.4 Engage our employees on our commitment to address climate change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate-informed choices outside work.

Standard Life Response

We have been involved in an extensive programme of work to engage our employees in the climate change debate, helping them to play a role in reducing our direct environmental impacts and encouraging them to make climate-informed choices outside work. For further information go to the [Green Ambassadors](#) area on the Environment section of our Corporate Responsibility Report 2008.

We conduct an annual employee engagement survey which as a result of our environmental engagement activities has shown improved results. The question relating to our people's satisfaction about the commitment our company shows to the environment has increased from 3.55 in 2006, to 3.7 in 2007 and to 3.92 in 2008. This represents a meaningful year on year improvement in performance as evidenced by Gallup who conduct the survey.

We have also been involved in the proposed Joint Employee Engagement Event with other ClimateWise members.

6.0 Report and be accountable

ClimateWise principles and actions

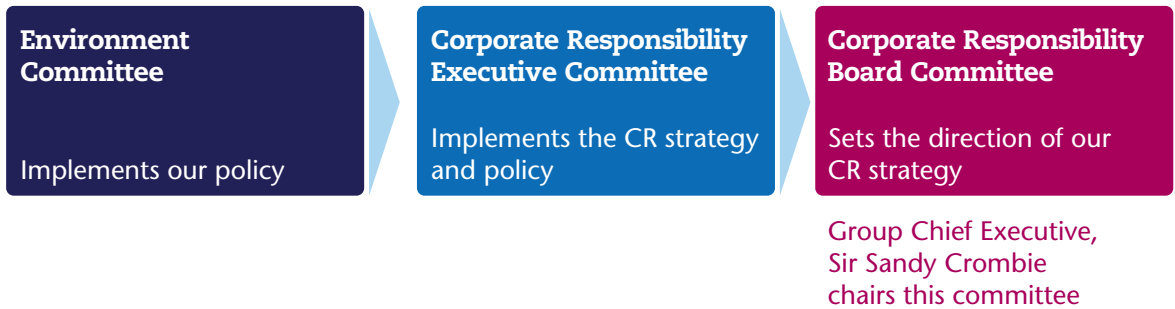
6.1 Recognise at Company Board level that climate risk has significant social and economic impacts and incorporate into our business strategy and planning.

Standard Life Response

Climate change continues to be discussed at all levels of our business. Our Environment Policy was revised in 2008 and now includes a requirement to consider environmental issues as part of [business planning and risk assessments](#).

In addition, we have a governance structure in place to manage our Corporate Responsibility (CR) activities (environment and climate change are one part of this overall CR strategy). The CR Board Committee reports directly to Standard Life Plc's Board of Directors. The Environment Committee implements the environment policy and reports to the CR Executive Committee, which is in place to ensure that the strategy is agreed and implemented across the group.

The following diagram shows responsibilities within this structure*:



ClimateWise principles and actions

6.2 Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles.

Standard Life Response

We report performance on our climate change actions in the following publicly available documents:

- Annual report and accounts; and
- Corporate Responsibility Report 2008.

In addition, we have responded to ClimateWise in relation to a specific report covering each element of the Principles (this document).

* Alternative textual explanation -

Our Environment committee implements our policy.

Our Corporate Responsibility Executive Committee implements the CR strategy and policy.

Our Corporate Responsibility Board Committee sets the direction of our strategy. Group Chief Executive, Sir Sandy Crombie, chairs this committee.