

# ClimateWise Report

Friends Provident Holdings (UK) Limited | June 2010



## Introduction

Although it continues to be debated, there is clear consensus that the threat posed by climate change is heightening. Friends Provident recognises that it has a responsibility to respond to this threat. Reducing the emission of greenhouse gases associated with our business is not only good for the environment, but can deliver important efficiencies, and is essential for our long-term sustainability in a low carbon economy. We also know that as an insurer we can encourage others to mitigate against climate change through the way we select and manage our investments.

We understand that greater progress can be made by working collaboratively with the insurance industry to influence and tackle this pressing issue. ClimateWise fulfils this obligation. As the ClimateWise principles are intended to cover the whole insurance sector, there continue to be some elements that do not apply to our business – these are mostly linked to short-to-medium term risks around weather pattern changes which, as our research shows, do not currently relate to our more long-term products of pensions, protection and investments. However, we support the principle behind all of the six standards and will continue to review their relevance to our business. Our Corporate Responsibility Senior Manager is a member of ClimateWise's Management Committee, so we are influential in helping shape and drive the initiative.

This report outlines our approach to ClimateWise, provides an update on our progress during 2009/2010 and outlines future plans. The report is set against the backdrop of an unprecedented period of change for our company, having been acquired by Resolution in November 2009. This change combined with the continuing adverse trading conditions has, understandably, presented a real challenge to our progress in some areas, mainly due to shifting priorities and changes in senior management. However, progress has still been made implementing our employee environmental behaviour change programme, improving environmental risk management in our investment mandates, liaising with customers on environmental campaigns and reducing our energy consumption by working with suppliers.

Friends Provident remains committed to ClimateWise, and to tackling climate change as part of our broader corporate responsibility programme.

Friends Provident is a founding member of ClimateWise, the insurance industry's response to climate change, and one of a few initiatives that takes into account the strengths and the expertise of the insurance sector. Insurers help customers meet the costs of climate change and protect them against its threats.

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## 1 Lead in risk analysis

As a life and pensions provider we analyse long-term risks and opportunities arising from issues such as new technologies and advances in medical science, and their effects on morbidity and mortality, primarily in the UK and developed countries. Research continues to report that morbidity and mortality rates will not be affected in these territories in the short term, but this is something we will continue to monitor closely as we recognise that this research is often based on historical data which may not be indicative of the current or future rate of change.

As we are not a general insurer we do not foresee taking a lead on the most pressing risks derived from climate change, but we will continue to share best practice in the most appropriate forums, and keep abreast of new knowledge and developments.

We are, however, committed to collaborating with other life and pensions companies to develop our research on emerging risks. This is mainly achieved by our participation in the ClimateWise Health Working Group, which is considering the impact of climate change on morbidity, which affects our critical illness and income protection products.

Sub principle	Commentary and progress	Proposed actions
<p><b>1a</b> Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests.</p>	<p>We analyse long-term risks, including climate change, that apply to our business. Work presented to the Group Risk Committee at the end of 2007 identified the potential long-term risks and opportunities of climate change to the business, such as issues around raising new capital, and changes to mortality and morbidity rates. Long term risks of this nature continue to be analysed every two to three years.</p> <p>We keep up to date with the latest research through various channels, including the ClimateWise group, and through reading journals such as the Lancet and UCL's recent publication on the health threat of climate change.</p> <ul style="list-style-type: none"> <li>The outcomes of the research conducted with Forum for the Future, the leading sustainable development organisation, to explore sustainability issues, were shared with our international risk manager. Our discussion included the potential impacts of climate change, such as pollution, disease, and migration within our international business markets.</li> <li>Due to the fragility of both the business and the economy over the past year, most focus has been on identifying and managing short-term risks. However, the risk team prioritise any risks arising from employees and suppliers not following company social and environmental policies.</li> </ul>	<ul style="list-style-type: none"> <li>The next presentation to the Senior Risk Managers forum to review long-term risks, including climate changes scheduled for August 2010.</li> </ul>
<p><b>1b</b> Support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.</p>	<p>We are not a general insurer and so the needs of our business do not warrant such extensive research. Therefore this principle does not apply to Friends Provident.</p>	<ul style="list-style-type: none"> <li>Review the relevance of these principles to Friends Provident and take action where appropriate.</li> </ul>
<p><b>1c</b> Use research and improve data quality to inform levels of pricing, capital and reserves to match changing risks.</p>	<p>Our research and data inform levels of pricing, capital and reserves to reflect changing risks. However, all of our research to date indicates that climate change is a long-term risk so it is not yet a material factor in the life insurance and pensions industry's risk models.</p> <p>In the long-term, our research shows that changes to morbidity and mortality could impact levels of pricing, capital and reserves. In the medium-term, our research shows that the insurance industry as a whole could be impacted by climate change through more volatile weather, and thus higher general insurance claims. This may result in a much higher demand for capital from other insurance companies, thus making it more difficult for Friends Provident to raise new capital.</p>	

## 1 Lead in risk analysis (continued)

Sub principle	Commentary and progress	Proposed actions
<p><b>1d</b> Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with technological developments.</p>	<p>Products such as insurance for renewable energy technology, carbon markets, or forests do not match our expertise in long-term life insurance and pensions; consequently we do not provide such products and it is highly unlikely we would diversify into this arena. Therefore this principle does not apply to Friends Provident.</p>	<ul style="list-style-type: none"> <li>Review the relevance of this principle to Friends Provident and take action where appropriate.</li> </ul>
<p><b>1e</b> Share our research with scientists, society, business, governments and NGOs through an appropriate forum.</p>	<p>We will continue to share best practice and engage in dialogue.</p> <ul style="list-style-type: none"> <li>Through the ClimateWise Health Working Group, mentioned above, we plan to hold a high-level round table discussion to explore ways in which we can build and deepen the evidence base around the long-term morbidity impacts of climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Work collaboratively to deliver a round table event on the impact of climate on health and income protection.</li> <li>Disseminate important learning from the Working Group to relevant forums and networks.</li> </ul>

## 2 Inform public policy making

As a life and pensions provider, the impact of climate change on our core business is limited and so therefore are the opportunities to inform public policy making. Nonetheless, climate change could potentially impact us as an investor and also as a provider of socially responsible investment products. We therefore continue to engage in discussions through joint forums to keep abreast of new knowledge and developments. We are not, however, in a position to take a lead on debate.

Sub principle	Commentary and progress	Proposed actions
<p><b>2a</b> Work with policymakers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.</p>	<p>According to our risk analysis, the impact of climate change on our core business is negligible in the foreseeable future. Given that we commit to only engage in public policy work to support our core business, we do not feel it is appropriate for us to lobby on this particular area. Therefore this principle does not currently apply to Friends Provident.</p>	<ul style="list-style-type: none"> <li>Review the relevance of this principle to Friends Provident and take action where appropriate.</li> </ul>
<p><b>2b</b> Promote and actively engage in public debate on climate change and the need for action.</p>	<p>Although climate change is not a short-term risk for our business, we believe that the insurance industry as a whole has a role to play in promoting debate and impressing the need for action on climate change. We therefore continue to share best practice and participate in dialogue.</p> <ul style="list-style-type: none"> <li>Friends Provident CEO, Trevor Matthews, is actively engaged in climate change issues. In 2009, he attended a meeting with HRH The Prince of Wales to discuss progress by the insurance industry in responding to climate change, the success of ClimateWise and future challenges and plans. He also attended the Business in the Community May Day summit, and Friends Provident is now signed up to five out of the six pledges.</li> </ul>	<ul style="list-style-type: none"> <li>Identify appropriate networks, conferences and events and ensure the appropriate Friends Provident representatives participate.</li> </ul>

## 2 Inform public policy making (continued)

Sub principle	Commentary and progress	Proposed actions
<p><b>2c</b> Support work to set and achieve national and global emissions reduction targets.</p>	<p>As a business operator we have a responsibility to manage and reduce our carbon emissions, and encourage others to do so. We continue to engage in dialogue and recognise and comply with emission standards and targets.</p> <ul style="list-style-type: none"> <li>• We have been accredited with the Carbon Trust Standard. To gain accreditation, a company has to demonstrate it has made an absolute reduction in CO2 emissions for at least a 3 year period and commit to reducing them year on year.</li> <li>• We have actively participated in the Carbon Disclosure Project for the past four years as a signatory and a discloser of information. Our participation in the Carbon Disclosure Project provides valuable, investment-relevant information to current and potential investors, allowing them to assess the potential risks and opportunities relating to climate change.</li> <li>• Our reporting on environmental performance takes into account the GHG guidelines and data is collected according to DEFRA guidelines. This year, we have expanded our reporting in accordance to the Greenhouse Gas Protocol to include some of our Scope 3 emissions, mainly those associated with transport, i.e. train journeys and flights.</li> <li>• As in previous years, we participated in the BITC's CR index achieving Platinum standard during 2009/2010.</li> </ul>	<ul style="list-style-type: none"> <li>• Friends Provident is within the scope of the Government's Carbon Reduction Commitment (CRC) scheme. We wish to capitalise on the potential benefits of this scheme through early action measures to reduce energy and emissions. In the current economic climate our focus is on low cost easily implementable measures and behaviour change. Though once we have established the impact of these measures, we shall look to build the business case for larger investments with a longer pay back.</li> <li>• Continue to report according to national and international standards, and engage with collaborative groups.</li> </ul>
<p><b>2d</b> Support Government action, including regulation, that will enhance the resilience and reduce the environmental impact of infrastructure and communities.</p>	<p>The risks associated with the physical impacts of climate change, such as storm damage or flooding, are negligible for the life and pensions industry for the foreseeable future. Therefore, this principle is more relevant to general insurers and does not currently apply to Friends Provident.</p>	<ul style="list-style-type: none"> <li>• Review the relevance of these principles to Friends Provident and take action where appropriate.</li> </ul>
<p><b>2e</b> Work effectively with emergency services and others in the event of a major climate-related disaster.</p>	<p>There are currently no major weather-related incidents that we believe would apply to our core business. Furthermore, there have been no such incidents in the past year. Therefore this principle does not currently apply to Friends Provident.</p>	

### 3 Support climate awareness amongst our customers

Our customers are divided into two key groups: our business customers, who are the intermediaries who distribute our products, and our end customers, who are the consumers who purchase our products. We can use this client base to raise awareness of climate change overall. However, the business benefits of doing so primarily relates to maintaining a good reputation as a responsible business, rather than having a direct impact on our core products. However, there can be an indirect opportunity for us through promoting responsible investments.

Sub principle	Commentary and progress	Proposed actions
<p><b>3a</b> Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.</p>	<p>As our products are principally sold through intermediaries, this makes it difficult to reach our end customers directly. Furthermore, as there is a less obvious link between our products and climate change than those of a general insurer, it is more challenging to find clear ways to bring the issue of climate change into our communications with customers. Nonetheless, we will continue to encourage awareness raising of sustainability issues, including climate change, as appropriate.</p> <ul style="list-style-type: none"> <li>• We are continually looking for ways to reduce the environmental impact of our communications with customers. In 2009, we launched a service to enable financial advisers to view their customers' yearly policy statements online for selected products, and extended the facility to end customers in February 2010. Later this year, we will re-design the customer website, which will allow us to include more interactive tools, as well as other communication materials.</li> <li>• We also work closely with our paper and print supplier, to find ways of further reducing our paper-based communications without compromising our quality of service.</li> <li>• We are in the process of branding our carbon calculator and we will be piloting it with home based employees. If successful, our intention is to make the calculator available online for distributors and customers, enabling them to assess and manage their levels of risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify appropriate communications media through which to further engage distributors on climate change issues.</li> <li>• We will look to engage end customers through alternative media, including a re-designed customer website and our on-line, interactive CR report.</li> <li>• Launch carbon calculator and review success.</li> </ul>
<p><b>3b</b> Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.</p>	<p>This principle does not currently apply to Friends Provident. Our life insurance products and services are based around morbidity and mortality risks. Currently, there is no established short-term link between these risks and climate change in the UK, and consequently no realistic opportunities to develop our products to encourage customers to adapt to climate change.</p>	<ul style="list-style-type: none"> <li>• Although the relevance of these principles to Friends Provident as a provider of life and pensions is somewhat tenuous, we are however, considering the possibility of using our new tool entitled CO2&amp;U (please see section 5d) with our end customer to encourage them to reduce their own environmental impacts at home.</li> </ul>
<p><b>3c</b> Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.</p>	<p>Our life and pensions products have no link with repairs or waste. Consequently this principle does not apply to our business.</p>	
<p><b>3d</b> Consider how we can use our expertise to assist the developing world to understand and respond to climate change.</p>	<p>We continue to consider how we can use our expertise in a direct or indirect way to assist the developing world. However, given our expertise is in life and pensions product design, we are unable to support the developing world through initiatives such as weather risk insurance, or providing low cost general insurance, so currently there are no opportunities for us to get involved with such projects.</p> <ul style="list-style-type: none"> <li>• As mentioned in principle 2b we continue to share our expertise to support the Prince's Rainforest Project.</li> </ul>	

## 4 Incorporate climate change into our investment strategies

Our most significant impact on climate change is the influence we can exert through investments that support carbon management and discourage “wasteful” activities. Our market-leading position in responsible investment includes climate change and environmental protection as fundamental criteria. Our approaches include:

- Implementing a **Responsible Ownership** policy.
- Our **Stewardship** range of Socially Responsible Investment (SRI) products – negative and positive screening enables individuals to avoid investment in companies they would rather not be involved with or support companies that make a positive contribution to the world.
- **PropertyGreen** – fund managers work in partnership with stakeholders (communities, neighbours, suppliers, contractors, tenants) to reduce environmental impact of property portfolios and encourage improvement in environmental performance.

Sub principle	Commentary and progress	Proposed actions
<p><b>4a</b> Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process.</p>	<p>Effective management of the risks and opportunities associated with significant social, ethical and environmental issues is an important component of good governance practice. In turn, good governance is fundamental for creating shareholder value over the long term. We have a responsibility to use our influence to promote the prudent management of significant environmental, social and governance (ESG) issues. Through our main fund managers, we apply a policy of responsible ownership, which in practice means integrating ESG issues into the investment process, voting on all holdings, communicating any concerns, and engaging in dialogue with companies we invest in to promote the adoption of best practice where this can protect or enhance shareholder value.</p> <ul style="list-style-type: none"> <li>• Our customers’ concerns over the investments by BP and Shell in the Tar Sands oil fields in Canada illustrate the potential implications of climate change on shareholder value and reinforce the importance of managing environmental risk in our investments. Understandably, a number of our customers were concerned with the energy-intensive operations of both companies and our Chief Executive responded to customers concerns directly. Our asset manager exercised their voting rights at both AGMs after engaging in comprehensive dialogue with the management of both companies. As a result, there was a noted improvement in the levels of disclosure on climate change, and a willingness from both companies to continue dialogue with stakeholders including investors, NGOs, and community representatives from affected areas.</li> <li>• Another example of how we incorporate the implication of climate change into our investments is by giving customers the opportunity to invest in our Stewardship range of socially responsible funds. These funds positively screen companies actively addressing climate change, for example through renewable energy or energy efficiency, and negatively screen companies with poor environmental practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage with our fund managers on encouraging investee companies to manage their climate change risks.</li> <li>• Continue to take climate change into account when selecting criteria for our Stewardship investments.</li> </ul>

## 4 Incorporate climate change into our investment strategies (continued)

Sub principle	Commentary and progress	Proposed actions
<p><b>4b</b> Encourage appropriate disclosure on climate change from the companies in which we invest.</p>	<p>Friends Provident believes that an important first step for companies addressing climate change risks is to publicly report these risks and their carbon emissions.</p> <ul style="list-style-type: none"> <li>● As demonstrated by the example above, we encourage our fund managers to press investee companies to report their emissions. In turn, the effective use of influence on companies' resolutions leads to constructive discussions and further transparency.</li> <li>● We expect our fund managers to be accountable themselves. F&amp;C Asset Management for example, provides regular reports to its clients and to the public, outlining its engagement activities and detailing its voting record. It also shares its voting policies with investee companies, and systematically informs companies when and why it has voted against, or abstained on, directors' recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>● Encourage investee companies to disclose their carbon emissions and exposure to climate change risks and opportunities.</li> </ul>
<p><b>4c</b> Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio.</p>	<p>Friends Provident has little direct investment in property apart from the offices from where it runs its operations. Indirectly, F&amp;C's PropertyGreen approach to responsible property management is applied to the Friends Provident Property Fund.</p> <ul style="list-style-type: none"> <li>● Through PropertyGreen, our Property Fund continues to seek to:             <ul style="list-style-type: none"> <li>– Maintain environmentally responsible and safe buildings</li> <li>– Monitor use of energy and set targets for reduction</li> <li>– Use natural resources wisely</li> <li>– Ensure staff have a sound understanding of the issues and are aware of their own responsibilities</li> <li>– Encourage tenants in managed buildings to reduce their own environmental impacts.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Continue to use PropertyGreen where appropriate.</li> </ul>

## 4 Incorporate climate change into our investment strategies (continued)

Sub principle	Commentary and progress	Proposed actions
<p><b>4d</b> Communicate our investment beliefs and strategy on climate change to our customers and shareholders.</p>	<ul style="list-style-type: none"> <li>• We communicate our investment strategy to customers and shareholders on an annual basis through our report and accounts and CR report.</li> <li>• F&amp;C's investment Spring 2009 newsletter, available to our customers and shareholders, discussed how Stewardship is managing within the current economic situation and the continued importance of climate change.</li> <li>• Our participation in CDP 2010 communicates to customers and shareholders that we still uphold our responsible investment beliefs and practices in relation to climate change.</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate our investment strategy and activities to customers and shareholders through a variety of channels.</li> </ul>
<p><b>4e</b> Share our assessment of the impacts of climate change with our pension fund trustees.</p>	<p>Our Friends Provident Pension Scheme (FPPS) trustees understand the impacts of climate change. The majority of assets are with F&amp;C, and a minority with Aviva – both are signed up to the UNPRI and are active members of the community.</p> <ul style="list-style-type: none"> <li>• We continue to share our assessment of the impact of climate change with our pension fund trustees and have worked with them in addressing customers' concerns in relation to the projects conducted by both BP and Shell in the oil fields of Northern Canada.</li> </ul>	<ul style="list-style-type: none"> <li>• Take part in UKSIF's pension sustainability survey.</li> <li>• Continue to engage FPPS's fund managers on extending their engagement policy.</li> </ul>

## 5 Reduce the environmental impact of our business

In 2006 we featured in the Times as a Carbon Champion, and we continue to implement our carbon reduction plan created with the Carbon Trust, harnessing the participation of employees. This year we have become a member of the Prince's May Day network, the UK's largest group of businesses committed to taking action on climate change, signing up to five pledges, and continuing to monitor and report on progress.

Sub principle	Commentary and progress	Proposed actions
<p><b>5a</b> Encourage our suppliers to improve the sustainability of their products and services.</p>	<p>Friends Provident is an active member of the Financial Services Purchasing Forum (FSPF) which is affiliated to the Chartered Institute of Purchasing and Supply. As part of this, the group focuses on responsible supply chain management, including improving the sustainability of suppliers' products and services.</p> <p>We have signed up to the May Day pledge to work in partnership with suppliers to reduce carbon emissions in the supply chain.</p> <ul style="list-style-type: none"> <li>• Our Facilities Management team are working closely with our contractors MITIE to prepare and implement a substantial reduction plan in electricity consumption at our head office sites.</li> <li>• Capita Travel Management is running our business travel system, and we are working with them to capture Scope 3 emissions, and plan ways of reducing them. This partnership has contributed to our success in winning the "Best Green Initiative in a Travel Programme" award at the 2010 European Travel Buyer Awards.</li> <li>• We worked with our stationery suppliers, Banner, and have piloted a new range of recycled materials to be incorporated into our core list of office supplies.</li> <li>• We have engaged with our catering suppliers, Eurest, to produce a sustainability plan and reduce wastage. They have conducted a number of focus groups on each site to discuss how they deliver their services, which included waste and recycling issues.</li> <li>• We have a continuous dialogue with our print and paper supplier, Williams Lea, and have put together a road map for how we will reduce the environmental impact of our print and paper supply.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify further opportunities for improving environmental performance through our supply chain.</li> <li>• Deliver on our May Day pledges.</li> </ul>

## 5 Reduce the environmental impact of our business (continued)

Sub principle	Commentary and progress	Proposed actions
<p><b>5b</b> Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.</p>	<p>We have measured and reported externally the energy, water and resource use from all our head offices since 2001, and have reported on carbon emissions since 2007. Our full data and targets can be found at <a href="http://www.friendsprovident.com/responsibility">www.friendsprovident.com/responsibility</a>. Since 2006 we have worked with the Carbon Trust and AECOM (then Faber Maunsell) to identify, implement and measure ways we can reduce our carbon footprint, and our CR team works closely with our facilities team to realise this.</p> <ul style="list-style-type: none"> <li>• Our carbon emissions are primarily related to energy used in our buildings and business travel. In 2009, we purchased 94% of electricity used through a green tariff. In 2009, energy use reduced by 2%, from from 23,085 MWh to 22,711 MWh, marginally exceeding our target to maintain energy use at 2008 levels.</li> <li>• In 2009, carbon emissions have also reduced once again, from 12,178 tonnes (2008) to 11,960 tonnes. This, in part, is due to the company's Strategic Review, announced at the start of 2008, which led to a reduction in headcount and consequently office space. However, our 2009 figure now also includes Scope 3 emissions, which were not previously accounted for.</li> <li>• Due to the Strategic Review and the continued pressure on costs, planned boiler and lighting upgrades and alternative cooling systems will now be implemented incrementally.</li> <li>• International outlook - we have widened our engagement activity to our international offices. They have set their own targets for reducing their environmental impact, largely focused on employee behavioral change and starting to measure and report energy and waste figures.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve 5% reduction in waste generated from head office sites in 2010.</li> <li>• Achieve 5% increase in recycling.</li> <li>• Achieve 5% decrease in energy use per employee.</li> <li>• Explore further reduction opportunities, as part our commitment to CRC and be responsive to future acquisitions and/or mergers.</li> </ul>

## 5 Reduce the environmental impact of our business (continued)

Sub principle	Commentary and progress	Proposed actions
<p><b>5c</b> Disclose our direct emissions of greenhouse gases using a globally recognised standard.</p>	<p>Friends Provident has robust data collection procedures in place which enable us to measure our carbon footprint accurately. We have measured and reported externally the energy, water and carbon emissions from all our head offices since 2001.</p> <p>Our reporting on environmental performance takes into account the Greenhouse Gas Protocol and data is collected according to DEFRA guidelines. For the third year running, we received external independent validation of our emissions figures from AECOM. This year our reporting improved primarily by expanding our disclosure to include Scope 3 emissions relating to travel (train journeys and flights), and by using the same conversion factors year-on-year for calculation purposes.</p> <p>In order to further improve next year, AECOM made two main recommendations. Firstly, to establish clear operational and organisational boundaries for reporting purposes. This is of particular importance as our organisational structure has been in constant flux due to the acquisition of our business, and will continue to be so in the foreseeable future as further plans for consolidation are achieved. Secondly, AECOM recommended we use a more simplified data collection system that will enhance accuracy and clearly show actual calculations made from different input sources. Again, this is of particular importance if the Group is likely to grow.</p>	<ul style="list-style-type: none"> <li>As the business has restructured, we have increased the number of home workers. In order to further expand our data universe, we plan to start capturing the impact that these employees have outside the main office sites. To this effect, we plan to pilot an online tool, CO2&amp;U, which will enable home workers to capture data in an easy and efficient manner.</li> <li>Investigate with AECOM the potential for simplifying the way data is captured across the Group.</li> </ul>
<p><b>5d</b> 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.</p>	<p>Employee environmental awareness and behavioural change continues to be an area of focus for Friends Provident.</p> <ul style="list-style-type: none"> <li>In the second half of 2009, we piloted our “environmental champions” behavioural change programme with environmental charity Global Action Plan. The success of this programme means that it will be rolled out across our business in 2010.</li> </ul> <p>The programme resulted in some substantial changes – there was a 16.7% decrease in electricity use, equating to a total cost saving of £2,850 and a saving of 4.19 tonnes of CO2 compared to the same period in the previous year.</p> <p>There was also a positive change in employee attitudes with 42% of overall employees stating, “It is really important to me to work for a company that has a good reputation for environmental responsibility;” compared to only 15% prior to the pilot.</p> <p>The success of the project contributed to Friends Provident’s achievement of the Carbon Trust Standard.</p> <ul style="list-style-type: none"> <li>This year we have extended our “Switch it off” campaign to all Friends Provident International sites</li> <li>Our Green Travel policy, available at <a href="http://www.friendsprovident.com/responsibility">www.friendsprovident.com/responsibility</a>, explains how we promote green travel at Friends Provident, including initiatives to promote car sharing as well as incentives to cycle or use public transport. We run periodic company-wide communications to remind employees of these opportunities, as well as various initiatives encouraging employees to reduce waste.</li> </ul>	<ul style="list-style-type: none"> <li>Expand our employee engagement campaign.</li> <li>Discuss with champions further ways in which employees can reduce their carbon footprint at home.</li> </ul>

## 6 Report and be accountable

Our overall CR programme is recognised at board level, represented by our CEO. We will continue to report on progress, including this report for ClimateWise.

Sub principle	Commentary and progress	Proposed actions
<p><b>6a</b> Recognise at Board level that climate risk has significant social and economic impacts and incorporate it into our business strategy and planning.</p>	<p>Our main board has an executive member responsible for and our environmental performance is one of five material issues that make up our overall CR strategy. Trevor Matthews, CEO, is our current board member with CR responsibility. Mr. Matthews' executive management team meet weekly, and consider CR issues directly to ensure they are incorporated into Friends Provident's business strategy.</p> <p>Mr. Matthews himself has been involved in a number of climate change events as detailed in principle 2b.</p>	<ul style="list-style-type: none"> <li>● Monitor performance via CR governance framework.</li> </ul>
<p><b>6b</b> Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles.</p>	<p>The Business Review section in our Annual Report and Accounts always has a section on environmental issues, and this year points to our carbon management activity and our involvement with ClimateWise. In addition, our online CR Report provides detail on the actions we have taken around the ClimateWise principles.</p>	<ul style="list-style-type: none"> <li>● Publish externally our actions towards the ClimateWise principles.</li> </ul>