

# Environmental Policy Statement for Friends Life Group plc

## Context

Friends Life recognises that its day-to-day operations can impact both directly and indirectly on the environment. We understand how our business interacts with the surrounding environment and seek to manage environmental impact and risk as effectively as possible. This policy forms part of the broader suite of Friends Life Corporate Responsibility (CR) policies. The policy is available to all staff via the intranet and all staff are reminded of their day-to-day responsibilities relating to environmental management.

## Commitments

In all our activities we aim to:

- As a minimum, comply fully with all relevant legal requirements, codes of practice and regulations.
- Mitigate pollution to land, air and water.
- Reduce water and energy use.
- Minimise and reuse waste and increase recycling within the framework of our waste management procedures.
- Identify and manage environmental risks and hazards.
- Involve customers, staff, clients, suppliers and subcontractors in the implementation of our objectives.
- Promote and practice environmentally responsible purchasing.
- Provide suitable training to enable employees to deal with their specific areas of environmental control.
- Improve the environmental efficiency of our transport and travel.
- Establish objectives and targets to measure the continuous improvement in our environmental performance.
- Annually publish environmental performance in the Friends Life Corporate Responsibility Report.

## Ownership

The Head of Facilities Management owns this policy and is responsible for overseeing effective implementation. The Chief Executive Officer is ultimately responsible for the CR programme.

### 1 Context and aim of the Policy

This statement represents our general position on environmental issues, and the practices we will apply in conducting our business. This policy forms part of our wider Corporate

Responsibility (CR) programme which continues to strive to create a more sustainable future for our business.

This policy sets out our sustainable approach to our business activities, focusing on the principles of reduce, reuse and recycle to maximise efficiencies, reduce resource use and minimise our environmental impact. Aligned to these aims, we focus on the following areas to manage our environmental impact: energy & resources; waste; communication; transportation and the built environment.

Our stance on the specific issues of Climate Change and Responsible Investment are outlined in separate Statements. We recognise that tackling climate change is essential for the long-term sustainability of our business and central to this is our commitment to the ClimateWise principles.

## **2 Application**

The scope of the policy is Group wide and applies to all Friends Life Group plc operations including businesses and legal entities.

For joint ventures and outsourcing arrangements, senior management will ensure, as far as reasonably practicable, that the systems and controls which are in place are appropriate to monitor and mitigate environmental risk and impact.

Friends Life also expects equivalent standards from its suppliers and business partners. Guidelines for suppliers and business partners are outlined in the Strategic Sourcing policy.

## **3 Ownership and Accountability**

This policy is owned by Head of Facilities Management (see section 10).

## **4 Responsibility**

Responsibility for implementing this policy specifically rests with the Group CR team, Head of Facilities Management and the HSE Manager (where applicable). However, all staff must recognise that they hold responsibility for minimising their environmental impact in their day to day activities e.g. minimising energy consumption; use of natural resources; disposal of waste and considerations around business travel. It is the responsibility of all staff to familiarise themselves and adhere to the requirements of the Friends Life Environmental Policy. Specific designated responsibilities include:

#### **4.1 Group CR Team:**

- To maintain the integrity of policy content in accordance with the broader suite of CR policies and develop adequate guidance material to support implementation.
- To act in an advisory capacity to the Facilities Management Team when the environmental risk appetite is being established and guidance on the establishment of robust management systems within the business to ensure that risks are managed within the scope of the established appetite.
- To define the management information required from the business for reporting purposes and provide technical advice and reports to Board and its various committees as appropriate.
- To promote incorporation of environmental considerations into business decision making and all activities and products of the business.
- To raise staff awareness, encourage and enable them to make an effective contribution to continuous environmental improvement, both in work and within the local community.
- To participate in external initiatives designed to improve environmental awareness and performance.

#### **4.2 Head of Facilities Management:**

- To oversee effective implementation throughout the business.
- To ensure that the business manages environmental risk and operates in line with the standards in this policy.
- To seek to maintain an appropriate control structure and culture to manage environmental risk exposure within appetite.
- To strive to manage our buildings and facilities by aiming to achieve optimal environmental efficiency and by integrating measurable, monitored environmental actions into business plans.
- To meet management information reporting requirements which demonstrate that environmental risks within the business are being managed effectively.
- To incorporate best practice for environmental efficiency into new builds and refurbishments.

#### **4.3 HSE Manager:**

- To act as a local subject matter expert and provide guidance to local sites in relation to the policy.
- To provide appropriate oversight and challenge, as part of the second line of defence in addition to Head of Facilities Management, in order to satisfy themselves and the business that they (the sites) operate in line with this policy.

- To ensure that the requirements within this policy are understood by the business to assist them in implementing local compliance monitoring arrangements.
- To escalate any areas of concern directly to Head of Facilities Management where issues cannot be resolved locally.

## **5 Alignment to risk appetite**

This policy supports management of the following inherent environmental risks recognised by Friends Life:

### **5.1 Environmental impact**

The risk that the Group may not be able to uphold its environmental commitments. This may have reputational and financial implications for the Group's resource & waste reduction commitments.

### **5.2 Climate risk**

The risk that the Group fails to regularly update on pricing and capital allocation to reflect the latest scientific evidence in respect of the prevailing climate risk, in accordance with Financial Services Authority (FSA) requirements.

### **5.3 Environmental regulation**

The Group fails to comply with local, national and international environmental regulation in certain parts of the business. This may have financial and reputational implications for the group.

## **6 Risk management**

The key risk principles covering the inherent risk areas above are set out in this section.

### **6.1 Planning / change**

Management information for environmental risk should be used to provide insight, inform the operational planning process and influence resource allocation including capital. Environmental actions should be considered as part of the business planning exercise.

### **6.2 Risk appetite**

Risk appetite statements and tolerances should be clearly defined and refreshed on a regular basis (at least annually) and as an integral part of the planning process. Risk appetite should be defined for a business-as-usual situation within an established business and also needs to be sufficiently flexible to deal with a variety of situations (e.g. rapid market expansion, managing significant change) and should support rather than constrain sensible risk taking to deliver business strategy.

### **6.3 Risk analysis**

Regular reviews (at least on an annual basis) of environmental systems and processes must be actively performed to ensure inherent environmental risks, including those associated with an accident or emergency, are effectively managed.

HSE Managers must ensure that businesses undertake an environmental risk assessment to identify those areas susceptible to environment risk and introduce preventative controls into new and existing systems and processes.

## **7 Focus areas**

In order to exploit opportunities to maximise efficiencies and minimise environmental impact through working practices, Friends Lifefocuses on the areas listed hereafter. All Key Performance Indicators relevant to these environmental areas are listed in the Friends Life Corporate Responsibility Report.

### **7.1 Energy & resources**

Through ongoing measurement and monitoring of energy and resource consumption, we identify anomalies and areas for improvement and the effective maintenance and improvement of relevant energy and resource demanding systems and processes.

### **7.2 Waste**

Through identification of our main waste streams, we identify and utilise any reuse and recycling opportunities to minimise waste sent to landfill. Where waste cannot be recycled, the disposal is in strict compliance with the law and according to the best practicable environmental option.

### **7.3 Communication**

Facilities Management must communicate openly with staff, tenants and users of the premises to encourage them to support the environment policy and involve them in relevant environmental initiatives.

We promote and support modern business communication technologies that allow efficiencies and reduced environmental impact opportunities to be more readily identified and exploited, including reducing our requirement for business travel.

### **7.4 Transport**

We promote and support the use of alternative communication technologies and remote working opportunities so that the need for business travel is eliminated or reduced. Where business travel is required then the use of low environmental impact travel means shall be encouraged and supported. We also incentivise multiple occupancy car use and the use of

cycling; offer flexible working arrangements and interest free loans for bus and train passes; integrate environmental specifications and requirements into our company car fleets and use business travel management information as a tool to reduce our carbon emissions as a business.

## **7.5 Built environment**

Where we have direct control, we manage buildings to minimise any risk to human health and the environment. Property services maintain clean drinkable water and the supply of air to the offices to a high standard, while minimising any hazardous effects from emissions or materials.

## **8 Controls**

### **8.1 Environmental objectives**

Group CR will annually review the Group's performance as part of the annual CR reporting cycle to ensure that we are meeting our environmental objectives and targets and will publish performance annually in the Friends Life Corporate Responsibility Report.

### **8.2 Delegated authorities**

A system of delegated authorities is maintained by the business and provides clear and appropriate allocation of environmental responsibilities, including environmental support at senior management level as prescribed in Section 4.

### **8.3 Environmental responsibilities**

Environmental responsibilities are incorporated within relevant individuals' job descriptions, objectives and performance assessments.

### **8.4 Environmental resource**

Adequate and qualified staff resources are made available to manage the regional and local business environmental programmes. This includes designing, documenting, operating, reporting and monitoring an appropriate management system that is adequate to meet local, regional and Group requirements.

### **8.5 Policy compliance**

Businesses must ensure compliance with reporting requirements in line with Group requirements. Sites must disclose all material areas of non compliance.

### **8.6 Line management and reporting**

Sites must fulfill the reporting requirements of Group CR. Procedures must be established to enable the reporting of environment related risk issues to local management and group senior management on a regular basis.

Clear lines of internal accountability, responsibility and reporting must be established. Appropriate internal controls must be in place, operating effectively and staff must be adequately trained.

### 8.7 Escalation of breaches

Material breaches of this policy, including any identified issues that could lead to a breach, should be notified to the policy owner and the principal risk officer immediately (within 24 hours). Where breaches are identified that are material at Group level, the group chief risk officer should also be notified.

It is expected that material breaches will be also reported up through functional management. All material breaches should be documented through the quarterly risk reporting cycle.

## 9 Review Cycle

This policy is reviewed on an annual basis. Reviews at other times may be triggered by:

- Changes in regulatory or legal controls of countries in which entities within the Group operate.
- Change in the legal operating structure of the group or of operating entities within the Group.
- Changes in Group's approved risk management framework or risk policy hierarchy.
- An unforeseen event

## 10 Approval Details and History

<b>Policy for:</b> Environmental Policy	<b>Owner:</b> Head of Facilities
<b>Standard Approval:</b> MD People and Change	<b>Effective Date:</b> 29/07/2010