

# Climate Transition Plan

December 2024



# Summary

The MONY Group has committed to become net zero by 2050. This Climate Transition Plan sets out strategic approach for reducing greenhouse gas (GHG) emissions and transitioning to a sustainable, low-carbon economy.

We have 3 near-term SBTi targets and we are ahead of schedule against all three of these targets. At the end of 2023, we have reduced:

- Scope 1 and Scope 2 emissions by 72% vs target of 91% by 2030
- Scope 3 emissions by 25% vs target of 58.8% by 2033.

We are on track to achieve our Scope 1 and Scope 2 targets ahead of schedule, we will do this by continuing to switch onto renewable energy (gas and electricity) tariffs at our offices and using energy more efficiently through space utilisation.

We are on track with our Scope 3 emissions. In relation to our Supplier Scope 3 emissions we will continue to engage with our supply chain and encourage them to sign up to SBTi or equivalent targets. Employee Commuting also sits within Scope 3, we will continue to offer an electric vehicle scheme to all employees.

Finally, we will continue to use carbon offsetting projects to offset our GHG emissions. We have picked 3 projects that are a combination of carbon avoidance and carbon removal schemes to offset our 2703 tCO<sub>2</sub>e for FY 2023.



# GHG Emissions Reductions Targets

## Near Term SBTi Targets

- 1 Reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by 91% by 2030 from a 2019 base year
- 2 To increase our annual sourcing of renewable electricity from 14% in 2019 to 100% by 2030
- 3 To reduce Scope 3 emissions by 58.8% by 2033 from a base year of 2019

## Longer Term Targets

- 1 The MONY Group to be operationally net zero by 2030
- 2 The MONY Group to be net zero by 2050

# Strategies to Achieve Targets

- **Renewable Energy**
- **Energy Efficiency and Space Utilisation**
- **Supply Chain engagement**
- **Electric Car Schemes for Employees**
- **Carbon Offsetting**
- **Continuing to explore innovations in Carbon Capture**



# Performance to Date...

## Reduce absolute Scope 1 and Scope 2 GHG emissions by 91% by 2030 from a 2019 base year

Since 2019, our main offices in London, Ewloe and Manchester are on renewable electricity tariffs which has helped us achieve a significant reduction in our Scope 2 GHG emissions (from 332 tCO<sub>2</sub>e to 10 tCO<sub>2</sub>e).

2019 Baseline Scope total	tCO <sub>2</sub> e
1	27
2 (market-based) total	332
<b>Total</b>	<b>359</b>

  

2023 Scope total	tCO <sub>2</sub> e
1	91
2 (market-based) total	10
<b>Total</b>	<b>101</b>

2030  
Combined  
Scope 1 & 2  
Target Total:  
  
**32 tCO<sub>2</sub>e**

In order to achieve our near-term targets modelling indicates that we would need to reduce our emissions by circa 8% each year but we have to date reduced them by an average of 18% each year.

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Linear emissions target	359	329	300	270	240	210	181	151	121*	91*	62	32

\*With a Total of 101 tCO<sub>2</sub>e in FY2023 we are roughly where we would be in 2027-2028 and therefore ahead of schedule.

At the end of 2023, we had achieved a 72% reduction in our Scope 1 and Scope 2 GHG emissions vs target of a 91% reduction by 2030 and therefore our targets are likely to be achievable ahead of 2030.

For 2024, we have seen an reduction in our gas consumption due to closure of some offices as well as better space utilisation. We will continue to analyse and monitor our energy consumption to see if it can be reduced further.



# Performance to Date...

## To increase our annual sourcing of renewable electricity from 14% in 2019 to 100% by 2030

Since 2019, MONY Group's main offices in London, Ewloe and Manchester have moved onto a renewable electricity tariff.

For FY 2023, ITG's office in Leeds and Podium's office in Nottingham were not on renewable electricity tariffs.

For FY 2024, ITG have switched to a renewable electricity tariff. Our Sheffield office has barely any consumption of energy.

We are on track with this Target and will continue to monitor the data from FY 2024 to make further improvements.

Office	On Renewable Electricity Tarriff for 2024
London	Yes
Manchester	Yes
Ewloe	Yes
Leeds (ITG)	Yes
Nottingham (Podium)	No
Sheffield*	No

\*Barely any consumption in Sheffield office as not being used.

# Performance to Date...

## To reduce Scope 3 emissions by 58.8% by 2033 from a base year of 2019

- Since 2019, the MONY Group has reduced their GHG emissions in Scope 3 by circa **25%**. We are moving in the right direction and on track.
- In order to achieve our near-term targets modelling indicates that we would need to reduce our emissions by circa 4% each year but we have to date reduced them by an average of 6% each year.
- To achieve the SBTi Scope 3 goal, absolute emissions need to reduce **146 tCO2e (4.2%) each year** until 2033. We are currently ahead of schedule and where we would aim to be at the end of 2025.

Scope 3	tCO2e
2019 Baseline	3485
2023 Total	2601
2033 Target	1435

The majority of our Scope 3 emissions are generated by our 3<sup>rd</sup> party suppliers and then the rest broadly from Employee commuting.

We have put in place a Supply Chain engagement strategy in which we aim to engage and encourage our supply chain to sign up to SBTi or equivalent targets in relation to sustainability.

As part of our annual employee commuting survey we seek to understand how employees are travelling to and from their base office. Our hybrid working model continues to help with this Target. We will also continue to offer employees the ability to enter into an electric car scheme for employees.

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Linear emissions target	3485	3339	3192	3046	2900	2753	2607*	2460	2314	2168	2021	1875	1729	1582	1436

\*With a Total of 2601 tCO2e in FY2023 we are roughly where we would be in 2025 and therefore ahead of schedule.



# Carbon Offsetting

We have committed to offset 100% of our GHG emissions.

There a number of different types of projects that are available on the market, which range from carbon avoidance to carbon removal.

We have worked with Climate Impact to pick a combination of carbon avoidance and carbon removal schemes to offset our 2703 tCO2e from FY 2023.

Project Name	Project Description	Quantity tCO2e
Portfolio - Acre Amazonian Rainforest REDD+ in Brazil	<p><b>Forest Conservation</b> 90% of Brazil's Acre state is forested, but current rates of destruction mean by 2030 this could decline to 65%.</p> <p>This collection of three Reducing Emissions from Deforestation and Forest Degradation (REDD+) projects aims to prevent deforestation across 105,000 hectares of pristine rainforest in the Amazon basin, protecting some of the world's most biodiverse habitats.</p> <p>With the support of carbon finance, the projects work with communities and local groups to help protect ecosystem services while providing alternative models of economic development which avoid destruction of the forest.</p> <p>Granting land tenure and providing agricultural training to prevent deforestation and promote sustainable economic livelihoods.</p>	1000
Bondhu Chula Stoves in Bangladesh	<p><b>Health and Livelihoods – Clean Cooking</b> Less than 20% of the 35 million Bangladeshi households have access to clean cooking. The Bondhu Chula, which loosely translates as the 'friendly stove' in Bengali is solving this problem. Traditionally, cooking is done over an open firepit, releasing smoke and particulate pollutants. These pollutants contribute to nearly 50,000 premature deaths a year and cause millions in the country to suffer from lung, eye, or skin infections.</p> <p>The Bangladesh Bondhu Foundation is changing this through its Bondhu Chula, which is designed to ensure more efficient and cleaner home cooking. This project works with micro-entrepreneurs who receive training in stove production, sales and marketing and after-sales service. Carbon finance is used to subsidise 50% of the cost of stove installation, provide after sales services, as well as a seven-day training programme for the local entrepreneurs.</p>	950
Reforestation and Community Development in Ghana	<p><b>Replanting Forest</b> The project is restoring degraded forest reserves in Ghana with teak, indigenous trees and natural forest in riparian buffer zones, following the principles and criteria of an internationally-respected certification for responsible forestry management. The areas have been degraded due to overexploitation, bush fires and conversion to agriculture.</p> <p>The project works closely with local farmers some of who are employed by the project and others are able to grow crops, via intercropping, within the reforested area, benefitting from the improved soil conditions. As a grouped project, the aim is to expand around 1,000 hectares per year, adding new project areas and improving more livelihoods through reforestation.</p>	753
Total		2703



# MONY Group Sustainability Governance

## Sustainability Governance Overview



The Board takes overall accountability for oversight of risks and opportunities in relation to Climate Change. As such they receive regular updates from management as well as the Risk and Sustainability Committee.

Reporting to the Executive Risk and Sustainability Committee is our Sustainability Steering Committee, chaired by the Group General Counsel and Company Secretary and composed of Executives and senior management across the Group. This Committee oversees communications, Board engagement and the education of colleagues across the Group. The governance diagram illustrates our governance structure.

# Risk and Opportunity Assessment

The processes we use to identify the material climate-related risks and opportunities include scenario analysis and detailed risk assessment, in consultation with relevant stakeholders across our business. Risks are classified, assessed and managed in accordance with our Group Risk Management Framework.

## Climate-related risks and opportunities identified over the short, medium and long term

In considering this risk assessment, we defined the following timescales:

- **Short Term** (up to three years) reflecting the period over which we prepare financial projections which are used to manage performance and expectations;
- **Medium Term** (3-7 years) including the period over which we committed to achieve operational net zero (2030); and
- **Long Term** (beyond 7 years) reflecting the period over which longer term climate, consumer and structural trends will take place.

## Risk assessment

In assessing the potential impact of climate change scenarios, we have considered the following risks:

- **Physical risks** – risks from the direct impacts of climate-related and environmental hazards with human and natural systems, such as droughts, floods and storms. These impose direct costs on the business, and indirect costs by disruption of supply chains. These can either be acute or chronic.
- **Transition risks** - those that arise from transitioning to a lower carbon economy which entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

# Risk and Opportunity Assessment

Given the nature of the Group's activities and operations, the direct impact of climate risks is likely to be low. In completing our assessment of risks exercise, we have therefore additionally assessed the potential indirect impact of climate change on the Group's current principal risks.

- Competitive environment and consumer demands.
- Brand strength and reputation.
- Data processing and protection.
- Data security and cyber.
- Relevance to partners.
- Economic conditions; and
- Regulation.

In addition to reviewing the Group's current principal risks we have additionally included key drivers of risks within our assessment. These risks include:

- Interest rates.
- Inflation.
- European GDP.
- U.K Mean temperature; and
- Carbon price development.

# Scenario Assessment

We have used the scenarios developed by the Network for Greening the Financial System (NGFS). The NGFS scenarios were chosen as our scenarios as they provide a standardised set of scenarios; the NGFS scenarios are used by the financial services sector, we are a tech-based comparison company primarily operating in the financial services industry. There are seven scenarios grouped into four representative categories: Orderly, Disorderly, Hot House World and (a new addition) Too Little, Too Late, comprising:

1. **Orderly: net zero 2050** - an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net-zero CO<sub>2</sub> emissions around 2050. Physical risks are low and transition risks are medium.
2. **Orderly: below 2°C** - assumes that climate policies are more stringent in the building and transport sectors, but less so in other sectors. Physical risks are higher and transition risks are lower than in scenario 1.
3. **Orderly: Low Demand** - assumes that significant behavioural changes, reducing energy demand, mitigate the pressure on the economic system to reach global net zero CO<sub>2</sub> emissions around 2050.
4. **Disorderly: delayed transition** - Global annual emissions do not decrease until 2030, and rapid climate action is then needed to limit warming to below 2°C. This leads to higher physical risks and lower transition risks compared to scenario 3.
5. **Hot house world: Nationally Determined Contributions (NDCs)** - assumes that current (moderate) levels of climate action continue, so emissions decline but only to limit warming to 2.5°C. Physical risks are high but transition risks are relatively low.
6. **Hot house world: current policies** - only currently implemented policies are preserved, leading to high physical risks. Emissions increase until 2080 and lead to 3°C of global warming. Physical risks are very high and transition risks are low.
7. **Too little, too late: Fragmented World** - scenario assumes delayed and divergent climate policy ambition globally, leading to elevated transition risks in some countries and high physical risks everywhere due to the overall ineffectiveness of the transition.

# Climate-related Risks review

## Physical risks –

As a UK based, low-carbon intensity business, we do not operate in the most immediately susceptible areas and so we consider that the Group has limited exposure to potential direct physical climate-related risks. Not all direct physical risks are relevant to the Group and therefore our analysis has focused on the risk of increased damage from floods in the UK (potentially impacting our offices), the risk of loss of productivity in employees and risk of increased one-off operational events. Our analysis shows that the direct physical risks to the Group under each scenario are low. Even under the hot house scenarios with the greater physical risk, we do not consider the Group would be adversely affected.

As part of our work in 2024, we have an increased focus on reviewing our value chain in each of the scenarios (in order to consider indirect physical risks). We have observed that in long term scenarios insurers may be disrupted and change their risk portfolio profile which may have an indirect impact on the Group. This is particularly prevalent in Hot House World scenarios. At this point, it is not possible to predict whether this indirect risk represents a risk or an opportunity to the Group. This is therefore considered to be a “Green Swan” event which we do not have enough quantitative data to determine a complete picture of physical risk impacts. We will continue to monitor developments and trends and develop our strategic response accordingly.

## Transition risks –

We consider that there is the potential for transition risk to impact the Group over the medium to long term. We have considered four categories of transition risk in our assessment:

- Risks from developments in climate policy, legislation and regulation – the Group has committed to Net Zero by 2050 which means that it is already exposed to high levels of policy, legislation and compliance risks envisaged under the scenarios. This will result in additional costs to the Group over the medium to long term.
- Risks from new, lower-carbon technologies that substitute for existing products and services - this should not heavily impact the Group as we are not producing products and services which could be beaten by lower carbon intensive products and services.
- Risks from changing consumer behaviour and investor sentiment - We anticipate that such risks may arise in response to consumer behaviour changes within our Insurance and Travel sectors, in particular changes in insurance requirements, car ownership and international travel.
- Reputational risks – reputational risks to the Group are low under all scenarios, especially as the Group is already committed to Net Zero by 2050.



# Climate-related Risks review

## **Principal Risks –**

We consider that many of our principal risks are likely to be indirectly impacted by the scenarios. However, we anticipate that our providers would likely seek to evolve their products, e.g. insurance policies and energy tariffs, in response to climate-related risks and opportunities. We expect consumers would still seek to engage with switching sites and seek to compare products across additional criteria, rather than purely in relation to price. As a Group we are well placed to deliver the tools consumers would need to understand which products provide good value. We have additionally considered the potential impact on economic conditions of climate change, in particular causes increased levels of interest rates and inflation over the longer term, but our strategy of operating across a diverse range of consumer products will mean the likely impact is not significant.

## **Specific Product Review –**

We have in 2024 considered the potential indirect impact of climate change on our core products (Insure, Money, and Energy). This has covered an assessment of physical and transition risks in a qualitative assessment. Personal lines insurance and consumer credit are not carbon intensive businesses, however, each of these products may be indirectly affected in each scenario assessed in the long term. Examples of this include increased premiums relating to pricing physical risk (more accurately) into insurance or, in the extreme, the inability to insure any product due to significant increases in physical risk under a hot house world scenario. We have not accounted for differences between products (for example home insurance will be affected differently than car or travel insurance) these will be further considered in future years to provide further insight into potential risks and opportunities.

# Climate-related Opportunities Review

Guidance in respect of climate related financial disclosures identify five categories of key opportunities across the financial sector, these categories are:

- **Resource efficiency** including the use of more efficient modes of transport, more efficient production and distribution processes, opportunities from recycling, more efficient buildings and reduced water usage and consumption.
- **Energy source** including use of lower-emission sources of energy, supportive policy incentives, new technologies. participation in carbon market and a shift toward decentralized energy generation.
- **Products and services** including the development and/or expansion of low emission goods and services, climate adaptation and insurance risk solutions and shift in consumer preferences.
- **Markets** including access to new markets and use of public-sector incentives.
- **Resilience** including participation in renewable energy programs and adoption of energy-efficient measures and resource substitutes/diversification.

We have considered the above opportunities under each of the NGFS scenarios. We do not anticipate any specific opportunities for the Group in the short term. We consider the most likely opportunity arises in the products and services. As green products become more available (and potentially more desirable, particularly if regulatory change leads to an increase in demand in certain products) over the medium term, we will act to promote and guide users to these. We have already seen early indicators that insurers are starting to promote impact underwriting by including climate change in their product assessments.

At this point, we do not expect that climate-related matters will have a material impact on areas of financial planning over the short term. We will continue to assess consumer demand for such products to prioritise such initiatives in the future. Our “Loyal engaged members – compelling member propositions” strategy will provide product diversification, enabling us to take advantage of emerging climate-related opportunities and reduce the impact of climate risks, we expect our strategy to be resilient to emerging climate change risks & opportunities.