OUR PLAN TO REACH OUR NET ZERO AMBITION

SEPTEMBER 2025

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OUR FIRST CLIMATE TRANSITION PLAN

We continue to believe that as part of the wider transition to a net zero society and economy, becoming a more sustainable business and net zero group remains in the best longer-term interests of all of our stakeholders, including customers, staff, regulators, investors and the planet.

Sustainability means fulfilling the needs of the present without compromising the needs of future generations: a balance of economic growth, social responsibility and environmental protection, or of profit, people and planet. A key part of this is addressing the risks and impacts of climate change and this plan details the steps we will take on our journey to become a net zero group by 2050. In line with the United Nations' established definition, we define net zero as cutting carbon emissions to a small amount of residual emissions that can be absorbed and durably stored by nature and other carbon dioxide removal measures, leaving zero emissions in the atmosphere.

As an insurer and provider of financial products, thinking about the long term comes naturally to us and is key to our success. Meeting our sustainability goals means making forward-looking decisions in the interests of stakeholders and considering a balance of risk, return and impact. Managing the risks and opportunities that arise from a changing climate is a critical component of successfully doing business over the long term and it is essential to manage the climate-related risks that will impact our business and our customers' policies and investments.

As a Group, we manage and administer over £14 billion[1] of assets. These assets are by far and away the largest part of the Group's emissions and how we transition our investments to net zero, alongside what we will do to transition our own operations, forms a critical part of this plan.

We are excited to be sharing this plan and are committed to driving forward the work we need to do to become a sustainable business.

[1]Assets Under Management and Administration as at June 2025. This includes a pro forma amount for the book-value of the AuA of the Canada Life portfolio acquisition, expected to Part VII and migrate during 2025, but excludes the impact of the proposed acquisition of HSBC Life (UK) Limited. The combined assets of the enlarged Group are expected to be c£18bn.

EMBEDDING SUSTAINABILITY INTO OUR STRATEGY

Our sustainability strategy underpins our three strategic objectives and is built on our commitments to:

- **Support a sustainable future**
- **Help to create a fairer world**
- **Build a sustainable Chesnara**

We have adapted our sustainability commitments to recognise the importance of embedding sustainability into our business. We remain committed to 'making a positive impact' which was previously identified as a standalone commitment, with current and planned activities associated with this now integrated into our other sustainability commitments.

Having our sustainability strategy grounded in these business outcomes and vice versa helps to ensure that as a group, we are actively prioritising the management of the risk of climate change. This plan is built on our principles and lays the foundations within our business to support the transition to net zero.

1
MAXIMISE THE VALUE FROM EXISTING BUSINESS

2
ACQUIRE LIFE AND PENSION BUSINESSES

3
ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

BECOMING A SUSTAINABLE CHESNARA

SUPPORT A SUSTAINABLE FUTURE

HELP TO CREATE A FAIRER WORLD

BUILD A SUSTAINABLE CHESNARA

DO NO HARM. DO GOOD. ACT NOW FOR LATER

TAKING RESPONSIBILITY TO REACH NET ZERO

Our plan is built on our short- and long-term aims and ambitions. We know achieving our full ambition will rely on wider dependencies such as societal and policy change, which need to navigate geopolitical headwinds and shorter-term priorities. Clearly, these shifts and geopolitical changes are not within our control. Therefore, setting firm targets can be difficult. This does not change our intention or the work that we will do to try to decarbonise but it does reflect some of the challenges that we will face. We will continue to highlight the areas where we are able to make progress directly and those areas where we are dependent on other factors.

It will be incredibly powerful to see collaboration across society, industries and stakeholders to achieve our full ambitions and wider global change. We are looking forward to embracing and encouraging a spirit of collaboration. Engaging with other organisations and industry bodies allows us to share, contribute and create an enabling environment to support the transition. There is no doubt that sharing knowledge and experience will enable us to optimise the impact of our shared efforts towards the ambition of Chesnara and society becoming truly sustainable.

Climate change is one of the issues facing our planet and everything that lives on it. Alongside this is the need to assess and mitigate human rights issues and the challenges facing other aspects of nature, such as biodiversity loss, deforestation and water usage. Our work on transitioning to net zero will support and strengthen our work on other sustainability risks and opportunities not explicitly covered in this plan, where our understanding continues to develop. We also understand the importance of supporting a 'Just Transition' and the fact that transitioning to a low-carbon economy must also consider social dynamics, such as communities, industries and jobs.

It is important we are honest about where we are on the journey and this plan does not have all of the answers; however, it is a plan based on what we currently know, which lays the foundations for our future plans. We are proud of what we are doing and that we are taking responsibility for what we can influence and control. We will strive to do more and our actions will continue to evolve and grow as we learn alongside improvements in the data and methodology to support decision making. We will find the balance between ambition and the reality of what we can achieve to ensure we deliver a transition in an efficient and realistic way. Our plan is a living document that will evolve throughout the journey.

Navigating these challenges, we will continue to protect what makes us the business we are; looking after the best interests of our customers, stakeholders and managing risk, return and impact over the long term.

This plan upholds that responsibility. We truly believe that if all organisations take responsibility for what is in their control, and engage with each other to influence what is not, then there is genuine optimism for achieving net zero.

Please get in touch
Thank you for taking the time to read what we are planning and please get in touch with us with any feedback, questions or comments.

Steve Murray, CEO

OUR PLAN TO REACH NET ZERO

At Chesnara, we are committed to becoming a sustainable business that balances the needs of risk, return and impact.

This plan, underpinned by the recommendations of the Institutional Investors Group on Climate Change's Net Zero Investment Framework 2.0, sets out how we will contribute to the global shift to a net zero economy and achieving net zero by 2050 across our investments, operations and supply chain.

The path to net zero will not be straightforward. It will require collaboration, adaptability, and a willingness to act even when data and methodologies are imperfect. This plan lays the foundations for our journey, focusing on the areas where we can have the greatest impact.

By focusing on what we can control and working transparently with our partners, we aim to play a meaningful role in the transition. Our influence may be shaped by the scale of our operations, but our commitment to responsible action and long-term impact is unwavering.

Our impact	Our ambitions	Key actions	Core objectives	
Investments Over 99.9% of our emissions come from the companies we and our customers invest in[1]	• Net zero by 2050 • 50% reduction from our 2023 baseline in scope 1 and 2 emissions intensity[2] by 2030 for listed equity and corporate fixed income investments we can influence or control[3] • £125m of shareholder funds invested in climate solutions by 2030	• Engage asset managers and investee companies to support decarbonisation and transition planning • Increase exposure to green bonds, net-zero aligned funds, and nature-based partnerships • Consider divestment where engagement has not been successful, or exclusion principles are breached	Aligning our portfolio with net zero	Driving change through engagement
Operations While smaller in scale, our ambition to reduce operational emissions reflects our commitment to lead by example	• Net zero by 2050 • 60% reduction from our 2023 baseline in scope 1 and 2 emissions by 2030[4]	• Procure renewable energy to power our business • Improve building efficiency • Set travel emissions target by 2027	Reducing our operational footprint	
Supply chain Our supply chain is the largest source of operational emissions, driven by purchased goods and services	• Net zero by 2050 • 90% of material[5] suppliers with science-based targets by 2030	• Embed sustainability criteria into the supplier selection process and onboarding • Seeking or procuring quality data from suppliers • Develop Environmental, Social and Governance (ESG) supply chain standards and engage suppliers on their own decarbonisation plans		

Dependencies that impact our transition

Policy and regulation
Our ability to set and deliver credible targets depends on clear, stable and long-term policy frameworks. Clarity and stability can increase our options and accelerate progress.

Asset managers
Most of our investments are externally managed. Influencing our external asset managers on their climate ambition, data quality and engagement practices can positively impact our ability to meet our ambitions.

Data and methodology
Reliable and comparable data is essential for setting targets and tracking progress and consistent data across the market can help improve precision and comparability.

Customers
Aligning our climate ambition with delivering long-term value and financial security and taking into account customer needs and risk preferences can progress our ability to decarbonise.

Peers & industry norms
Collective action strengthens our influence. If peers are aligned, it can enhance our engagement impact and create clear, consistent signals for companies.

Acquisitions
As a consolidator, our portfolio and emissions profile will evolve. Consistent and transparent reporting and rebaselining procedures will enable us to demonstrate how acquisitions are being factored into our plans.

Macroeconomic factors
General economic conditions and movements, together with the effects of a changing climate, will impact the wider societal and policy shifts that underpin our transition.

[1] Emissions generated from investments are those categorised as Scope 3 Category 15 of the GHG Protocol.
[2] The absolute greenhouse gas emissions associated with an asset class or portfolio divided by the loan and investment volume, expressed in tons CO_2e/USD M invested.
[3] 'Investments we can influence or control' as defined on page 24.
[4] Calculated using market-based methodology for the electricity that we procure.
[5] Suppliers that generate 1% or greater of our total scope 3 category 1 emissions are classified as material.

OUR PATHWAY TO NET ZERO

As an insurer and provider of financial products, we are naturally focused on the long term. Climate change presents both risks and opportunities for our business, our customers and the wider economy. This plan sets out how we intend to embed climate considerations across our investments, operations and stakeholder engagement. We recognise that this is a journey. While we do not have all the answers today, we are committed to evolving our approach over time, guided by pragmatism, proportionality and the best interests of our customers and stakeholders.

WHO WE ARE

We are a FTSE 250 European life and pensions consolidator with shares publicly traded on the London Stock Exchange.

We help protect customers and their dependants by providing life and health insurance, disability cover and savings and pensions solutions to meet future financial needs. We administer and manage c1m policies and £14 billion[1] of assets on behalf of our customers and our shareholders.

We have developed this transition plan together with our divisions, recognising the diversity of our operations. We have tailored our approach to ensure that each division contributes to our climate ambitions in ways that addresses the transition to net zero in a manner that is relevant for that business.

This plan outlines the overarching Group-level strategy and direction. These are built on the plans and actions that will be implemented across our divisions.

A growing business
As an acquisitive business, the shape of our business and its underlying emissions will continue to change. Sustainability forms part of our due diligence process and we proactively assess the emissions and climate risk associated with potential acquisitions to evaluate the potential impact as part of our deal assessment processes.

Acquisitions help secure the future of the Group, provide benefits to customers and can deliver scale that gives more opportunities for impactful sustainability actions.

Whilst the numbers that are presented in this plan will need to change at the appropriate time to reflect any acquisitions, the process and governance, as well as the decarbonisation levers, outlined are expected to remain consistent and can be applied to a larger Chesnara. We will, however, continue to assess the impact of any potential acquisitions and will identify any key areas of difference or improvement we can make to our governance and supporting plans.

We have also been developing our procedures and approach to rebaselining our emissions and we will calculate the emissions relating to any business that comes into the Group and make plans to transition accordingly.

Acquiring HSBC Life UK
On 3 July 2025, we announced that we entered into an agreement to acquire HSBC Life (UK) Limited, a specialist life protection and investment bond provider in the UK with approximately £4 billion of Assets Under Administration (AuA) and approximately 454,000 policies. Completion of the acquisition is expected in early 2026, subject to the customary regulatory approvals.

As this acquisition has not yet completed, our first Climate Transition Plan and the described strategies, activities and data do not include those of HSBC Life (UK) Limited. The acquisition means that we will increase our operational, and even more significantly, financed emissions and we have begun work to understand how to transition this business.

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[1]Assets Under Management and Administration as at June 2025. This includes a pro forma amount for the book-value of the AuA of the Canada Life portfolio acquisition, expected to Part VII and migrate during 2025, but excludes the impact of the proposed acquisition of HSBC Life (UK) Limited. The combined assets of the enlarged Group are expected to be c£18bn.

CONTRIBUTING TO REAL WORLD CHANGE

Rising temperatures, more frequent extreme weather events, and increasing economic losses are clear signs that the global economy will need to undergo a profound shift in response to climate change. In the first half of 2025, climate-related and natural disasters caused an estimated $151 billion in global economic losses. Of this, $84 billion was insured, which marks the highest insured total for a first half since 2011.[1] This continued financial strain underscores the persistent risks posed by climate change and supports projections that, without significant emissions reductions, global warming could exceed 2.6°C by the end of the century.

Scientific consensus indicates that limiting warming to 1.5°C is essential to avoid the most severe impacts of climate change. Achieving this goal requires rapid and widespread transformation across sectors, including energy, transport, agriculture, and finance. Current national policies and corporate commitments fall short of what is needed, and the gap between ambition and action remains wide.[2]

The financial sector plays a central role in this transition. Capital allocation decisions influence the pace of decarbonisation, the development of climate solutions, and the resilience of economies. Long-term investors, debt providers and insurers are particularly exposed to climate-related risks but are also well-positioned to realise the opportunities and support change through investment, engagement, and risk management.

Helping to manage the risks and opportunities associated with the assets that we manage and administer is a critical component of us successfully doing business. Climate change and its impacts are a key risk that will impact our customers' investments and policies and so it is essential we factor climate change into our management and administration of our customers' assets.

At the same time, the transition is not only about reducing emissions. It also involves adapting to the physical impacts of climate change, protecting and restoring nature, and ensuring that the shift to a low-carbon economy is fair and inclusive. Nature-based solutions could deliver a significant share of the emissions reductions needed by 2030, yet biodiversity continues to decline at an unprecedented rate. Meanwhile, the social implications of the transition – on our employees, customers, and the communities we serve – require careful consideration and planning.

This transition plan is part of our broader efforts to respond to these challenges. It outlines how we will look to address climate risks and opportunities across investments, operations, and stakeholder engagement. Our aim is to contribute to real-world emissions reductions, support resilience, and help shape a more sustainable and stable economic future.

[1]Source: Gallagher Re H1 2025 Natural Catastrophe and Climate Report (2025).
[2]Source: Intergovernmental Panel on Climate Change (IPCC) AR6 Synthesis Report: Climate Change (2023), Summary for Policymakers.

THREE OBJECTIVES TO ACHIEVE NET ZERO

ALIGNING OUR PORTFOLIO WITH NET ZERO

Implementing decarbonisation strategies across our investment portfolio, ensuring that asset allocation and capital deployment support the transition to a low-carbon economy. This includes reducing financed emissions and increasing exposure to climate solutions.

DRIVING CHANGE THROUGH ENGAGEMENT

Educating and influencing customers and engaging with investee companies, asset managers, policymakers, and other stakeholders, either directly or via collective engagement through industry bodies, to accelerate progress on net zero goals. Through ongoing engagement, we aim to influence the broader financial system and support change in the real economy.

REDUCING OUR OPERATIONAL FOOTPRINT

While our operational emissions are relatively small, we are committed to leading by example. We are taking steps to reduce emissions from our own operations and working with suppliers to support decarbonisation across our value chain.

Our role is to contribute to the change necessary to achieve net zero by directing capital, engaging constructively, and building resilience across our operations and investments. Doing this helps us to protect the long-term interests of our customers, equity investors, debt providers, and wider stakeholders.

Delivering on this strategy requires strong governance, clear accountability, and integration with our broader business planning and management. We are embedding climate considerations in our business and the policies and frameworks that underpin it and we are developing metrics to track progress. This ensures that our actions are aligned with our Group strategic objectives and that we remain accountable to our customers and stakeholders.

We recognise that the transition will not be linear and we are highly dependent on wider system change that is out of our control. That is why our strategy is designed to be flexible and responsive.

NZIF 2.0 UNDERPINS OUR PLANS

Developed by the Institutional Investors Group on Climate Change (IIGCC), Net Zero Investment Framework (NZIF) 2.0 offers a rigorous and widely adopted methodology for aligning investment portfolios with the goals of the Paris Agreement. It provides best-in-class guidance for asset owners and managers, including signatories of the UN-backed Net Zero Asset Owners and Net Zero Asset Managers initiatives.

The framework supports our transition by offering detailed implementation guidance for transitioning our business to align with a net zero future. It enables us to measure, manage, and report on our net zero alignment across asset classes, ensuring our approach is grounded in science and transparency.

We are pleased that we already meet most of the framework's core actions points and we are actively addressing the areas where more work is needed, including expanding asset class coverage, improving data quality, and deepening integration into investment decision making.

We are actively working to close remaining gaps and to incorporate relevant advanced recommendations in future iterations of our plan.

Our alignment with NZIF 2.0 covers the core action points outlined in the framework, covering key areas such as:

Science-aligned targets
We have established interim and long-term emissions reduction targets across our investment portfolio, consistent with the goals of the Paris Agreement. We recognise that further refinement and expansion of these targets will be necessary as methodologies and data evolve.

Portfolio decarbonisation
We will direct capital towards climate solutions and low-carbon investments while engaging with our asset managers to drive real-world emissions reductions in high-emitting sectors.

Stewardship and engagement
We are committed to an 'engagement-first' approach, working with our asset managers to encourage credible transition strategies from investee companies, while escalating action where necessary.

Transparent reporting and accountability
We are committed to disclosing our progress in line with the expectations of NZIF 2.0, ensuring transparency and fostering trust with stakeholders.

For an overview of NZIF 2.0 alignment, see page 55.

We are closely monitoring developments in the field of climate transition plans, including additional guidance and requirements from the EU and the UK, particularly the Corporate Sustainability Reporting Directive (CSRD) and the Transition Plan Taskforce (TPT) Disclosure Framework. In this context, we note the UK Government's June 2025 consultation on transition plan requirements, which sets out proposals for future regulation of climate transition planning. The UK consultation outlines a phased approach to mandating credible, 1.5°C-aligned transition plans for financial institutions and large companies, reinforcing the importance of transparency, implementation, and international coherence in transition planning.

EMBEDDING THE TRANSITION

We are embedding climate considerations into our business, including our policies and frameworks. Oversight is provided by the Chesnara plc Board, Chesnara plc Audit & Risk Committee, and Group Sustainability Committee, supported by a dedicated Transition Plan Steering Group and cross-divisional working groups. Climate-related risks are integrated into our Risk Framework, and scenario analysis is used to inform risk management and investment decision making. We are building capability across the Group to support delivery, and we will continue to adapt our approach as expectations, data and regulation continue to evolve.

OVERSIGHT OF OUR TRANSITION

We operate a robust Governance Framework which underpins everything we do. This framework allows us to respond to the needs of our stakeholders and evolving market conditions. For a detailed overview of our Governance Framework, see the **corporate governance section of our Annual Report and Accounts**. We are continuing to embed climate governance into existing governance structures.

Transition plan governance

As part of our work developing the Climate Transition Plan, we have built on our existing robust frameworks and integrated key climate considerations into our broader governance model. In parallel, we have developed a dedicated governance structure to oversee climate matters more broadly, as well as the development and implementation of the transition plan itself.

The dedicated governance structure consists of the Group Sustainability Committee (GSC), a Transition Plan Steering Group (TPSG) and working groups. The TPSG reports to the GSC and is accountable for guiding the transition to net zero across our business. This structure was created to manage the development of the transition plan and will oversee the implementation of the actions outlined. The TPSG will also manage the development of future iterations of the transition plan.

Board level oversight and senior leadership

The Board plays a crucial role in defining our climate strategy. It ensures that the necessary resources and structures are in place to support the Group's progress towards its climate ambitions. The Board has endorsed the transition plan and receives updates on progress at each meeting. This oversight ensures that the Board remains actively engaged in driving our climate strategy forward and that our climate strategy aligns with Chesnara's wider strategic objectives and commitments.

Management responsibility for matters related to climate change is assigned to the Group Chief Executive Officer (Group CEO), who is supported by the leadership teams across the Group and divisions.

Remuneration of the Group executive directors is aligned to sustainable performance, with ESG activities (including relating to climate) forming part of Group executive directors' strategic objectives and variable remuneration.[1]

Oversight of the Group's sustainability activities, including those relating to a net zero transition, is supported by the GSC. The GSC is chaired by a non-executive director of Chesnara plc, and is otherwise comprised of Group executive management, divisional CEOs and the Group Head of Sustainability. The GSC operates across the Group, interfacing with the Board, its committees, wider executive and forums. The GSC has been integral in overseeing the development of the plan and will continue to support the Group CEO in overseeing its delivery.

Training and engaging our employees

During 2024, our employees undertook foundational and role specific training on key sustainability topics, including raising awareness about the fundamentals of climate science, our impact on climate change and what we can do about it. This training helped to provide our employees with foundational knowledge of climate change and sustainability to enable better conversations across all levels of the business.

Specific training on transition plans and their key elements, as well as the impact of and how to manage climate-related risks, was also provided to both executive and non-executive directors across the Group.

Sustainability training is being embedded within our learning programmes across the Group to reinforce the foundation of knowledge, alongside continuing to provide focused, relevant learning that supports the Group's transition to become net zero. We will continue to give the Board and supporting committees the training and education necessary to allow them to effectively oversee the implementation of this and subsequent plans.

1,700 **hours of sustainability-related learning delivered to employees in 2024**

[1] Directors' Remuneration Report, Chesnara Annual Report and Accounts 2024.

OUR GOVERNANCE FRAMEWORK SUPPORTS OUR TRANSITION

CHESNARA PLC BOARD

The Board defines the Group's purpose, values and strategy, including sustainability and climate. It ensures that necessary resources and structures are in place and oversees the Group's progress towards achieving its purpose and delivering our sustainability strategy. The Board receives reporting at each meeting on sustainability matters, including progress towards our climate ambitions.

CHESNARA PLC AUDIT & RISK COMMITTEE (A&RC)

The role of the A&RC includes reviewing and monitoring the Group's material risks, including climate-related risks. The A&RC oversees the Group's monitoring of climate-related risk exposures and considers the effectiveness of the internal control environment. The A&RC considers the level of assurance required on climate-related data and reviews the Group's material external non-financial reporting.

CHESNARA PLC NOMINATION & GOVERNANCE COMMITTEE

The Nomination & Governance Committee ensures that the composition of the Board and its committees is appropriate, and members have the necessary skills, knowledge and experience to discharge their duties effectively, including climate and our transition plan. It is also responsible for reviewing the Group's governance practices and procedures to ensure they remain appropriate and reflect best practices.

CHESNARA PLC REMUNERATION COMMITTEE

The role of the Remuneration Committee includes ensuring that the Directors' Remuneration Policy promotes the sustainable success of the Company. The Remuneration Committee is responsible for considering the appropriate inclusion of sustainability indicators (including with regards to climate) in the Group's Remuneration Framework.

SENIOR LEADERSHIP TEAM (SLT)

The SLT supports the Group CEO with the day-to-day management of the Group, including the implementation of the Group's strategy, business plans and Risk Management Framework. It supports the identification and review of risks impacting the Group, including any material variations in the impact of climate change upon the Group. This feeds into the Group Chief Risk Officer's quarterly risk report to the Board.

GROUP INVESTMENT COMMITTEE (GIC)

The GIC is in place to challenge and support the Group CEO and the SLT on investment-related matters. The GIC Terms of Reference specifically include consideration of sustainability factors, including overseeing the asset managers' approach to ESG and climate change-related matters. Working with the GSC, the GIC will focus on the just transition of the Group's asset portfolio in line with its net zero ambitions. The GIC and GSC also work together to identify further potential areas of impact investing. The divisions also have divisional investment committees which are fundamental for their individual transition journeys and oversight of the assets managers used by their division.

OUR GOVERNANCE FRAMEWORK SUPPORTS OUR TRANSITION

GROUP SUSTAINABILITY COMMITTEE (GSC)

The Group Sustainability Committee oversees the progress of our sustainability work across the Group, including reviewing our strategic priorities and operational objectives, reviewing sustainability-related risks and opportunities, and allocating resource and budget, including the establishment of dedicated sustainability resources across the Group. The GSC annual agenda planner determines which issues are raised at each meeting and, in discussion with the SLT and GIC, the GSC advises the Group CEO on which items should be escalated to the Board.

The GSC interacts with the Board and Board committees (through its Chair and/or the Group CEO) in the following ways:

- with the Board on the sustainability strategy and embedding it into the overall Group strategy
- with the A&RC on climate-related risks and external disclosures, including TCFD
- with the Nomination & Governance Committee on matters regarding Board composition and sustainability-related skills, knowledge and experience
- with the Remuneration Committee on ESG factors in which management is and could be incentivised.

There is also regular collaboration between members of the GSC and the GIC on investment-related matters, including the investment principles that form our plans to transition to net zero, as well as the SLT and divisional executive committees.

TRANSITION PLAN STEERING GROUP (TPSG)

The TPSG, which consists of management from across the Group, manages the development and implementation of the transition plan and addresses any risks, issues, and dependencies that arise. Any significant concerns are escalated to the GSC, and feedback is incorporated as appropriate into the development and/or implementation of the plan.

The TPSG is responsible for identifying and mobilising internal and external resource to support the Group's climate transition, with oversight from the GSC and Chesnara plc Board.

TRANSITION PLAN WORKING GROUPS (TPWG)

Cross-divisional TPWGs, reporting into the TPSG, are established to address and collaborate on specific topics related to the transition plan. These groups are responsible for the day-to-day development, management and delivery of projects and initiatives, including managing dependencies.

DIVISIONAL INPUT AND DELIVERY

Each business and its governance structure, including the divisional board of directors, has responsibility for overseeing and delivering its business plans including its own decarbonisation activities and coordinating division-specific tasks, resource and budget. Progress is reported to Group at each GSC and TPSG meeting.

CLIMATE RISK MANAGEMENT IS INTEGRATED INTO OUR STRATEGY

We manage climate-related risks and opportunities through a structured approach aligned with the TCFD Framework. This enables us to embed climate considerations into our governance, strategy, risk management, and performance metrics. Our **2024 Climate-Related Financial Disclosures report** outlines how we are integrating climate risk into core business decisions, supporting long-term resilience, and progressing toward our net zero ambitions.

Integrating climate risk in our strategy

We have integrated climate-related risks and opportunities into our business strategy across short-, medium-, and long-term horizons. We assess both physical risks – such as extreme weather and rising sea levels – and transition risks, including regulatory changes, technological shifts, and reputational risks. These risks are evaluated using a materiality framework that considers financial, reputational, and regulatory thresholds.

In 2024, we identified four material climate-related risks:

- the challenge of assessing investment portfolio exposure;
- the risk of not meeting stakeholder expectations;
- the cost implications of transition; and
- the potential for litigation related to greenwashing.

We are addressing these risks through enhanced ESG data analysis (via our data provider, MSCI), stakeholder engagement, scenario testing, and transparent disclosures.

Risk management

Climate-related risks are fully integrated into our Group Risk Management Framework, overseen by our Group Chief Risk Officer. Each business unit is responsible for identifying and managing risks within the boundaries of our Group's risk appetite. These risks are recorded in our risk register and evaluated based on likelihood and severity, and are managed through acceptance, mitigation, transfer, or avoidance.

Our Own Risk and Solvency Assessment (ORSA) process, conducted annually in compliance with Solvency II regulations, includes climate risk assessments and scenario testing. In 2024, we transitioned from using PRA stress tests to a more advanced MSCI climate risk model, which provides greater granularity and robustness. Climate change is formally designated by the Group as a principal risk (PR11) and is also recognised as a cross-cutting risk affecting investment, regulatory and reputational domains.

We review emerging risks quarterly at executive level and report them to the Board. We also consider external guidance, such as IPCC reports, and monitor developments in climate policy, technology, and market dynamics.

Scenario analysis

We use climate scenario analysis to explore how different climate futures could affect our business, including the potential balance sheet impact of climate-related risks, as assessed through our ORSA process.

Scenario analysis also supports our investment decision making by helping us understand the resilience of our portfolio and the achievability of our transition plan. Our analysis is based on the MSCI Climate Risk Model, which incorporates pathways developed by the Network for Greening the Financial System (NGFS).

The model provides two key metrics:

Climate Value-at-Risk (CVaR), which quantifies the potential financial impact of climate-related risks and opportunities.

Implied Temperature Rise (ITR), which estimates the global temperature trajectory if the economy mirrored our financed emissions.

These metrics help us assess exposure to climate risk across our investment portfolio. ITR also supports our assessment of whether our transition plan is aligned with a 1.5°C pathway.

We intend to build on our current use of CVaR and ITR by exploring how scenario outputs can more systematically inform investment decision making and portfolio management. This will support further alignment with NZIF 2.0 in future iterations of the plan.

While we periodically review the scenarios we use, we recognise that climate scenario modelling is an evolving field. As methodologies and tools mature, we will continue to assess opportunities to enhance our analysis.

OUR NET ZERO AMBITIONS

Our net zero ambitions include a 50% reduction in scope 1 and 2 emissions intensity by 2030 for listed equity and corporate fixed income investments we can influence or control, and an ambition to invest £125 million of shareholder funds in climate solutions by the same year. We are also aiming for a 60% reduction in operational emissions by 2030. We will continue to work towards net zero across all scopes by 2050. Our ambitions are designed to be proportionate, practical and aligned with our responsibility to deliver long-term value for our customers and investors.

OUR AMBITIONS AT A GLANCE

	ACTIVITY	SHARE[4]	TO DATE	2030	2050
Decarbonisation	Investments	99.93%	**13% reduction** in scope 1 & 2 emissions intensity compared to our 2023 baseline[3]	**50% intensity reduction** in scope 1 & 2 emissions for our listed equity and corporate fixed income investments which we can influence or control	Net zero
Decarbonisation	Operations	0.01%	**25% reduction** reduction in operational emissions compared to our 2023 baseline	**60% reduction** of absolute scope 1 & 2 emissions of our own operations (market-based)[1]	Net zero
Decarbonisation	Supply chain	0.06%		**90%** of material suppliers[2] to have science-based targets in place	Net zero
NZIF 2.0 aligned	Asset alignment to net zero			**40%** of assets in material sectors in listed equity and corporate fixed income investments respectively which we can influence or control will be, at a minimum, aligning to a net zero pathway	Net zero
NZIF 2.0 aligned	Engagement thresholds for net zero alignment			**≥70% of scope 1 and 2 financed emissions** in material sectors are to be assessed as, at a minimum, aligned to a net zero pathway, or are subject to direct or collective engagement for all our listed equity and corporate fixed income investments which we can influence or control	Net zero
NZIF 2.0 aligned	Climate solutions investment		**£80m** invested in climate solutions	**£125m** of shareholder funds invested in climate solutions	Net zero

[1]Market-based refers to the methodology used to calculate the emissions from electricity we have procured.
[2]Suppliers that generate 1% or greater of our total scope 3 category 1 emissions are classified as material.
[3]Across directly held listed equity, corporate fixed income, sovereigns and collectives.
[4]Represents the proportion of the Group's total absolute emissions for 2024.

We will continue to identify and communicate further interim ambitions as we progress. Those currently set are:

BY 2035
≥90% of scope 1 and 2 financed emissions in material sectors are to be assessed as, at a minimum, aligned to a net zero pathway, or are subject to direct or collective engagement for all our listed equity and corporate fixed income investments.

BY 2040
100% of assets in material sectors are, at a minimum, aligned to a net zero pathway.

Achieving the ambitions noted here and the development of further ambitions is dependent on the degree of control and the ability to influence the transition that we have over the assets we are administering and managing. It is also dependent on the availability of robust data and methodology, together with broader market developments. As such, this plan is indicative and timelines may need to be adapted and adjusted.

WE DEVELOPED OUR AMBITIONS USING NZIF 2.0

Our ambitions are aligned with NZIF 2.0, and they guide our actions across key dimensions of portfolio management, stewardship, and operational impact. While we recognise that methodologies and data will continue to evolve, these ambitions represent a critical foundation for driving measurable progress.

Our ambitions

ENGAGEMENT THRESHOLD FOR NET ZERO ALIGNMENT

In line with NZIF 2.0 recommendations, we are applying minimum engagement thresholds to ensure our stewardship efforts are focused on the most material sources of emissions in our portfolio. These thresholds help ensure we are using our influence to encourage high-emitting companies to adopt credible climate strategies and reduce their emissions accordingly. At present, this engagement threshold applies to listed equities and corporate bonds, with plans underway to extend this approach to all asset classes.

OPERATIONAL DECARBONISATION

In addition to our investment-related ambitions, we have set interim and long-term ambitions to reduce emissions from our own operations. This includes scope 1, 2 and 3 emissions.

CLIMATE SOLUTIONS INVESTMENT

We have previously measured and set targets on our investments in positive solutions, covering climate, social and nature-based investments. As part of our transition plan work, we have set specific ambitions related to investments in climate solutions. These are solutions that significantly contribute to emissions reductions globally and we will continue to consider how best to assess the impact of our investments including by considering avoided or removed emissions.

ASSET ALIGNMENT TO NET ZERO

In line with NZIF 2.0 recommendations, we have set a five-year goal to increase the proportion of our investments that are either aligned with a net zero pathway or are on a credible trajectory toward alignment. This involves assessing each asset using defined alignment criteria and monitoring progress over time. This is intended to ensure that our portfolio increasingly supports companies and assets with science-based transition plans, contributing to the broader decarbonisation of the real economy. Currently, this applies to our listed equities and corporate bond holdings. In line with the degree of control we have over the investment decision making of the assets that we manage and administer, we are actively working to expand this coverage to include all relevant asset classes across our portfolio.

INVESTMENT DECARBONISATION

We have set interim and long-term goals to reduce the greenhouse gas (GHG) emissions associated with our investment portfolio. These goals are aligned with a 1.5°C pathway and are expressed in terms of both absolute emissions and emissions intensity. They serve as a benchmark for tracking progress toward decarbonising our holdings over time. We will continue to identify and set additional interim goals as we progress with our plans.

SUPPLY CHAIN DECARBONISATION

We recognise that our operational footprint extends beyond our own activities. Building on our work to reduce emissions from our own operations, we are working to decarbonise our supply chain and we have set an ambition for 90% of our material suppliers to have science-based targets in place by 2030. This includes engaging with material suppliers to better understand their climate commitments and encouraging alignment with science-based approaches.

WE ARE COMMITTED TO DECARBONISING

Our commitment to decarbonisation
We are committed to aligning our investment and operational strategy with a net zero future. Our ambitions are designed to ensure that we play our part in limiting global warming to 1.5°C, in line with the Paris Agreement and best practices such as NZIF 2.0.

To assess the alignment of our medium- and long-term ambitions with a net zero future, we have considered the IPCC Special Report on Global Warming of 1.5°C (SR1.5). This states that in mitigation pathways with no or limited overshoot of 1.5°C, global net carbon emissions need to decline by between 41% and 58% from 2010 levels by 2030, reaching net zero around 2050. Our plans and ambitions have been developed in line with this report.

Our ambitions establish the foundation of our Climate Transition Plan, ensuring transparency and a clear way forward. They also enable us to reduce our portfolio's carbon footprint while supporting companies that are making meaningful progress in the transition.

While we are fully committed to the decarbonisation of our operations and investment portfolio, we recognise that the achievement of our climate ambitions are influenced by a range of external factors beyond our direct control. These include the pace of market-wide transition, regulatory developments, data availability, and the actions of our asset managers, suppliers, and customers. As such, we are taking a measured and responsible approach, balancing ambition with pragmatism.

Our approach and strategy ensure that progress toward our climate goals is aligned with and integrated into our broader business objectives, including maintaining financial resilience, delivering long-term value for investors, and always prioritising good outcomes for our customers. We will continue to review our ambitions and pathways regularly to ensure they remain credible, science-aligned, and achievable within the context of a just and sustainable transition.

Our core sustainability commitments can be summarised as:

To support a sustainable future and become a net zero emitter, including through our net zero transition plans.

To create a fairer world and ensure our Group is an inclusive place for all employees, customers and stakeholders.

To build a sustainable Chesnara, by embedding sustainability into how we do business.

Impact on investment decision making
Our decarbonisation ambitions play a direct role in shaping our investment strategy. We will be embedding climate considerations into our capital allocation frameworks, working to ensure that our portfolio is meaningfully transitioned to meet net zero objectives.

To manage transition risks while maintaining financial performance, we will continue to assess our screening criteria for new investments. This may include prioritising low-carbon sectors, engaging with high-emitting companies to support their transition, and considering selective divestment where necessary.

Additionally, we are working to consider how our asset managers align with our decarbonisation goals and how we can integrate climate-related performance metrics into our mandates with them.

MEASURING, TRACKING & REPORTING PROGRESS

Assessing our fair share contribution
A fair share contribution means establishing an approach that reflects our proportionate role in global decarbonisation. As part of developing this plan, we assessed whether our 2030 interim goal represented a credible and proportionate contribution. Based on this assessment, we have decided to retain our interim aim of a 50% reduction. We considered our baseline year of 2023, which already reflects earlier emissions reductions by investee companies, and reviewed the progress of companies we invest in, including those identified by Climate Action 100+. We also engaged with asset managers to understand their climate strategies. These steps help ensure that our ambitions are both credible and proportionate, and that our reported progress reflects genuine decarbonisation in the real economy.

Methodology and approach to measurement
To ensure accuracy and consistency, we are aligning our emissions calculations with recognised carbon accounting standards.

We use tools and data provided by MSCI to measure our financed emissions. MSCI estimates financed emissions for each of our investments by attributing a company's reported or modelled GHG emissions to Chesnara, based on the value of our investment relative to the company's enterprise value including cash (EVIC). Where company-reported emissions are unavailable, MSCI applies estimation models using sector averages.

To calculate our operational emissions, we are using the data provider and platform Greenly, which uses a combination of activity data and a spend-based approach depending on the available data.

These are market-leading tools; however, due to the current maturity of data, processes, and methodologies, these calculations and platforms still involve significant degree of estimation and assumptions. We expect the completeness of the data and maturity of the methodologies to improve over time and we will continue to rely on external providers to ensure the accuracy of our emissions reporting. As these estimates and assumptions reduce, this may highlight the need for us to restate or adjust our reporting and ambitions to best reflect the updated data, processes and methodologies. We will be transparent on when this happens and the impact that it has had.

Monitoring, reporting, and transparency
To maintain accountability and stakeholder confidence, we will regularly track, measure, and disclose our progress. We already disclose our emissions externally and these can be found in our Annual Sustainability Report, Climate-Related Financial Disclosures, and Annual Report and Accounts.

We recognise the importance of external assurance in bringing credibility and consistency to our disclosures. As part of our roadmap, we are exploring options to obtain third-party assurance over key climate-related metrics and disclosures.

In parallel, we are monitoring the UK Government's June 2025 consultation on the draft UK Sustainability Reporting Standards (UK SRS), which are based on the IFRS Sustainability Disclosure Standards (S1 and S2). These standards are expected to shape future expectations for climate-related disclosures in the UK, including transition planning and assurance. We welcome the Government's ambition to establish a globally coherent sustainability disclosure framework.

REDUCING EMISSIONS FROM OUR INVESTMENTS

The vast majority of our emissions are linked to the companies we and our customers invest in. Our focus remains on balancing risk, return and impact in the best interests of our customers. We are working with asset managers and investee companies to support credible transition plans, increase exposure to climate solutions and improve data quality. For shareholder assets, we may consider divestment where engagement has not been successful, or exclusion principles are breached. This approach is applied proportionately and transparently.

WE MANAGE AND ADMINISTER £14 BILLION[1] OF ASSETS

Our investment approach is centred around delivering financial security to customers while ensuring that the capital we manage is allocated responsibly.

To achieve this, we must balance:

- the long-term security of customer benefits, ensuring that our investment strategies remain financially sound
- the broader sustainability agenda, integrating environmental, especially net zero alignment, considerations into our investment approach
- regulatory compliance and risk management, ensuring that our transition towards net zero is both strategic and well-governed.

This can be summarised as balancing risk, return and impact.

Our business

Our management and administration of assets is structured around two key elements:

- Our business holds and manages capital for customers and shareholders.
- We have taken the decision to use external asset managers for most of our investment portfolios.

The table provides an overview of the nature of each division's Assets Under Management and Administration, investment management approach, and areas of focus for integrating net zero considerations.

We are more able to influence or control the decarbonisation of the assets in each division through the shareholder assets that back our protection business and annuities, together with those in managed or default funds. We have limited or no influence or control over assets outside of these such as custodian and customer-driven investments.

Divisional overview

	UK	Netherlands	Sweden
AuM/AuA	£4 billion[1]	£3 billion	£6 billion
Assets Under Management and Administration	Life and pensions business	Life insurer offering protection and investment-linked products	Insurer, specialising in unit-linked pensions and savings, and custodian account products
Investment management	Fully outsourced to external asset managers	Partially outsourced – retains some internal oversight of investment-linked products while leveraging external investment managers	Combines in-house fund management via Movestic Fonder with a curated selection of external funds, offering clients both unit-linked insurance and custody account solutions for direct investment
Net zero integration focus	Engages asset managers to assess net zero integration in investment decisions	Provides net zero-aligned fund options to customers Implement the Group's net zero investment principles to our in-house asset management Engage asset managers to assess net zero integration in investment decisions	Offers net zero-aligned fund options to customers through both proprietary and externally managed funds Implement the Group's net zero investment principles to our in-house asset management Engage asset managers to assess net zero integration in investment decisions

[1]Includes impact of Canada Life portfolio acquisition, expected to Part VII and migrate during 2025 but excludes the impact of the proposed acquisition of HSBC Life (UK) Limited. The combined assets of the enlarged Group are expected to be c£18bn.

THE CONTROL OVER OUR INVESTMENTS DICTATES HOW WE WILL DECARBONISE

Scope of portfolio decarbonisation ambition
Our net zero ambition covers all financed emissions by 2050. A core part of our transition plan is to progressively expand the range of asset classes and activities included in our emissions analysis and decarbonisation efforts over time.

We know this will take time, and that not all asset classes can be measured or influenced in the same way. But we believe that by taking a phased and principles-based approach, we can build coverage that is both credible and decision-useful.

Alongside working to provide long-term financial security to our customers, equity investors and debt providers, our roadmap is guided by four main principles:

1. **Degree of control** – starting with asset classes where we can direct investment decisions or set expectations.
2. **Materiality** – prioritising those holdings that are most significant to our financial and emissions footprint.
3. **Feasibility and timing** – balancing ambition with data and methodology availability, regulatory developments, and internal capability.
4. **Market alignment** – responding to external expectations to maintain credibility with investors and peers.

Degree of control
We apply a tiered framework to determine the level of control we have over the investment decision making of our assets and therefore which are in scope of our interim ambitions. This helps us focus on areas where we can drive the most meaningful change, while maintaining transparency about those assets that fall outside our direct control.

This approach ensures that our ambitions reflect real-world decarbonisation potential, not just accounting boundaries.

Least control	DEGREE OF CONTROL	Most control
Assets which are invested without our control or influence	**Assets that we can influence where they are invested**	**Assets that we control where they are invested**
These are assets where we offer a product or a platform for others to make the investment choices	These are investments where we can choose into which fund they are invested but that fund is not specific to us and our requirements	These are investments where we choose what assets are held

We have different levels of control over the assets that we look after on behalf of our customers and shareholders. For the purposes of this plan, those assets where we make the investment decisions are referred to as 'Assets Under Management' (AuM) and those where we do not have investment decision making authority but provide administrative oversight are referred to as 'Assets Under Administration' (AuA). For AuA, this decision making is not done by us but by a third party, be it the customer or their financial advisor. The distinction between the two categories is important because our control over an asset's decarbonisation is impacted by whether we can decide where that money is invested. At the end of 2024, approximately one third of our business would be considered as AuM with the remainder as AuA.

In the table on page 28, which shows how we will expand our asset coverage through to 2050, our 2030 ambition to decarbonise certain assets by 50% primarily includes AuM. Overall, we remain committed to achieving net zero by 2050 for all assets and as we develop more understanding of the levers we have to use to try to influence the investment decision making in respect of AuA, we will set further interim aims and ambitions.

In line with NZIF 2.0, the table on page 28 presents the asset split by type. This presentation may differ from how we assess it internally, in line with the split of AuA and AuM and the inherent characteristics of our different businesses.

INVESTMENTS GENERATE 99.9% OF OUR EMISSIONS

Financed emissions snapshot
We recognise that the emissions linked to our investment portfolio represent our most material source of climate impact.
Over 99.9% of our 2024 emissions were generated by the companies in which we and our customers invest. These emissions are called our financed emissions.
To understand our progress and priorities, we begin with a snapshot of our financed emissions performance:

Financed emissions (Tonnes of carbon dioxide equivalent (tCO_2e))

	Scope 1 and 2			Scope 3		
	2024	2023 baseline	Movement	2024	2023 baseline	Movement
Total financed carbon emissions[1] (absolute emissions)	**515,298**	533,073	-3%	**4,764,459**	4,345,991	10%
Financed carbon emissions[2] (normalised by $m invested)	**34**	39	-13%	**313**	315	-1%
% coverage	**59%**	58%	1%	**59%**	56%	3%

Weighted Average Carbon Intensity (WACI)

	Corporate constituents[3] (tonnes CO_2e/$M sales)						Sovereign constituents[4] (tonnes CO_2e/$M GDP nominal)		
	Scope 1 and 2			Scope 3			GHG intensity		
	2024	2023 baseline	Movement	2024	2023 baseline	Movement	2024	2023 baseline	Movement
Chesnara Group	**69**	72	-5%	**645**	654	-1%	**221**	207	7%
% coverage	**63%**	62%	1%	**63%**	59%	4%	**9%**	11%	-2%

[1]The absolute greenhouse gas emissions associated with an asset class or portfolio (expressed in tCO_2e).
[2]The absolute greenhouse gas emissions associated with an asset class or portfolio divided by the loan and investment volume (expressed in tCO_2e/$M invested).
[3]Exposure to carbon intensive companies (expressed in tCO_2e/$M sales).
[4]A country's exposure to transitional risk and physical and economic vulnerability to climate change (expressed in tCO_2e/$M GDP nominal).

Methodology, data & assumptions
The numbers presented here are those from our 2024 year end reporting, as included in our Climate-Related Financial Disclosures.

For more information on the methodology, data and assumptions used, please refer to:

2024 Climate-Related Financial Disclosures report

For more information on the MSCI methodology, please visit **www.msci.com**

WE HAVE STARTED TO REDUCE OUR FINANCED EMISSIONS

During 2024, we made progress toward our 2050 ambitions. For the asset classes where emissions were calculated, our portfolio's scope 1 and 2 emissions intensity fell by 13% compared to our 2023 baseline. Absolute scope 1 and 2 emissions also declined by 3%, while absolute scope 3 emissions, which are not considered as part of our interim ambitions, rose by 10%. We are working to better understand the drivers behind these movements and the impact that acquisition activity can have on absolute and normalised emissions. This work is key to be able to attribute the causes of movements in our reported emissions and to identify actions that can be taken.

Understand our baseline

To deliver on our net zero ambition, it is critical that we understand where those emissions sit, how we expect that they will evolve over time, and where we can take meaningful action.

13%↓

Scope 1 and 2 emissions intensity

2023 is the baseline year for our financed emissions, and our calculations include listed equities, corporate fixed income and sovereign debt. Establishing a baseline allows us to:

- track progress against our emissions reduction goals and ambitions
- prioritise where targeted engagement or investment action may be most impactful
- set meaningful sector- and asset-class-specific alignment ambitions over time.

The emissions data included in this baseline is calculated using the methodology developed by the Partnership for Carbon Accounting Financials (PCAF), supplemented by metrics aligned with the TCFD. Our 2024 calculations capture scope 1, 2, and 3 emissions of listed equity, corporate bonds and government bonds.

Where there is no current PCAF method for calculating emissions, those asset types have been excluded from the scope of the baseline at this time. Asset types excluded on this basis are structured notes, collateralised securities, cash and deposits, and derivatives.

Baseline recalculation principles

To ensure our emissions reporting remains consistent, comparable and decision-useful over time, we have adopted a baseline recalculation mechanism aligned with the PCAF Standard. We have defined specific triggers that would require us to consider a recalculation of our 2023 baseline. These include:

- material changes in AuM/AuA due to acquisitions or disposals
- material increase in asset classes in scope
- significant changes in data vendor methodology or coverage.

In such cases where we determine it is necessary to recalculate our baseline, we will carry out an assessment of the impact of the change on our financial emissions and transparently disclose any adjustments to emissions and/or ambitions. Where appropriate, we may set separate interim goals for new portfolios or asset classes, with a full baseline consolidation and a review of our ambitions every five years. This approach ensures that our reported progress reflects real-world decarbonisation, not portfolio composition or data changes.

Strengthening data foundations

We recognise that robust data is essential to establish effective ambition setting and emissions tracking. In 2024, we continued to improve the quality and coverage of our financed emissions data. Working with our external data provider, we identified gaps in asset coverage and took steps to ensure these are addressed in future reporting cycles. Except for WACI sovereign, data coverage improved across all key metrics. We will continue to prioritise data quality as we expand the scope of our ambitions and refine our transition plan.

INCREASING ASSETS IN SCOPE OF OUR AMBITIONS

Scope and timeline
Our ambition for 2030 focuses on scope 1 and 2 emissions from listed equity and corporate fixed income assets where we can influence or control investment decisions. This is aligned with science-based pathways, including the IPCC's 1.5°C scenario (P2).

While we have not set an explicit 2040 ambition, we are preparing for it. Work will commence on the introduction of the assets to be included in the 2040 ambition in the years leading up to 2030. This will help us identify the reasonable targets we can set for our AuA and AuM, in line with the degree of control we have over those assets. We currently expect that these asset classes will be baselined as of 31 December 2030, providing us with a ten-year window to reach the 2040 ambition and a twenty-year window to reach net zero by 2050.

Asset classes expected to be included in the 2040 ambition include real estate, mortgage loans, business loans, and we will also enhance our approach to sovereign bonds. Many of these are already addressed by PCAF methodologies and supported by our MSCI data modules.

Scope 3 emissions remain outside the scope of our interim ambitions due to limitations in data quality and availability and the consistency of methodology. Although data providers such as MSCI offer modelled scope 3 estimates, we, like many companies, are not yet fully confident in relying on these figures for objective-setting. As market confidence and transparency improve, we will revisit the inclusion of scope 3 emissions in our interim ambitions, with the goal of full coverage and net zero by 2050.

AMBITION GROWTH DEPENDS ON ASSET CONTROL

Portfolio decarbonisation ambition asset coverage expansion roadmap to 2050
This represents our plan to expand the assets included within our ambitions. The specific ambitions and dates that will be set for each asset class will depend on the degree of control we have over the portfolio and our ability to influence the transition. The future inclusion of asset classes also depends on the availability of robust data, methodologies, and broader market developments. As such, this plan is indicative, and timelines may need to be adapted and adjusted.

				New asset classes introduced by:		
PCAF methodology currently available	Asset class	Scope of portfolio decarbonisation ambitions	Approximate % of 2023 baseline	2024	2030	2040 (all asset classes where PCAF methodology exists)
N/A	Collectives (which we can control or influence)	2030	46%	Yes	Yes	Yes
Yes	Directly held listed equity (which we can control or influence)	2030	0%	Yes	Yes	Yes
Yes	Directly held corporate bonds (which we can control or influence)	2030	5%	Yes	Yes	Yes
Yes	Commercial real estate	2040	1%	No	Yes	Yes
Yes	Mortgages and loans	2040	1%	No	Yes	Yes
Yes	Infrastructure	2040	0%	No	Yes	Yes
Yes	Private equity	2040	0%	No	Yes	Yes
Yes	Private debt	2040	0%	No	Yes	Yes
N/A	Collectives (remaining collectives)	2040	29%	No	Yes	Yes
Yes	Listed equity (remaining listed equity)	2040	5%	No	Yes	Yes
Yes	Corporate bonds (remaining corporate bonds)	2040	2%	No	Yes	Yes
Yes	Government bonds	2040	6%	No	Yes	Yes
No	Structured notes	2050	2%	No	No	Yes
No	Collateralise securities	2050	0%	No	No	Yes
No	Cash and deposits	2050	4%	No	No	Yes
No	Derivatives	2050	0%	No	No	Yes
% of total portfolio based on 2023 baseline			**100%**	**51%**	**94%**	**100%**

WE WILL ENGAGE TO SUPPORT OUR DECARBONISATION

Asset class alignment targets
We have adopted a two-tiered approach to asset class alignment, in line with the expectations outlined in NZIF 2.0. This reflects our role as an asset owner with a delegated investment model and focuses on using available data to track credible progress toward net zero across our portfolios.

We have committed to a 50% reduction by 2030 from our 2023 baseline figures in the scope 1 and 2 emissions of our listed equity and corporate fixed income investments, which we are able to influence or control.

In addition to this interim aim, we have established a set of asset-level alignment targets, designed to assess and increase the portion of our portfolio that is on a credible net zero pathway.

In line with NZIF 2.0, we have set two types of goals for each asset class in scope:

Asset alignment which reflects the proportion of assets assessed to be: 'Aligning', 'Aligned', 'Achieving' net zero.	This excludes assets classified as 'Not aligning' or 'Committed to aligning' under the NZIF 2.0 five-tier alignment maturity scale, unless they demonstrate credible transition plans that elevate them into the aligning category.

[1]NZIF considers material sectors to be those covered by NACE codes A-H and J-L.

Engagement threshold which defines a minimum share of financed emissions that must be: 'Aligned', or 'Achieving' net zero, or subject to time-bound engagement with a clear objective of advancing alignment.	These recognise that not all portfolio holdings will be aligned today, but that meaningful progress can be made through engagement, particularly with issuers in high-emission or high-impact sectors. These goals also support the broader objective of financing the transition. By identifying assets that are working to transition to net zero, we aim to help shift capital in a direction that supports decarbonisation over time.

Methodology
We assess the alignment of our investments using MSCI's solution that matches issuers against the NZIF 2.0 alignment categories.

To achieve our ambitions, we focus on assets in material sectors, defined using Nomenclature of Economic Activities (NACE) codes A-H and J-L, which represent industries with the highest climate impact such as energy, utilities and materials. MSCI's approach incorporates forward-looking indicators such as emissions targets, transition plans, and performance against those targets, enabling us to track credible progress toward net zero.

At present, only listed equity and corporate fixed income are included. While sovereign bonds and real estate are not yet in scope, we are actively working toward their inclusion, and will include further asset classes as data and methodology becomes available. Should our exposure to further asset classes develop in the future, we will introduce appropriate alignment goals in line with our phased approach to expanding coverage.

Asset alignment	Engagement threshold
By 2030, 40% of assets in material sectors in listed equity and corporate fixed income investments (respectively) which we are able to influence or control will be, at a minimum, aligning to a net zero pathway.	By 2030 at least 70% of scope 1 and 2 financed emissions in material sectors[1] are to be assessed as, at a minimum, aligned to a net zero pathway, or are subject to direct or collective engagement for all our listed equity and corporate fixed income investments which we are able to influence or control.
By 2040, 100% of assets in material sectors are, at a minimum, aligned to a net zero pathway.	By 2035 at least 90% of scope 1 and 2 financed emissions in material sectors[1] are to be assessed as, at a minimum, aligned to a net zero pathway, or are subject to direct or collective engagement for all our listed equity and corporate fixed income investments which we are able to influence or control.

STRATEGY SUPPORTED BY GOVERNANCE, ANALYSIS & REPORTING

High-level net zero investment strategy
Our net zero investment strategy is built around three pillars:

INVEST, ENGAGE, and **DIVEST.**

These pillars reflect the ways we can act – within our role as a manager and administrator of assets largely operating through external managers – to reduce the emissions intensity of our portfolio and contribute to real-world decarbonisation.

This structure provides a consistent framework across our Group and allows each division to tailor its approach depending on investment structure, asset class, and degree of control. Where possible, we focus on aligning capital with companies and issuers that have credible transition plans, while working with our asset managers to improve transparency and encourage stronger climate outcomes across our investments.

Our focus across these pillars is proportionate to our ability to influence outcomes and reflects the maturity of data and tools available to assess climate alignment.

NET ZERO Long-term target to reach net zero investments by 2050, supported by interim goals by asset class.

POLICIES Establish policies and procedures for how to select and engage with funds, asset managers and direct investments.

INVEST Proactively allocate capital to opportunities that drive innovation, decarbonisation, and alignment with global sustainability goals, such as the Paris Agreement.

ENGAGE Work collaboratively with industry participants, external asset managers and investee companies to improve their ESG performance, setting clear milestones for progress.

DIVEST Exit investments in investee companies that fail to meet key ESG or ethical benchmarks where engagement has not been successful, or exclusion principles are breached.

DATA AND ANALYTICS Access to and analysis of climate-related data (from direct investments, funds, and capital managed by external asset managers) to draw conclusions, helping to inform the strategic pillars.

RISK MANAGEMENT Management of implementation and delivery risk as well as having a dynamic Climate Risk Management Framework to adapt to evolving policies and climate scenarios.

REPORTING Provide transparent disclosures and feedback to refine strategies and policies.

GOVERNANCE Clear accountability and communication with asset managers, fund managers, investee companies, and other stakeholders.

APPLYING OUR STRATEGY TO INVEST, ENGAGE & DIVEST

Decarbonisation levers

The actions we take under each pillar are tailored to the investment structure and characteristics of the assets we hold. This includes the degree of control we have over investment decision making, the quality of emissions data available, and the potential for asset managers to influence investee companies.

The table outlines the main levers we are using or plan to use to support decarbonisation across the portfolio. These examples are not exhaustive and will evolve as methodologies improve and our alignment coverage expands.

Pillar	Description	Decarbonisation levers
INVEST	Directing capital toward investments that are aligned with the transition to a net zero economy or contribute to climate solutions.	• Increasing exposure to net zero-aligned funds and strategies • Investing in issuers that are 'Aligning', 'Aligned', or 'Achieving' net zero • Supporting climate solutions, including allocation to green bonds and transition-focused funds across our investment portfolios
ENGAGE	Reinforcing climate-related expectations with our asset managers to support improved emissions performance across holdings.	• Embedding net zero alignment into asset manager due diligence • Monitoring engagement activity on emissions, targets, and disclosure • Implementing a groupwide voting policy that requires our asset managers to consider climate alignment in shareholder votes
DIVEST	Considering the phased withdrawal of capital where there is no credible pathway to alignment and engagement has not delivered progress.	• Reviewing persistent 'Not aligning' shareholder holdings which we can control or influence

CLIMATE IS INCLUDED IN OUR FUND SELECTION PRINCIPLES

INVEST

We are strengthening our approach to investment decision making. We are looking to prioritise funds and strategies that are aligned with credible net zero pathways, support issuers with science-based targets (SBTs), and increase our exposure to climate solutions.

Integrating climate considerations into fund selection
We have established a set of groupwide principles to guide how sustainability is considered in fund selection. These principles are being embedded across the business, recognising that implementation may vary depending on the level of control we have over investment decisions.

Where we have control or significant influence, we expect fund selection to reflect key sustainability themes, including:

- alignment with exclusion policies and norm-based screening standards
- climate risk metrics, such as CVaR or ITR.

Sustainability risks are recognised as material financial risks, and therefore will be integrated alongside traditional financial considerations to support better long-term outcomes.

CASE STUDY: MOVESTIC'S PRODUCT TRANSITION STRATEGY

In 2024, Movestic Fonder expanded its sustainable fund range to offer customers more options aligned with the transition to a low-carbon economy. This included new funds focused on climate-aligned indices, green infrastructure, and low-carbon sectors.

Building on this foundation, Movestic Fonder launched a structured product transition plan in 2025 to further align its fund range with the Group's net zero targets. The plan covers five funds across equity and multi-asset strategies and focuses on integrating climate considerations into fund governance, selection, and ongoing management.

Key actions include:

- quarterly portfolio reviews and emissions analysis
- ESG integration using minimum MSCI ratings at fund and holdings level
- enhanced exclusions for fossil fuels, controversial weapons, and breaches of international norms
- review and, if necessary, redesign funds to improve sustainability integration in asset management of funds.

Portfolio adjustments are triggered by rebalancing, cash flows, and emissions reviews. This approach allows Movestic to embed climate considerations into investment decisions while maintaining flexibility and responsiveness to customer needs.

WE WILL INCREASE OUR INVESTMENTS IN CLIMATE SOLUTIONS

Exclusion and screening approach for shareholder assets
To complement our positive selection approach, we have introduced exclusion principles for shareholder assets to reduce exposure to sectors and activities that are misaligned with our climate and sustainability commitments. These principles are being implemented progressively and reflect our current level of control and influence over investment decisions.

Our exclusion criteria include:

Environmental exclusions
- Issuers deriving more than 10% of revenue from the extraction of Arctic oil
- Issuers deriving more than 10% of revenue from the extraction of oil sands
- Issuers deriving more than 10% of revenue from the extraction of thermal coal

Norms-based screening
- Issuers flagged by MSCI for alleged breaches of international norms on human rights, labour standards, environmental protection, and anti-corruption, as defined by frameworks such as the UN Global Compact.

The investment manager's analysis will be informed by the MSCI screening, but the exclusion is determined at the discretion of the investment manager.

These expectations are communicated through investment mandates, fund selection checklists, and manager due diligence processes.

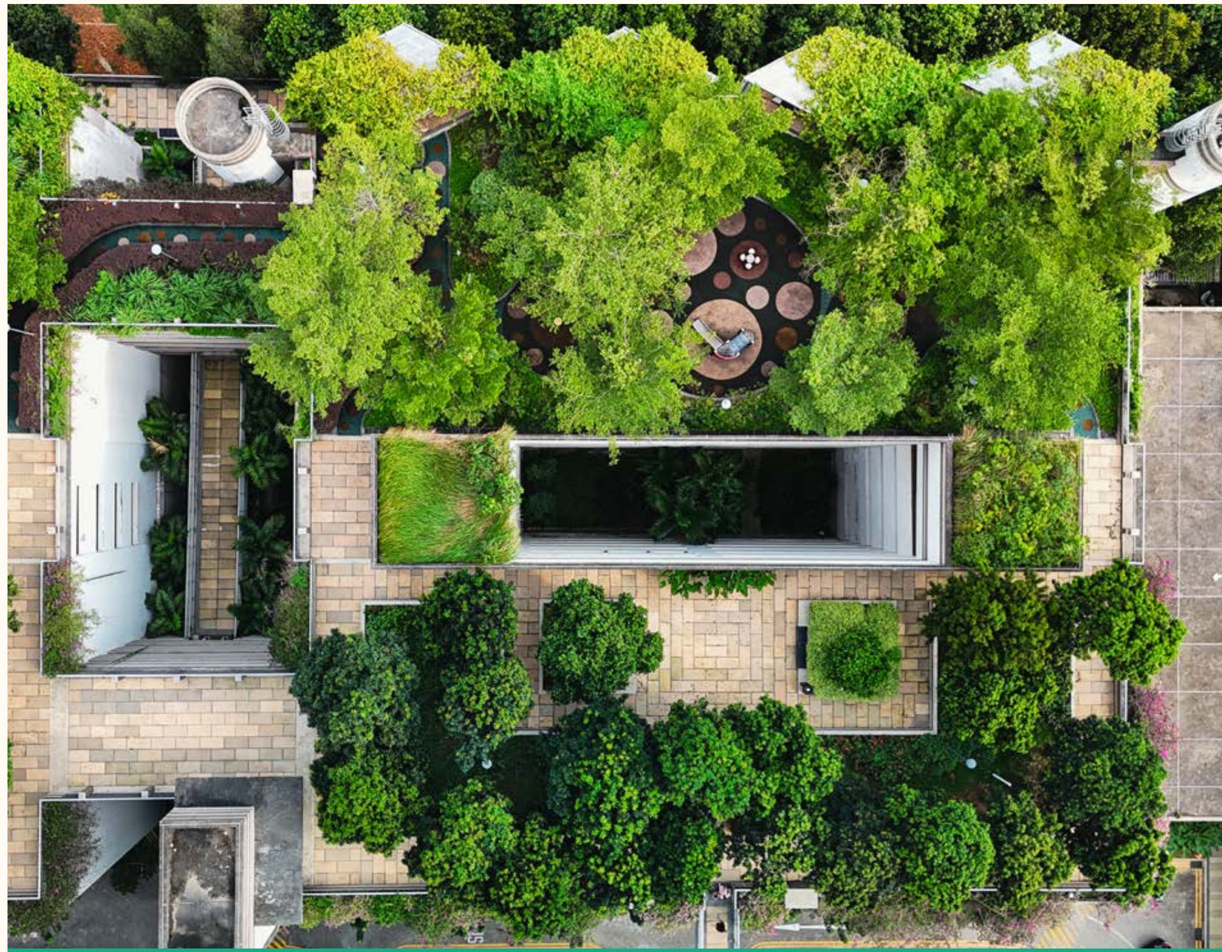
Supporting climate solutions
In addition to reducing exposure to high-carbon assets, we are actively increasing our allocation to investments that deliver measurable environmental and societal benefits. This reflects our commitment to aligning capital with the transition to a low-carbon economy, while meeting our obligations as a long-term insurer.

We have set a groupwide ambition to invest £125m of shareholder funds in climate solutions by 2030 as part of our wider ambitions to direct capital into positive solutions. These are investments that generate specific, measurable environmental or social outcomes alongside financial returns – including areas such as renewable energy, sustainable infrastructure, and nature-based solutions.

At the end of 2024, our holdings in green bonds totalled approximately £80m.

As we expand our climate solutions portfolio, we will continue to assess opportunities that align with our investment principles and deliver long-term value for customers and the environment.

Further climate positive initiatives
We also support climate-positive initiatives through partnerships and engagement. For example, Scildon has continued its collaboration with Justdiggit – a non-governmental organisation working to regreen degraded land in Africa by restoring vegetation that helps cool the planet.



£80m
of investments in green bonds

ENGAGEMENT WITH ASSET MANAGERS IS CRUCIAL

ENGAGE

Engagement with asset managers
A fundamental part of our net zero strategy is engaging with our external asset managers to ensure their investment practices support our climate objectives. With over 90% of our assets managed externally, our ability to meet our net zero ambition is closely tied to the climate ambition and performance of the managers we choose to work with.

To support this, we have established a set of engagement principles that outline our expectations and guide our ongoing dialogue.

We require key asset managers to demonstrate how they will contribute to our climate objectives by providing:

- an investment strategy aligned with our long-term goal of achieving net zero by 2050, including analysis of how emissions in relevant funds can be halved by 2030
- a publicly available climate transition plan that links to their investment strategy and discloses their climate commitments
- clear identification of current climate-related risks and opportunities in the portfolios they manage for us
- scenario analysis of potential future climate risks, including physical and transition risks
- climate-related voting policies and practices that align with the Paris Agreement
- regular updates on progress against climate ambitions, with explanations for any deviation from expected trajectories
- sufficient data availability for the portfolios they manage, enabling us to monitor financed emissions and climate performance
- an exclusion policy that aligns with Chesnara's groupwide exclusion principles

We use a range of climate-related metrics to monitor the financed emissions of our externally managed funds. These metrics will be factored into manager selection, ongoing monitoring, and escalation where necessary.

Engagement with key asset managers is conducted on a semi-annual basis at minimum. Where insufficient progress is observed, we will consider the options available to us to reallocate capital to managers or funds that better support our climate goals.

Currently, a number of our key asset managers have decarbonisation plans and ambitions aligned with Chesnara's climate strategy. We will continue to track progress and strengthen our engagement approach to ensure our investment partners remain aligned with our long-term climate commitments.

CASE STUDY: STRENGTHENING OVERSIGHT OF DELEGATED ENGAGEMENT

Scildon has taken steps to embed climate expectations into its oversight of external managers. For example, its Investment Grade Credits portfolio requires managers to align with Chesnara's net zero ambitions and report on progress.

Other divisions are also laying the groundwork for stronger oversight. Countrywide Assured, for instance, is reviewing and updating its Investment Management Agreements (IMAs) to reflect climate objectives and define KPIs for fund managers. These actions support the Group's broader shift toward embedding climate alignment into delegated investment oversight.

USING VOTING AND ENGAGEMENT TO EFFECT CHANGE

Voting expectations for asset managers
One important aspect of our oversight is how asset managers exercise voting rights on our behalf. Voting is a key mechanism for influencing corporate behaviour on climate and broader ESG issues.

We have introduced a groupwide set of voting expectations. These include our asset managers having a clear and publicly available voting policy, voting on all resolutions unless restricted; and using voting to support responsible governance and sustainable outcomes. We also expect managers to consider environmental and social resolutions, use voting as a form of escalation where progress is lacking, and disclose their voting records regularly.

Where asset managers invest through third-party funds, we expect them to assess whether those third parties' voting policies are aligned with their own.

These principles will be implemented across the Group and will form part of our ongoing engagement with asset managers.

Engagement with investee companies
While the majority of our assets are held through externally managed funds, we also maintain a number of direct investments. For directly held issuers, particularly those in material sectors, we will focus our engagement efforts on encouraging credible climate action.

Recognising our relative size and therefore influence of our holding, where appropriate we will prioritise engagement with issuers that are not currently aligned to a net zero pathway and communicate clear expectations regarding their climate-related disclosures and actions. Specifically, we expect directly held companies in material sectors to disclose:

- long-term and interim net zero targets
- climate-related financial disclosures in line with TCFD recommendations
- a sustainability-linked Executive Remuneration Policy
- capital expenditure plans that support the transition (eg renewable energy infrastructure)
- a climate transition plan that outlines their commitments and implementation roadmap.

We engage with these companies at least annually, either directly or through collaborative investor networks. Given the limited internal resources available for direct engagement, we will continue to rely on collective engagement initiatives where possible. This allows us to amplify our voice, share expertise, and engage more effectively with companies in high-impact sectors. Where progress falls short, we will consider escalation measures, including potential divestment.

WE WILL BE PROPORTIONATE, TRANSPARENT AND CONTINUOUSLY IMPROVE

DIVEST

Divestment principles for shareholder assets

Divestment serves as a mechanism to uphold our exclusion principles and ensure our portfolio remains aligned with our climate commitments. It is a last resort that would only be used after extensive engagement and clear evidence that progress is not being made.

Every quarter, we will review our shareholder asset holdings to identify any issuers or funds that breach our exclusion criteria. Where breaches are identified, we will work with our investment partners to assess appropriate next steps, which may include divestment. In some cases, we may allow for a limited grace period if there is evidence of credible, time-bound remediation and to avoid unnecessary transaction costs. This approach ensures we remain responsive and proportionate in our actions, while maintaining the integrity of our Exclusion Framework.

For customer-directed funds, we do not currently apply divestment criteria. These funds are typically selected by customers or third parties, and we have limited discretion over their composition. Instead, we focus on expanding access to sustainable fund options and engaging with asset managers to encourage alignment with our climate principles.

Action plan

Our net zero investment strategy will be implemented progressively over time, guided by the principles of proportionality, transparency, and continual improvement.

We have identified a set of key actions and milestones between now and 2050. These are designed to ensure that our approach remains structured, achievable, and aligned with the expectations of NZIF 2.0.

Planning assumptions and considerations

We recognise that some of the steps outlined may be subject to change depending on how markets and data evolve. Key factors influencing our delivery plan include:

- The pace at which asset managers improve their own climate reporting and engagement strategies
- Availability of consistent, decision-useful emissions data across all asset classes
- Progress in methodologies for complex exposures such as collective funds
- Regulatory requirements and stakeholder expectations across our operating jurisdictions.

To support delivery, we are investing in the internal capabilities and systems needed to implement this plan with the support and approval of the Board. We are also allocating resource to support implementation across the Group and divisions.

OUR PLANS WILL DEVELOP AND GROW

Evolving our approach
This inaugural transition plan builds on the work we have done to date and represents our first integrated effort to define a pathway toward net zero across our business. As we begin implementing the strategy, our priority is to ensure that our actions remain proportionate to our current level of influence, balancing pragmatism with commercial considerations, while laying the foundations for credible, long-term delivery.

We will oversee our implementation, build internal capability, and review progress as new information and tools become available.

We expect our strategy to evolve over time, with regular review of its components – including ambition, scope, metrics, and assumptions – to reflect changes in portfolio composition, climate science, and stakeholder expectations. This approach aligns with the broader principles of NZIF 2.0, and supports a phased but deliberate transition.

Reviewing progress and strengthening transparency
To ensure accountability, we are committed to maintaining transparent and timely reporting on our net zero strategy.

As our approach evolves, we expect to review and publish an updated transition plan at least every three years.

This review cycle is designed to ensure that our strategy remains relevant and forward-looking as climate science, data availability, and best practice continue to evolve.

In addition to the periodic plan update, we will provide annual disclosures on progress through our sustainability reporting. This will include updates on financed emissions, progress against interim ambitions, and any developments in engagement or divestment activity where alignment remains a challenge.

Where alignment or emissions coverage cannot be fully assessed, for example, due to limitations in fund transparency or emissions data, we will disclose these gaps along with our intended approach to closing them over time.

If significant misalignment is identified within the portfolio, we will investigate the cause and consider appropriate escalation through our existing Investment Governance Framework. This may include follow-up engagement with asset managers, adjustments to mandates, or reassessment of allocation decisions.

As our net zero strategy matures, we will continue to strengthen our oversight and disclosure processes, always maintaining a commitment to proportionality, credibility, and continuous improvement.

REDUCING EMISSIONS FROM OUR OPERATIONS

Reducing emissions from our operations is an important part of our transition. While these emissions are small compared to those from our investments, reducing them reflects our commitment to lead by example. We are improving energy efficiency across our offices, transitioning to renewable electricity and embedding sustainability into procurement, travel and supplier engagement. Our approach is pragmatic and proportionate, focused on areas where we can make meaningful progress while continuing to deliver for our customers.

OUR OPERATIONAL EMISSIONS ARE DOMINATED BY OUR SUPPLY CHAIN

Though small in comparison to our financed emissions, reducing the emissions of our operations is a key part of our climate transition. As an area where we have greater control and influence, we must take action to decarbonise our business activities if we are to expect our stakeholders to do the same.

Whilst our operational emissions arise from several sources, our most material emissions come from the energy we use in our buildings, business travel, distribution of our customer communications, and our supply chain. Decarbonising our operations means we must make changes to the way we do business across all of our territories.

Operational emissions snapshot
Our 2024 operational emissions show a 25% reduction from our 2023 baseline. This is a movement in the right direction. Whilst this movement is in part down to data and methodology changes, we are pleased to be able to point to actions we have taken across the Group to reduce our emissions, such as reducing energy consumption from optimising our office space, digitalisation, reducing business travel and installing LED lighting.

Our reductions in scope 3, purchased goods and services can be explained by us improving our data.

We report annually on our scope 1, 2, and relevant scope 3 emissions, using the GHG Protocol. Scope 1.3, 2.2 and 3.9-3.14 are not applicable for our Group. Our operational emissions inventory is managed in partnership with our external carbon accounting platform, Greenly, which helps us to stay informed of evolving emissions factor methodologies, leading to more accurate carbon calculations and effective emission reduction strategies.

We set our operational baseline in 2023 and have continued to improve our approach to data collection and analysis each year since. To date, we have reported on our operational emissions in absolute terms. Moving forward, we will introduce intensity metrics to normalise our data, which will help us to track and communicate progress as our business grows. We will continue to review and refine our operational emissions boundary annually, ensuring it reflects changes in business activity, data availability, and evolving best practice.

25%↓

Operational emissions

Our 2024 operational emissions

Scope	Category	2024 (tCO_2e)	2023 baseline (tCO_2e)	YoY movement (tCO_2e)	YoY movement %
1.1	Generation of electricity, heat or steam	38	61	-23	-38
1.2	Transportation of materials, products, waste, and employees	12	14	-2	-14
1.4	Fugitive emissions	12	8	4	49
	Scope 1 total	**62**	**83**	**-21**	**-3**
2.1	Electricity-related indirect emissions	64	97	-33	-34
	Scope 2 total	**64**	**97**	**-33**	**-34**
3.1	Purchased goods and services	2,907	4,035	-1,128	-28
3.2	Capital goods	66	97	-30	-31
3.3	Fuel- and energy-related activities not included in scope 1 or scope 2	28	54	-26	-49
3.4	Upstream transportation and distribution	147	224	-77	-34
3.5	Waste generated in operations	81	32	49	153
3.6	Business travel	122	183	-62	-34
3.7	Employee commuting	192	109	83	76
3.8	Upstream leased assets	49	48	1	2
	Scope 3 total	**3,592**	**4,781**	**-1,190**	**-25**
	Total operational emissions	**3,718**	**4,961**	**-1,243**	**-25**

WE WILL FOCUS ON AREAS OF BIGGEST IMPACT

Operational decarbonisation ambitions
We have set interim ambitions to help steer our efforts and deliver against our longer-term goal of becoming a net zero group. These aims focus on our own operations and our supply chain.

For our operational emissions (scope 1 & 2) we aim to reduce our absolute emissions by 60% by 2030 in relation to our 2023 baseline year.

We have also established a set of ambitions to address our scope 3 emissions. As these are different in nature, they will require different approaches to solve. We have an ambition to have 90% of our material suppliers to have science-based targets in place by 2030 and are currently working on setting a near-term ambition (by 2027 at the latest) covering emissions from business travel. In 2050, we have an ambition to be net zero across all scope 1, 2 and 3 emissions.

	Scope 1 and 2	Scope 3		
		Purchased goods and services	Business travel	All other relevant categories
Ambition	**Net zero by 2050** **60% reduction by 2030** of absolute scope 1 and 2 emissions of our own operations (market-based)[1]	**Net zero by 2050** **90% of material[2] suppliers** are to have **science-based targets in place by 2030**	**Net zero by 2050** **Commitment to set near-term ambition in 2027** for business travel emissions	**Net zero by 2050**
GHG Protocol mapping	1.1 – Generation of electricity, heat or steam 1.2 – Transportation of materials, products, waste, and employees 1.4 – Fugitive emissions 2.1 – Electricity-related indirect emissions 2.2 – Steam, heat and cooling-related indirect emissions	3.1 – Purchased goods and services	3.6 – Business travel	3.2 – Capital goods 3.3 – Fuel & energy-related activities not included in scope 1 or scope 2 3.4 – Upstream transportation and distribution 3.5 – Waste generated in operations 3.7 – Employee commuting 3.8 – Upstream leased assets
As measured by	% reduction of market-based absolute emissions Intensity metrics of FTE and m^2 floor space as both market-based and location-based measurements	% of material suppliers with science-based targets in place % reduction of absolute emissions Intensity metric of £	% reduction of absolute travel emissions Intensity metric of FTE	% reduction of absolute emissions Intensity metrics to be determined per category

[1]Market-based refers to the methodology used to calculate the emissions from electricity we have procured.
[2]Suppliers that generate 1% or greater of our total scope 3 category 1 emissions are classified as material.

WE WILL REDUCE, IMPROVE AND ENGAGE

Decarbonisation levers

To meet our ambitions we will focus on three strategic levers to reflect our systematic approach to operational decarbonisation:

REDUCE

Reduce our reliance on fossil fuels throughout our direct and indirect operational activities.

IMPROVE

Improve our policies, processes and procedures to align with our ambition to become a sustainable business, ensuring our transition is considered in everyday decision making.

ENGAGE

Work collaboratively with our suppliers and our workforce to ensure they understand our expectations around net zero and that we are working towards a shared vision of the future.

Emissions	Lever	Actions we will take
Scope 1 & 2	REDUCE	• Conduct an assessment of our Netherlands premises to understand the potential measures we can take to reduce our emissions from gas use • Premises to be powered by 100% renewable electricity, where we have direct control over the supply • Replace all internal combustion engine vehicles with EVs
	IMPROVE	• Improve the energy efficiency of our buildings
	ENGAGE	• Reduce energy usage through education, engagement and behaviour change initiatives
Scope 3 Purchased goods and services	IMPROVE	• Work with our partners to enhance our supply chain data quality and categorisation • Embed sustainability into our onboarding, contracting and purchasing processes
	ENGAGE	• Develop ESG supply chain standards to clearly communicate our expectations around net zero
Scope 3 Business travel	REDUCE	• Implement/update business unit Sustainable Travel policies
	IMPROVE	• Optimise our travel booking processes to enhance travel-related data and inform policy decisions
Scope 3 All other relevant categories	REDUCE	• Increase the digitalisation of customer communications and work with distribution partners to put decarbonisation plans in place
	IMPROVE	• Integrate ESG considerations into procurement practices including the carbon impact of goods and services as a decision making criterion, where appropriate
	ENGAGE	• Encourage low carbon commuting through education, employee benefit schemes, incentives and remote working policies

OUR ACTIONS ARE DEPENDENT ON THE TYPE OF EMISSIONS WE ARE TARGETING

SCOPE 1 AND 2: OWN OPERATIONS

We aim to reduce the emissions we generate from our own operations by ensuring our main offices are powered by 100% renewable energy, where we have direct control over the supply.

We will also take steps to enhance the energy efficiency of each of our buildings. The scale of these improvements will be dictated by the viability of the solutions available for each site. This work will include an assessment of our Netherlands building to understand our options for reducing our reliance on gas. For our other offices where we have limited control, we will work with our landlords to explore opportunities to support carbon reduction solutions.

The changes to our offices will be underpinned by plans to transition to a fully electric fleet of company-owned vehicles, together with a programme to educate and engage with our workforce on energy efficient behaviours.

SCOPE 3: BUSINESS TRAVEL

As a business that operates across multiple geographies, reducing business travel emissions means we must carefully balance our business needs with our sustainability ambitions.

In 2026, we will focus on improving the quality of our data, with the intention of setting both Group and divisional business travel ambitions in 2027.

We recognise business travel as an area where we have direct control, so in the meantime we have updated our UK Expense Policies in the Group to encourage sustainable travel choices. This, alongside the Group's other sustainable travel guidelines, will likely evolve over time as new data-driven insights lead to policy improvements across the Group.

SCOPE 3: PURCHASED GOODS AND SERVICES

Our supply chain emissions represent the majority of our operational emissions. Though our baseline figure provides us with a reasonable starting position, we know the data continues to improve. Supply chain data methodology is still in its infancy; a combination of factors including difficulty in data collection, inconsistent methodologies, and lack of transparency means we face risks and challenges in tracking and setting targets against our supply chain emissions.

We will aim for 90% of our material suppliers by emissions to have science-based targets in place by 2030. To help us achieve this, we will integrate net zero and carbon criteria into our onboarding, contracting and purchasing processes. We will regularly engage with our suppliers to communicate our expectations, working to align their net zero ambitions with those of our Group and put in place or enhance appropriate oversight and governance processes. Additionally, we will work with our data provider and platform to identify opportunities to improve our supply chain data quality and categorisation where possible.

WORKING IN PARTNERSHIP TO TACKLE RESIDUAL EMISSIONS

SCOPE 3: REMAINING CATEGORIES

Beyond our business travel and supply chain emissions, we are not setting reduction aims or ambitions yet beyond reaching net zero by 2050. We will address other relevant scope 3 categories by enhancing our data quality and taking action where it is needed most. For example, we aim to reduce the emissions generated from our customer communications, an area where we have direct control; we will improve our IT procurement processes across the Group; and although employee commuting emissions present a challenge due to our limited control in this area, we aim to engage, educate and incentivise our employees in sustainable commuting where we can.

PRIORITISING NATURE-BASED PARTNERSHIPS

To date, Chesnara has supported both carbon removal (CDR) and carbon avoidance (CDA) projects through Carbon Footprint, which provides Quality Assured Standard offset projects; these meet the highest standards available and ensure that carbon retirement is done in an open and timely manner. We will investigate other ways to support carbon removal projects because whilst we understand CDR credits will be needed to balance out our residual emissions once we become operationally net zero, we want to maximise the impact we have in the meantime. This might mean pausing the purchase of CDR credits and instead spending the amount we currently allocate to offsetting to support a nature-based solutions partnership, which focuses on carbon removal and sequestration and biodiversity net gain, as well as social and community benefits.

ACTION THROUGH COLLABORATION

We recognise that our ability to deliver on our climate ambitions depends on broader system change. Many of the conditions that shape our transition are outside our direct control. That is why we are engaging with asset managers, suppliers, policymakers, industry bodies and customers to support progress across the wider ecosystem. Our focus is on constructive and proportionate engagement in areas where we can add value and help create the conditions for a successful transition.

OUR PLANS ARE DEPENDENT ON EXTERNAL FACTORS

We are committed to playing our part in the transition to a net zero economy. That means setting climate ambitions, aligning our investments with long-term sustainability goals, and supporting the broader shift in the financial system. At the same time, we recognise that our ability to deliver on these ambitions depends on a set of external conditions that we do not control.

Being pragmatic about these dependencies is essential. We operate within a system shaped by regulation, market dynamics, customer expectations, and the availability of reliable data. These factors, alongside wider macroeconomic impacts, influence not only the pace of our transition, but also the tools and strategies available to us.

We also recognise that we are a relatively small actor in the global financial system. While our individual footprint may be limited, we can still contribute meaningfully – by aligning our actions with best practices, engaging constructively with companies and peers, and supporting broader market shifts. Our influence is often greatest when we act in coordination with others, and when we focus on areas where our voice and capital can make a difference.

We rely on clear and stable policy frameworks to guide investment decisions and support credible ambition-setting. Without them, long-term planning becomes more difficult. Similarly, while we aim to reduce financed emissions, we also recognise that simply excluding high-emitting sectors does not reduce real-world emissions and can limit our ability to influence change from within. Engagement, not just divestment, is often the more effective path.

It is imperative that we ensure that our climate strategy aligns with the needs and priorities of our customers. Climate considerations are increasingly important and we will manage them alongside our primary responsibility to deliver long-term value and manage financial risk on behalf of our customers. This means integrating climate ambitions in a way that supports customers' financial goals, risk preferences, and regulatory requirements.

Finally, we depend on access to reliable, comparable climate data to make informed decisions. While progress is being made, data gaps and inconsistencies remain a challenge across the industry.

Dependency	What it means for us
Policy and regulation	Our ability to set and deliver on our ambitions depends on the broader policy environment. We rely on governments and regulators to provide clear, stable, and long-term frameworks that support the transition, enabling companies to transition in line with their climate targets. Uncertainty or delays in regulation can limit our options and slow down progress.
Peers and industry norms	We are one of many investors influencing companies and markets. When others share our climate goals, it strengthens our ability to drive change. If peers are not aligned, it can dilute the impact of our engagement and create mixed signals for companies. Collective action is often needed to shift industry norms.
Customers	Our climate strategy must align with the financial goals and risk preferences of our customers. Climate considerations are increasingly important and we will manage them alongside our primary responsibility to deliver long-term value and manage financial risk on behalf of our customers. We aim to integrate climate ambitions in a way that supports – not compromises – customer outcomes.
Data and methodology	Reliable climate data is essential for setting ambitions, measuring progress, and making informed decisions. Current data quality and consistency are still evolving. We depend on investee companies, data providers, and reporting standards to improve transparency and comparability across the industry.

BRINGING STAKEHOLDERS ON OUR JOURNEY

Addressing the external dependencies that shape our climate strategy requires engagement beyond our own operations and investment activities. Many of the conditions that influence our ability to act – such as policy, regulation, public awareness, and data infrastructure – depend on broader societal developments and collective efforts.

We contribute to these efforts by engaging with stakeholders across the wider system. This includes supporting the development of consistent climate regulation, participating in industry associations as well as engaging with our data providers to promote transparency and better data.

Our engagement is shaped by our priorities and the resources available to us. We focus where we believe we can add value, recognising that we are a relatively small actor in the ecosystem. Influence is not always immediate or guaranteed, but by participating constructively and consistently, we aim to support credible climate action and help enable the conditions needed for a successful transition.

Our key stakeholders

Understanding who our key stakeholders are, and how they intersect with our climate goals, is essential for designing effective engagement strategies. We have undertaken a stakeholder mapping exercise to identify the individuals, groups, and institutions that influence, or are influenced by, our climate-related activities.

We do not have a ‘single individual’ appointed for our climate engagements, as different people within our organisation are responsible for engaging with different stakeholders. The way we engage and the mechanisms and strategies we apply also differ depending on the stakeholder that we are involving.

In this section we present how we are engaging with some of our key stakeholders, aside from those who are directly related to our investment activities, such as asset managers and fund managers, in line with the expectations of NZIF 2.0.

ENGAGING OUR STAKEHOLDERS

Customers
We believe that the work that we are doing to decarbonise our investments will help to reduce our customers' exposure to the negative impacts of climate change and manage the associated risks. Communicating our plans in a transparent manner is critical to the success of delivering our net zero plan.

We currently keep our existing and potential customers updated through our TCFD reporting, Annual Sustainability Report, and our Group and divisional websites. We are also providing significantly more disclosure and detail as part of this transition plan.

Our customers engage with us through a variety of channels, and we are keen to hear their views to ensure we provide investment solutions that they are supportive of.

We will embed sustainability and decarbonisation into our existing engagement with our customers to encourage and facilitate them transitioning their assets to net zero in line with their risk, reward and return requirements.

Equity investors and debt providers
Our work to decarbonise is to help protect the long-term interests of our investors and debt providers. As for our customers, we will communicate our plans in a transparent manner and will continue to provide updates through TCFD reporting, our Annual Sustainability Report and our websites. We will continue to engage with our equity investors and debt providers through current channels and will incorporate sustainability and climate change into those conversations as appropriate.

Data providers
To improve the coverage and quality of our climate and ESG data, we actively engage with our key external data providers, MSCI and Greenly.

We maintain regular dialogue with MSCI and Greenly to discuss areas such as data coverage, data quality, and the methodologies underpinning key climate metrics. These discussions have focused on improving the completeness of data across our and our divisions' investment portfolios, improving the reliability of the data we get, and deepening our understanding of and the methodology behind the climate metrics we are using.

Having access to correct and complete data is fundamental for setting and following up on our climate ambitions and strategies, and we will continue dialogues with our data provider to further improve our access to and understanding of our data.

ENGAGING OUR STAKEHOLDERS

Trade and industry organisations
Being members of, and engaging collaboratively with, industry bodies and trade associations helps us to address our macroeconomic and industry-wide dependencies.

As members of these organisations, we have a responsibility, in line with our net zero ambition and the principles outlined in NZIF 2.0, to ensure that they operate in a manner consistent with, and not counter to, our stated climate and sustainability goals.

Of the industry associations of which we are currently members or signatories, a majority has a clearly defined sustainability ambition and are closely aligned with our climate and sustainability goals. The remaining organisations do not explicitly have sustainability-related purposes but do have ambitions or mission statements in line with ours.

We believe that working collaboratively with our peers allows us to increase our impact and have an increased likelihood of driving positive change. When opportunities for collaborative engagement arise through the networks, we will consider them on an individual basis and select engagement topics based on their alignment with our key interests, the commitment that would be involved, and any risks and opportunities that may arise for us if we were to become a participant in the engagement.

We are a member of the industry organisations shown to the right and participate actively to the extent our resources allow us to. Our memberships and participation in these industry initiatives enable us to stay at the forefront of the transition by collecting valuable information from industry leaders, as well as allowing us to influence change in line with our ambition.

Over the past year, we have contributed to the development of transition plan guidance for the insurance sector by participating in working groups and providing feedback to both the Financial Conduct Authority (FCA) and the Association of British Insurers (ABI).

We are also engaged in the IIGCC's External Fund Managers Working Group, where we are collaborating with peers to address the challenges of decarbonisation in portfolios managed by external asset managers.

We are members of and take part in a range of initiatives that relate to us as a business and the journey we are on:

- Association of British Insurers (ABI)
- Carbon Disclosure Project (CDP)
- Climate Commitment Financial Sector
- Dutch Insurer's Association
- Finance for Biodiversity Foundation (FfB)
- Institutional Investor Group on Climate Change (IIGCC)
- Insurance Sweden
- Insuresec
- Living Wage Foundation
- Pay Your Pension Some Attention
- Principles for Responsible Investment (PRI)
- Sweden's Sustainable Investment Forum (Swesif)
- Swedish Investment Fund Association
- Swedish Insurance Association
- Taskforce on Climate-Related Financial Disclosures (TCFD)
- UK Sustainable Investment and Finance Association
- UN Global Compact (UNGC)
- 10,000 Interns Foundation

To find our more on our memberships and accreditations please visit the dedicated page on our website.

TRACKING OUR PROGRESS

We are committed to transparent reporting and continuous improvement. We track progress across our investments, operations and supply chain using a suite of climate metrics aligned with recognised standards. These metrics help us evaluate alignment with our ambitions, identify areas for action and inform future updates to our strategy. We know that things will develop, and we welcome that. This plan is a starting point, and we will continue to evolve it as our understanding, data and capabilities grow.

KEY METRICS TO TRACK OUR PROGRESS

We track progress on our net zero strategy through a clear set of metrics across three key areas: our investment portfolio; our own operations; and our supply chain. These metrics help us evaluate alignment with climate goals, track decarbonisation outcomes, and inform our future ambitions.

We report each year on progress through our **Annual Sustainability Report** and **Climate-Related Financial Disclosures Report**, and will refresh this transition plan periodically in line with emerging regulatory expectations to ensure it remains decision-useful, credible, and aligned with our evolving net zero strategy.

Financed emissions metrics

Metric	Unit	Methodology	Overview	Performance		
				2023 baseline	2024	Movement
Total financed carbon emissions (scope 1 and 2)	tCO_2e	PCAF	Total emissions allocated to the investment portfolio	533,073 (Data coverage: 58%)	515,298 (Data coverage: 59%)	3%
Total financed carbon emissions (scope 3)	tCO_2e	PCAF	Total emissions allocated to the investment portfolio	4,345,991 (Data coverage: 56%)	4,764,459 (Data coverage: 59%)	10%
Financed carbon emissions (scope 1 and 2)	tCO_2e/ $M invested	PCAF	Emissions per investment value	39 (Data coverage: 58%)	34 (Data coverage: 59%)	(13%)
Financed carbon emissions (scope 3)	tCO_2e/ $M invested	PCAF	Emissions per investment value	316 (Data coverage: 56%)	313 (Data coverage: 59%)	(1%)
WACI of corporate constituents (scope 1 and 2)	tCO_2e/ $M sales	TCFD	Portfolio weighted scope 1 and 2 GHG emissions per company revenue	72 (Data coverage: 62%)	69 (Data coverage: 63%)	1%
WACI of corporate constituents (scope 3)	tCO_2e/ $M sales	TCFD	Portfolio weighted scope 1 and 2 GHG emissions per company revenue	654 (Data coverage: 59%)	645 (Data coverage: 63%)	(1%)
WACI (GHG intensity) of sovereign constituents	tCO_2e/ $M GDP nominal	MSCi	Measures exposure to carbon intensive economies	207 (Data coverage: 12%)	221 (Data coverage: 9%)	7%

KEY METRICS TO TRACK OUR PROGRESS

Own operational emissions metrics

Metric	Unit	Methodology	Overview	Performance		
				2023	2024	Movement
Scope 1, 2 (location-based), and relevant scope 3	tCO_2e	GHG Protocol	Measures scope 1 and 2 and selected scope 3 absolute emissions	4,961	3,718	(25%)
Scope 1, 2 (market-based), and relevant scope 3	tCO_2e	GHG Protocol	Measures scope 1 and 2 and selected scope 3 absolute emissions	new	new	new
Intensity metric for scope 1 and 2 emissions per full-time equivalent employee ('FTE')	tCO_2e/FTE	GHG Protocol	Measures scope 1 and 2 carbon emissions intensity per FTE for location-based and market-based emissions	12.86	10.48	(19%)
Intensity metric for scope 1 and 2 emissions from occupied premises per m^2 of floor area	$kgCO_2e$	GHG Protocol	Measures scope 1 and 2 carbon emissions intensity per m^2 of floor space for location-based and market-based emissions	new	new	new
Operational emissions offset	tCO_2e	Verified third-party carbon credits	Offset projects are selected from Carbon Footprint Ltd's portfolio, aligned with international standards	926	811	(12%)

Supply chain emissions metrics

Metric	Unit	Methodology	Overview	Performance		
				2023	2024	Movement
Scope 3 purchased goods and services	tCO_2e	GHG Protocol	Measures scope 1 and 2 and selected scope 3 absolute emissions	4,035	2,907	(28%)
% key suppliers with science-based targets	%	Supplier CDP data + internal tracking	Supplier commitment to net zero goals	new	new	new

OUR PLAN TO REACH OUR NET ZERO AMBITION

OUR PLAN TO REACH OUR NET ZERO AMBITION

1 MAXIMISE THE VALUE FROM EXISTING BUSINESS

2 ACQUIRE LIFE AND PENSION BUSINESSES

3 ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

BECOMING A SUSTAINABLE CHESNARA

SUPPORT A SUSTAINABLE FUTURE | HELP TO CREATE A FAIRER WORLD | BUILD A SUSTAINABLE CHESNARA

DO NO HARM. DO GOOD. ACT NOW FOR LATER

Our impact	Our ambitions	Key actions
Investments Over 99.9% of our emissions come from the companies we and our customers invest in[1]	• Net zero by 2050 • 50% reduction from our 2023 baseline in scope 1 and 2 emissions intensity[2] by 2030 for listed equity and corporate fixed income investments we can influence or control[3] • £125m of shareholder funds invested in climate solutions by 2030	• Engage asset managers and investee companies to support decarbonisation and transition planning • Increase exposure to green bonds, net-zero aligned funds, and nature-based partnerships • Consider divestment where engagement has not been successful, or exclusion principles are breached
Operations While smaller in scale, our ambition to reduce operational emissions reflects our commitment to lead by example	• Net zero by 2050 • 60% reduction from our 2023 baseline in scope 1 and 2 emissions by 2030[4]	• Procure renewable energy to power our business • Improve building efficiency • Set travel emissions target by 2027
Supply chain Our supply chain is the largest source of operational emissions, driven by purchased goods and services	• Net zero by 2050 • 90% of material[5] suppliers with science-based targets by 2030	• Embed sustainability criteria into the supplier selection process and onboarding • Seeking or procuring quality data from suppliers • Develop Environmental, Social and Governance (ESG) supply chain standards and engage suppliers on their own decarbonisation plans

Core objectives

- Aligning our portfolio with net zero
- Reducing our operational footprint
- Driving change through engagement

[1] Emissions generated from investments are those categorised as Scope 3 Category 15 of the GHG Protocol.
[2] The absolute greenhouse gas emissions associated with an asset class or portfolio divided by the loan and investment volume, expressed in tons CO_2e/USD M invested.
[3] 'Investments we can influence or control' as defined on page 24.
[4] Calculated using market-based methodology for the electricity that we procure.
[5] Suppliers that generate 1% or greater of our total scope 3 category 1 emissions are classified as material.

APPENDICES

NZIF 2.0 CORE REQUIREMENTS MAPPING

About IIGCC's NZIF 2.0
NZIF 2.0 offers guidance through a set of 'core action points' and 'advanced action points' across key areas: governance and strategy; objectives; strategic asset allocation; asset level assessment; stakeholder and market engagement; and policy advocacy.

NZIF 2.0 is designed to be implemented at the organisation level via an 'implement or explain' approach. Core action points are those considered particularly relevant and where investors should initially focus. Advanced action points are best practice recommendations which would benefit users and external stakeholders but may not be possible in the short term and may not be essential to fulfil our commitments.

We have chosen to treat all core action points as both relevant and high priority. In addition, we have selected a number of advanced action points that we consider particularly impactful and have prioritised these as well.

As part of our work in developing the transition plan, we have made efforts to improve across all priority areas (as listed) and are now closely aligned with the majority of the core action points.

NZIF 2.0 area	Description	Our plan
Governance and strategy	Establishing the basis, legitimacy, and actions required by investors to address climate-related transition risks.	Embedding the transition, p12-16
Objectives	Establishing net zero objectives over a ten-year period, enabling net zero strategy and target performance assessment.	Our net zero ambitions, p17-21 Reducing emissions from our investments, p22-37 Reducing emissions from our operations, p38-43
Strategic asset allocation	Integrating net zero objectives into the asset allocation process, complementing traditional risk/return objectives.	Reducing emissions from our investments, p22-37
Asset level assessment	Helping investors shift the alignment of underlying holdings (assets) to be consistent with net zero goals and objectives.	Reducing emissions from our investments, p22-37
Stakeholder and market engagement	Facilitating the availability of data, mandates, and investment advice necessary to achieve net zero objectives.	Reducing emissions from our investments, p22-37 Action through collaboration, p44-48
Policy advocacy	Addressing barriers to, and captures opportunities for, net zero alignment created by the wider policy and regulatory environment.	Action through collaboration, p44-48

GLOSSARY

Absolute emissions
The greenhouse gas emissions associated with an asset class or portfolio, expressed in tons CO_2e.

Assets Under Administration (AuA)
Assets where Chesnara provides administrative oversight without direct investment authority.

Assets Under Management (AuM)
Assets where Chesnara has discretionary control and makes investment decisions.

Biodiversity
The variety of living species on Earth, including plants, animals, bacteria, and fungi.

Carbon dioxide equivalent (CO_2e)
Carbon dioxide is the most significant contributor to global anthropogenic GHG emissions, which also include other gases like methane and nitrous oxide. CO_2e is the universal unit of measurement to indicate the global warming potential (GWP) of each greenhouse gas, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate different GHGs against a common basis. The equivalent warming of non-CO_2 GHG emissions are measured as tonnes of CO_2e.

Carbon emissions intensity
The absolute greenhouse gas emissions associated with an asset class or portfolio divided by the loan and investment volume, expressed in tons CO_2e/$M invested. This enables a comparison of the emissions efficiency to be made between different sized operations.

Carbon offsetting
The action or process of compensating for carbon dioxide emissions, arising from industrial or other human activity, by participating in schemes designed to make equivalent reductions of carbon dioxide in the atmosphere

Climate Action 100+ (CA100+)
Global investor initiative with more than 600 signatories focussed on engaging with the world's largest corporate greenhouse gas emitters globally to encourage them to take necessary action on climate change.

Climate-Related Financial Disclosures
The Task Force on Climate-Related Financial Disclosures (TCFD) has developed a framework to help public companies and other organisations more effectively disclose climate-related risks and opportunities through their existing reporting processes.

Climate Value-at-Risk
Climate Value-at-Risk (CVaR) is a forward looking metric used to estimate the potential impact of climate related risks on a company, portfolio or investment.

Enterprise value including cash (EVIC)
EVIC is defined as the sum of the market capitalisation of ordinary shares at fiscal year end, the market capitalisation of preferred shares at fiscal year end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values.

ESG
Environmental, social, and governance. This term is commonly used to denote the material non-financial factors that are an important contributor to company performance.

Exclusions
Relates to a business policy that bars certain companies from being secured for a portfolio due to their business activities.

Greenhouse gas (GHG)
Any of the seven gases covered by the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard – carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

Greenly
Greenly is a carbon accounting data provider and supports companies to track and analyse their carbon emissions.

Implied Temperature Risk (ITR)
A forward-looking metric that attempts to convey the future trajectory of GHG emissions of a given portfolio in terms of its estimated temperature rise.

Intergovernmental Panel on Climate Change (IPCC)
United Nations' intergovernmental body for assessing the science of climate change. The IPCC's assessment reports have supported the creation of the UNFCCC and the Paris Agreement.

GLOSSARY

International Investor Group on Climate Change (IIGCC)
European membership body for institutional investor action on climate change. Its work focuses on corporates, investor practices and public policy.

Just Transition
A framework developed by the trade union movement to encompass a range of social interventions needed to secure workers' rights and livelihoods when economies are shifting to sustainable production, primarily combating climate change and protecting biodiversity.

MSCI
MSCI is a leading provider of investment decision support tools. Many companies use MSCI data, tools and methodologies to support the integration of sustainability considerations into their investment process and portfolios.

Net zero
Achieving an overall balance between anthropogenic (man-made) carbon emissions produced and carbon emissions removed from the atmosphere.

Net Zero Investment Framework (NZIF)
The Net Zero Investment Framework was developed by the Institutional Investors Group on Climate Change (IIGCC) and launched in 2021. It provides investors with a structured approach to set and achieve net-zero objectives and targets across various investments.

Operational carbon footprint
The emissions from the operations we directly control, eg the energy in our offices.

Paris Agreement
The Paris Agreement is an agreement within the United Nations Framework Convention on Climate Change effective 4 November 2016. Its objective is to keep global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

Positive solutions
Investing with the aim of generating specific beneficial social or environmental effects in addition to financial gains. For us, this means intentionally directing capital into activities that deliver (or enable) the achievement of the UN Sustainable Development Goals.

Science-based targets (SBTs)
GHG reduction targets that are aligned with what the latest climate science deems necessary to meet the scientific consensus on the scale of reductions needed.

Scope 1 emissions
Scope 1 covers direct emissions from owned or controlled sources.

Scope 2 emissions
Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

Scope 3 emissions
Scope 3 includes all other indirect emissions that occur in a company's value chain. These emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company.

Transition plan
A time-bound action plan that clearly outlines how an organisation will pivot its business model towards a trajectory that aligns with the latest climate science recommendations.

Transition Plan Taskforce (TPT)
A cross-sector initiative announced at COP26 in Glasgow and launched in April 2022 to establish the gold standard for transition plans. The TPT has engaged globally with financial institutions, real economy corporates, policymakers, regulators and civil society to develop its materials.

Weighted Average Carbon Intensity
Corporate constituents – Allows an understanding of our exposure to carbon intensive companies, expressed in tons CO_2e/$M sales.

Sovereign constituents – Allows an understanding of a country's exposure to transitional risk and physical and economic vulnerability to climate change, expressed in tons CO_2e/$M GDP nominal.

MSCI DISCLAIMER, CAUTIONARY STATEMENT AND FORWARD-LOOKING STATEMENTS

MSCI disclaimer

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Cautionary statement and forward-looking statements

This Climate Transition Plan (the 'Plan') has been prepared by Chesnara plc for information purposes. Chesnara plc is a public limited company registered in England and Wales (Company No. 04947166), with its registered office at 2nd Floor, Building 4, West Strand Business Park, West Strand Road, Preston, Lancashire PR1 8UY. References to the 'Group' in this Plan refer to Chesnara plc and its subsidiaries. Each Group entity is a separate legal entity and may be subject to distinct legal and regulatory obligations. This Plan outlines the overarching Group-level strategy and direction and may reference specific actions and/or activities which are being implemented in one or more Group entities.

The Plan contains forward-looking statements with respect to the Group's climate strategy, including, without limitation, climate-related aims, ambitions and plans. By their nature, forward-looking statements involve risk and uncertainty as they are based on current expectations, assumptions and projections about future events and circumstances, including, amongst other things, in respect of UK domestic, Swedish domestic, Dutch domestic and/or global economic, political, social, environmental and business conditions, the level and pace of market-wide transition to net zero, the climate-related policies and actions of governments and regulatory authorities, the availability of accurate, reliable and consistent climate-related data, the evolution of climate-related methodologies, changes in customer preferences, and the timing and impact of future acquisitions.

Forward-looking statements contained in this Plan are made only as of the date of its publication. To the extent permitted by law, Chesnara plc disclaims any obligation to update or revise any forward-looking statements contained within this Plan.

Whilst the Plan sets out the Group's climate-related ambitions in good faith, achievement of these ambitions cannot be guaranteed due to external factors and dependencies beyond the Group's control. Nothing in this Plan should be interpreted as a binding commitment or obligation on Chesnara plc or any of its subsidiaries to achieve any specific outcome. Chesnara plc reserves the right to amended, update, recalculate or restate its climate-related metrics and/or ambitions in the future.

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GET IN TOUCH

If you have any questions on anything contained in this report, please contact Andy Meek, our Group Head of Sustainability, at **sustainability@chesnara.co.uk**

Or if you want to read more about what we do and how we do it, visit **www.chesnara.co.uk** and **sustainability** information.