



# Vitality UK Climate-related Financial Disclosures Report

For the year ending 30 June 2025





## A message from our Chief Sustainability Officer Deepak Jobanputra



Climate change continues to be one of the most pressing global challenges facing society, as demonstrated by the increasing frequency and severity of extreme weather events and their impacts on humanity. 2024 marked the hottest year on record since global temperature tracking began in 1850, with the past decade containing the 10 warmest years to date. Numerous ongoing reports highlight the serious consequences of climate change on communities, human health, and wellbeing. Dr Tedros, Director General at the World Health Organisation, has expressed that “the climate crisis is a health crisis”. Building on this, in 2024, the World Health Organisation and partners released a special report titled “Health is the Argument for Climate Action” ahead of COP29, highlighting the urgent call to protect the people most vulnerable to climate change.

The social impacts of climate change are closely linked to the UN’s Sustainable Development Goals, underscoring the complexity of the challenges and the importance of coordinated action across sectors. Through initiatives like the COP summits, the UN and governments worldwide are working together to drive progress. Increasingly, there is a clear expectation for businesses to play a proactive role in this global effort.

Sustainability and climate action are becoming essential elements of corporate strategy, becoming a licence to operate and thrive and often seen as key to long-term resilience and stakeholder trust. This is relevant even in the face of the complex issues the world is facing from a geo-political standpoint. While companies are at different stages, those that embrace climate action have the opportunity to create lasting value. We believe that businesses can be a powerful force for good by aligning their strategies with climate goals in a way that is both proportionate and impactful.

At Vitality, our focus is on health risk prevention through behaviour change and we recognise the need to mitigate the impact of our business on the environment. Our core purpose, to make people healthier and to enhance and protect their lives, is intrinsically linked to sustaining an

environment that supports good health and wellbeing. The worldwide healthcare industry contributes to around 5% of global emissions, exceeding even the aviation industry. As such, it has a critical role to play in advancing decarbonisation while continuing to deliver quality care.

In close collaboration with our parent company Discovery, a global leader in the provision of financial services and health and wellbeing, we are deeply committed to environmental responsibility. We endorse the Paris Agreement’s climate goals, aiming to keep global warming well below 2 degrees and striving for a 1.5°C limit. To support this, we are aligning our strategies with best practice and actively participating in national and industry-level initiatives to promote a transition to a low-carbon economy. Our progress at Vitality to embed sustainability into our culture and decision making has been further advanced in 2025, allowing us to deliver on our commitments. This includes achieving Carbon Neutrality in our Vitality UK operations (scope 1 and 2 emissions) by 2025, through decarbonisation and supported by credible carbon offsets linked to projects with positive health benefits, and continuing to work towards net zero by 2050 or earlier. Moreover, we have published our inaugural Net-zero Transition Plan as part of the Discovery Group.

Since 2019, we have achieved a reduction of over 70% in emissions across our direct operations. We are extending our impact by actively engaging and influencing our stakeholders in support of our broader commitment to being a Force for Good. We recognise the potential of our Shared-value model to drive meaningful change by encouraging more sustainable behaviours. Aligning incentives with positive lifestyle choices creates value not only for our members, but also for the wider community. Through the Vitality Programme, we continue to deliver measurable social impact by promoting healthier choices. This initiative forms a key part of Discovery’s overarching ambition to enable one billion healthier activities by 2030.

Vitality is committed to reporting on our plans and progress. We are actively embracing emerging guidance and regulation, such as the IFRS S1 and S2 standards and CP10/25, that will support best practice across the market and help enhance transparency. Discovery has been reporting against CFD recommendations since 2020, and we have embedded processes within Vitality to ensure we continue to mature our understanding of the risks and opportunities from climate change and will continue to enhance our disclosures over time.

# Our strategic response to climate change

## Context

**Climate change remains one of the most critical global risks, with 2024 officially recorded as the hottest year to date, and the first to exceed 1.5°C above pre-industrial levels. This signals a shift from projected risks to accelerating, interconnected impacts that are still unfolding across societies, economies, and ecosystems worldwide. Leading institutions including the United Nations, the World Economic Forum, and the Geneva Association, are closely monitoring these developments. The UN Intergovernmental Panel on Climate Change (IPCC) has confirmed that there is no doubt that human activity is driving global warming, with the observable consequences for weather patterns and climate systems across every region.**

Societies are facing growing exposure to the physical risks of climate change, including more frequent and intense heatwaves, wildfires, droughts, rising sea levels, and severe weather events. These disruptions are already contributing to growing health challenges and undermining long-term economic resilience.

Both globally and within the UK, the effects of climate change are becoming increasingly evident. Between October 2022 and March 2024, England experienced its wettest 18-month period on record, resulting in the poorest arable harvest since modern records began. This followed the unprecedented summer heatwaves of 2022, during which temperatures exceeded 40°C in many locations and a record level of nearly 3000 heat-related deaths. More recently, spring 2025 was the warmest and driest in the UK for 50 years, giving rise to drought warnings. Potentially positive effects include milder winters, which may decrease mortality and morbidity risks, but the overall impact requires further research across the industry and society.

These events underscore how climate change is already disrupting food and water systems and livelihoods, posing significant risks to public health. These pressures are expected to increase the burden of disease, trigger population displacement, and create financial instability. However, the timing and scale of these effects remain uncertain due to the complex and interconnected nature of climate and societal systems.

The World Economic Forum's Global Risks Report 2025 reinforces the urgency of action, identifying environmental risks, such as extreme weather, biodiversity loss, ecosystem collapse, and pollution, as the most rapidly deteriorating global challenges. These are not only environmental issues but also human ones, as they drive respiratory and cardiovascular diseases, food and water insecurity, and the spread of infectious diseases.

**For insurers, the need to respond to the climate crisis is becoming increasingly urgent, particularly as the links between climate-related risks and health outcomes grow clearer and more substantiated by emerging evidence:**

- Climate change is already imposing major economic burdens, with climate-related disasters causing over \$3.6 trillion in damages since 2000, primarily from storms. However, this figure likely underestimates the full impact, as it largely reflects direct losses like infrastructure damage and insured costs, overlooking longer-term effects such as health deterioration, reduced workforce productivity, and environmental degradation.
- The Lancet Countdown on health and climate change 2024 report stated that the share of global land affected by at least one month of extreme drought annually rose from 15% in the 1950s to 48% in 2023: the second-highest level on record. Climate change is intensifying droughts, which threaten public health by increasing disease risks, straining water, and food supplies, and disrupting essential services.
- Building on the momentum of the first-ever Health Day at COP28, a special report titled "Health is the Argument for Climate Action" was released ahead of COP29. Developed by the World Health Organisation in collaboration with over 100 organisations and 300 experts, the report outlines actionable policies across the dimensions of people, place, and planet, aiming to protect the 3.6 billion people most vulnerable to climate change.
- The NHS has estimated that the total costs of heat-related mortalities from climate change will rise to £14.7 billion per year in the 2050s.

Promoting healthy environments is one of the most effective strategies for mitigating the long-term health impacts of climate change and enhancing population resilience. A healthier society can help support a healthier planet through preventative healthcare and hence a reduction in demand for healthcare services.

# Our position on climate change

We have a chance to lessen the effects of climate change by leveraging our **Shared-value model** to drive change, while ensuring our business practices have a beneficial impact.

Since its beginning, Vitality has demonstrated the effectiveness of aligning its goals with those of its clients and society, utilising its business model as a Force for Good and employing this model to address climate change through health risk prevention strategies.

## Vitality's Climate Strategy

Vitality's response to climate change is captured in two overarching goals:

	Target	FY2025 progress
Short term	<ul style="list-style-type: none"> <li>&gt; Carbon neutral operations in the UK by 2025.</li> <li>&gt; Discovery Group carbon neutral operations by 2027.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; In 2025 we purchased 513tCO<sub>2</sub>e to offset our scope 1 and 2 emissions. <i>Note: operations include our scope 1 and 2 emissions only</i></li> </ul>
Medium term	<ul style="list-style-type: none"> <li>&gt; By 2030, reduce absolute scope 1 and 2 emissions by 70% across the Group from a 2019 baseline.</li> <li>&gt; By 2035, ensure at least 50% of major suppliers (by spend) have committed to science-based targets.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Achieved a 70% reduction in our UK scope 1 and 2 emissions in FY2025.</li> <li>&gt; Engaged with 48% of material suppliers on their net-zero strategies.</li> </ul>
Long term	<ul style="list-style-type: none"> <li>&gt; By 2050, reduce operational emissions by at least 90%, neutralising unabated emissions.</li> <li>&gt; By 2050, achieve net-zero supply chain emissions.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Published our scope 3 emissions for the first time.</li> </ul>

Our goals will be achieved through three strategic pillars:

### Align

1

Sustainability is embedded in our culture and decision making.



### Influence

2

Create positive change through collaborating with partners and suppliers.



### Impact

3

People make more sustainable choices through Vitality products and services.





Our position on climate change *continued*

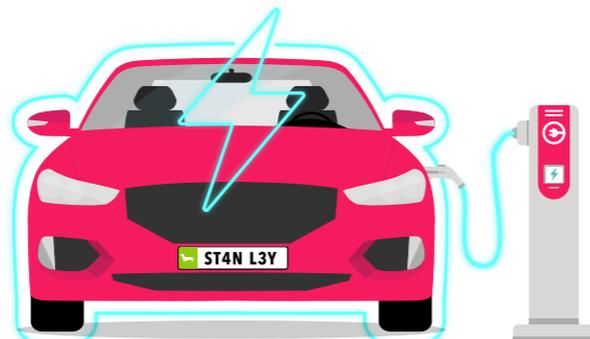
Align 1

**Enhancing the measurement of our carbon footprint**

We have been measuring our scope 1 and 2 emissions since FY2019 and have calculated our initial scope 3 emissions for FY2024 using spend data. We have focused on acquiring supplier-specific emissions factors, in order to enhance the calculation of our scope 3 emissions. We have used a supplier-specific methodology for 23% of our suppliers (by spend) and a proxy supplier-specific methodology for the 26% of our suppliers. The rest of our supplier emissions (50%) are calculated using UK government emission factors ([Defra](#)).

This baseline is informing our decarbonisation and engagement strategies, both in the short- and long-term. Assumptions for modelling the reduction of our carbon footprint over the next 5 years have been validated across our business. Our [Discovery Group Net-zero Transition Plan](#) details our Group net-zero strategy and targets. As part of the Discovery Group, we are exploring validating our targets through the [Science-Based Targets initiative \(SBTi\)](#).

“ We have an ambition to get to **25% EVs by 2030** and **50% EVs by 2035**. ”



**Reducing emissions in our operations**

Reducing our emissions has been a continued effort across the business, focusing on the buildings in which we operate, company vehicles, and decisions surrounding the energy we source. Some of these achievements include transitioning our entire fleet of nurse vehicles to hybrid cars (a combination of self-charging and plug-in), sourcing nearly 100% of the electricity in Vitality occupied office buildings from renewable sources and reducing our office space by 15% from our Croydon, London and Bournemouth office moves since 2022.

We have an ambition to get to 25% EVs by 2030 and 50% EVs by 2035. This is highly dependent on the ability for our nurses to charge vehicles at home and the development of EV technology (especially range) over the next 5 to 10 years.

We achieved an impressive 2-star Fitwel accreditation in November 2024 for our London and Bournemouth offices. Achieving this accreditation involved site assessments, office improvements, and policy renewals. Over 55 design and operational practices were assessed, including building location, furniture, wellbeing offerings, access to local amenities,

natural light levels, air and water quality, and food and beverage services. This demonstrates our commitment to creating exceptional workplaces and is a manifestation of our core purpose: to make people healthier and to enhance and protect their lives. We are exploring options to enhance our Stockport office.

Energy audits were conducted at Vitality’s London and Bournemouth offices during November and December 2024. These audits identified a range of potential energy-saving opportunities, supporting the development of our ESOS Phase 4 Action Plan, which was submitted in March 2025. To ensure transparency and accountability, annual progress updates are required to track implementation, with records published via the new ESOS online portal.

Since August 2024, Vitality has been conducting a comprehensive waste audit across all UK sites to evaluate the type, source, and volume of waste generated. The insights gained will serve as a valuable benchmark, driving collaboration with our landlords, partners, and suppliers to identify opportunities for improvement and foster innovation in our sustainability practices.

“ We achieved an impressive **2-star Fitwel accreditation** in November 2024 for our London and Bournemouth offices. ”



Our position on climate change *continued***Embedding sustainability in our culture**

We have multiple initiatives for our employees to help them live more sustainable lives:

- Electric Vehicle leasing scheme, which enables Vitality employees to lease an electric or hybrid vehicle at a reduced cost through a salary sacrifice arrangement. This year we launched a new provider which enables employees to access second-hand EVs to help support affordability.
- Annual training which covers environmental and social issues. This covers topics from climate change to diversity and inclusion.
- We provide employees with access to an eco-management tool designed to help lead more sustainable lives and discover more sustainable thinking. It encourages employees to get educated, engaged, and enabled to take climate action.
- Car-pooling scheme access for Bournemouth and Stockport employees, to encourage lift sharing and reduce emissions from commuting to the office. This year we launched a new app which saw a 50% increase in the number of employees sharing their commute.
- We ask employees to complete an annual commuting survey in order to estimate our employee commuting emissions more accurately and ensure we are offering them relevant commuting and working from home support. This year we are extending this to our Global employees in SA, USA, HK and other territories.
- We offer a volunteering platform that enables our employees to contribute meaningfully to their communities. Over the past financial year, we launched several initiatives focused on both social impact and environmental responsibility. One example includes volunteer groups helping to maintain and prepare public gardens near one of our offices, demonstrating our commitment to supporting local green spaces and climate-related efforts.
- Across the organisation, our Green Champions play a vital role in promoting sustainability by regularly sharing their experiences and initiatives through internal communication platforms.

**Responsible investment**

As an institutional investor and regulated business, we have a duty to act in the best long-term interests of our members and this includes taking a responsible approach to investment. Vitality's investment portfolio consists predominantly of cash and corporate bonds. Our bonds are managed by external asset managers who have adopted principles for responsible investing into their portfolio management processes and investment philosophy and actively engage with companies on our behalf. We actively engage with our asset managers to discuss our quarterly ESG investment report. ESG principles are integrated into the investment process, and we adopt specific portfolio exclusions. We have taken steps to understand and manage the carbon intensity of our existing bond portfolio and enhanced our bond choices from an overall ESG rating perspective. We support the Principles for Responsible Investment (PRI) through our parent company, Discovery who are a signatory. In 2025 we reviewed and updated our Responsible Investment Standard which aligns to our [Group Responsible Investment Policy](#). We have set internal threshold targets as part of our risk management framework that measure the carbon intensity and the ESG ratings of our invested assets. We support the principles of engagement and a just transition.

**Digitising our operations**

The digitisation of health and wellbeing services is a crucial solution for decarbonising the healthcare and insurance industries alongside prevention of health risks. Digital solutions enable members to access and manage care online and to reduce unnecessary travel which in turn, reduces emissions.

Digital solutions are also reducing our need for printing documents and therefore contribute towards reducing our scope 3 emissions. We have digitised our onboarding documents where possible, to ensure members are still provided with the information they need. We are working towards modernising our communications platform to ensure our members can set their preferences to digital by default.

A change in our print provider has helped to consolidate our print and postage. We've seen a reduction in print production costs and more granular reporting, allowing us to better identify opportunities to further reduce costs. We will continue to explore further opportunities and collaborations to reduce print and progress digital initiatives.

Our position on climate change *continued*Influence  2

## Working with suppliers and partners

We are working with our suppliers and partners to better understand their approach to managing environmental, social and governance (ESG) issues. We have integrated ESG considerations into our supplier onboarding and ongoing supplier relationship management processes. Our [Supplier Code of Conduct](#) clearly outlines our ESG expectations of all our suppliers and partners, as well as encouraging them to continue to embed climate change and nature into their strategies and governance. We have a [Sustainability award at our annual Supplier Awards](#), to recognise those suppliers who are aligned with Vitality's sustainability ambitions and have delivered a sustainability initiative over the past year that has had a positive impact. We also engage directly with our suppliers who are most material to our scope 3 emissions reduction.

As a health and life insurer, our supply chain emissions are heavily influenced by our hospital providers who provide care for our members. [The healthcare sector contributes to around 5% of global emissions - higher than the aviation sector.](#) We are working with industry bodies such as the [Association of British Insurers \(ABI\)](#) and [Independent Healthcare Providers Network \(IHPN\)](#) to encourage our healthcare providers to share best practice in order to accelerate the [decarbonisation of the UK healthcare sector.](#)

Emissions associated with our supply chain stems from a wide range of service-based activities, including IT infrastructure, data centres, logistics, property management, professional services, and marketing. As organisations seek to reduce their environmental impact, attention is turning to the carbon footprint of digital services, particularly cloud computing and the growing role of artificial intelligence (AI). Vitality's strategy focuses on leveraging AI to enhance efficiency and innovation while considering both sustainability and societal impacts. This aligns with our broader goals of reducing our carbon footprint, prioritising ethical practices, and maintaining transparency and accountability. As part of this,

we have been exploring the environmental implications and the transformative opportunities presented by AI and digital services. Our goal is to reduce the carbon footprint of both our business and that of our suppliers through engagement, embedding our Shared-value model ideology into our partnerships. As part of this, we have been engaging with IT suppliers to better understand their carbon impact, particularly in relation to cloud computing and energy demands. We identified the top five suppliers with significant AI capabilities and sustainability focus, initiating structured discussions using tailored prompts to guide meaningful dialogue. In collaboration with our Sourcing and Technology teams, we selected the most relevant partners based on shared insights and strategic alignment. These engagements have helped us build a clearer picture of how our suppliers are addressing AI-related sustainability challenges and where we can learn and collaborate further.

We have also focused on aligning our environmental values with the merchandise we purchase. This included upgrading our store infrastructure and embedding sustainability principles across products and suppliers. For instance, products now prioritise sustainable materials, we aim to avoid single-use items, we seek to source items produced locally to reduce air miles, and supplier selection is based on alignment with our own ESG commitments. While some exceptions remain, we continue to report on these and refine the store offering to reflect our brand identity and sustainability goals, supporting our broader ambition to build a more responsible business.

## Adviser Engagement

As part of our adviser engagement efforts, a dedicated sustainability programme was delivered in June 2025 through our [Forward-Thinking webinar series](#), following its announcement at the Vitality Launch in February.

The programme consisted of three [webinars](#) featuring live panels and Q&A sessions, focusing on key themes including sustainability, the connection between health and the environment, and the role of the health and life insurance industry in advancing a sustainable future.

A follow-up training module was made available via 'The Vitality Academy' to support continued learning and engagement.

This initiative reflects the importance of our Influence pillar by equipping advisers with the knowledge to engage clients on sustainability issues and extending our impact beyond the organisation through informed, responsible dialogue.



Our position on climate change *continued*

Impact  3

**Our incentive-based behavioural and wellness programme enables us to reward healthier choices. We have used this model to empower our members to make choices that can also contribute towards a healthier environment.**

**1. Behaviour change**

*UK Context*

The UK government has made significant commitments to reducing the UK’s carbon emissions by 2030 leading to a net-zero position by 2050. The role that individuals can, and must, play to enable the UK to reach this target is significant with 32% of emissions reduction up to 2035 requiring individuals and households to adopt low carbon technologies and buy low-carbon products and services. From installing low carbon heating and energy efficient measures, to walking or cycling instead of driving, or consuming less meat and dairy, there are many changes UK society will need to make to deliver the UK’s carbon reduction goals.

As an organisation built on incentivising behaviour change, we recognise the power of our model to make a positive impact and we will continue to evolve products and services that support the transition to a lower carbon economy. The NHS Net Zero plan reinforces this message, as many parts of their decarbonisation ambitions are reliant on both staff and patient behaviour change, including more active travel and more sustainable models of care.

*Working with our Vitality partners*

Our Vitality Programme incentivises and rewards our members for making healthier lifestyle choices and these incentives and rewards are delivered through our many programme partners. We are actively seeking opportunities to collaborate with Vitality Programme partners to drive more sustainable choices for our members, such as:



We launched Music Maggie in November 2024 to allow our members to resell their old Apple Watch when ordering a new one, promoting a more circular economy.



We launched new partners in February 2025 as part of Pick and Play, including itsu who focus on reducing food wastage and ensuring their packaging is sustainable.



Mindful Chef, a certified B Corp recipe box provider, allows members to order a recipe box in the knowledge that their food has been ethically supplied and sustainably sourced.



Our members have the opportunity to book a hotel through our partner Mr&Mrs Smith, also a certified B Corp, and choose an eco-friendly place to stay.



Members are rewarded with a stamp when they bring a reusable cup when redeeming their hot drink at Caffè Nero, helping reduce single use waste and support more sustainable daily habits.

**87% of private health insurance customers** believe that health insurers should support them to be healthier, outside of making a claim.

Vitality and Opinium survey of 1,000 UK private health insurance customers, September 2025  
VitalityHealth Claims Insights Report 2025



Vitality programme data FY 2025

- 1. Align
- 2. Influence
- 3. Impact

Our position on climate change *continued*

**2. Prioritising prevention**

We know at Vitality that prioritising prevention or early intervention reduces the need for hospitalisation and further treatment, creating both social and environmental benefits from the lower demand for healthcare services

Analysis of VitalityHealth claims shows that higher levels of physical activity are correlated to lower healthcare costs. Based on in-hospital claims between 2021-2024, on average, cost per claim was as much as 27% lower for members doing high levels of weekly physical activity compared to those doing no physical activity<sup>1\*</sup>.

**Our research shows the benefits of healthy exercise habits - even a small amount of exercise can make a big difference.** Research from Vitality and The London School of Economics showed that members who sustained a habit of 10,000 steps 3 times a week for 3 years, saw a:

**41%**



**reduction in type-2 diabetes risk<sup>3</sup>**

**36%**



**reduction in stage-4 cancer risk<sup>3</sup>**

Encouraging people to get more active is also linked to longer life expectancy. In fact, it's been proven that the Vitality Programme can help **members to live up to 5 years longer<sup>2\*\*</sup>**.

**We can also drive better outcomes and lower costs through early intervention.**

Early, accessible intervention through everyday care can help to reduce reliance on more intensive treatment<sup>1</sup>.

<sup>1</sup>Based on in-hospital cost-per-claim for Vitality members recording 4 or more active days per week on average, compared to those with an average of 0. VitalityHealth claims data 2021-2024.  
<sup>2</sup>Based on members who move from 0 to 21+ activity points a week throughout their lifetime, applied to standard UK mortality rates. Vitality study 2024.  
<sup>3</sup>Based on 2025 YTD figures as at end of July 2025.



**3. Improving access to care**

**Digital access to care is a core part of Vitality's value proposition.** Our fully digital claims journey enables members to move seamlessly from an initial GP appointment to finding and booking a consultant, all through the Care Hub platform.

**We are empowering patients to research and book consultants online.** Members treated by Premier Consultants typically benefit from shorter hospital stays, lower hospital readmission rates, and reduced overall claims costs compared to those treated by non-premier consultants. In fact, our data shows that, in 2024, members treated by Premier Consultants had 41% lower hospital readmission rates on average, compared to members treated by Non-premier Consultants<sup>1</sup>.

**We are directing members to get the right support, quickly.** Through our Talking Therapy pathway, 92% of members see a therapist within five days of their initial assessment. And through our physiotherapy pathway, 98% of members see a physiotherapist within two days<sup>1</sup>.

**We aim to evolve our products and services to support and enable our members to further reduce their environmental footprint and to do so in a way that is sustainable for the long term.**

**Read more here:**

- <sup>1</sup>[VitalityHealth Claims Insights Report 2025](#)
- <sup>2</sup>[VitalityLife Claims and Shared Value Report 2025](#)
- <sup>3</sup>[The Vitality Habit Index](#)

**In the first seven months of 2025, 71% of all VitalityHealth claims authorisations began online, via Vitality GP or the Care Hub<sup>1\*\*\*</sup>**





# CFD Disclosures

We are reporting against all CFD recommended disclosures:

Overview of the Board oversight and management’s role in assessing and managing climate-related risks and opportunities.

1

Governance

The actual and potential impacts of climate-related risks and opportunities on our business strategy and financial planning, including scenario testing.

2

Strategy

How we identify, assess and manage climate-related risks.

3

Risk Management

The metrics used to assess climate-related risks and opportunities, including our scope 1 and 2 GHG emissions, and the targets used to manage climate-related risks and opportunities and measure our performance.

4

Metrics and Targets



## Governance

We assess and manage the risks and opportunities associated with climate change and have governance in place to ensure that we do so appropriately. Our Board and Executive Management take an active interest and are committed to ensuring that the potential impacts of climate change are assessed and managed across the business.

Committee or Role	Responsibilities	FY 2025 update
Board	<ul style="list-style-type: none"> <li>Approves Vitality's Sustainability strategy</li> <li>Oversight of climate change strategy, developments, risks and opportunities, including policies relevant to the management of environmental issues.</li> <li>Updates are presented at each board meeting around the key market developments with a particular focus on regulatory change.</li> <li>Presented with a quarterly assessment of the risks and opportunities associated with climate change.</li> </ul>	<p>Updates were taken to the Board on Sustainability in July 2024, October 2024, January 2025 and May 2025.</p> <p>Updates included Net-zero Transition Plan progress, internal sustainability initiatives and research, external engagement including our adviser programme, and regulatory and market updates.</p>
Chief Sustainability Officer (CSO)	<ul style="list-style-type: none"> <li>Member of the Group Executive Committee and a member of the Group Board.</li> <li>Designated Senior Manager Function (SMF) individual with clear responsibility for the financial risks from climate change.</li> <li>Collaborates with members of the Group Executive Committee to ensure that all business functions are effectively engaged on climate-related issues, that Sustainability is embedded within our employee culture, and to share knowledge from external risk forums.</li> </ul>	<p>During the year, Vitality UK and Vitality Global were integrated into a unified global business unit, Vitality. This consolidated structure enables the Group to more efficiently scale and enhance its products and solutions across key global health and life insurance markets. The responsibilities of the CSO extends to our Global operations.</p>
Risk and Audit Committees	<ul style="list-style-type: none"> <li>Overseeing the management of Sustainability risks, which includes the management of climate-related financial risks.</li> <li>Monitor the Key Risk Indicators for all Sustainability risks, which are presented at the Risk Committee on a quarterly basis through the CRO report, with deeper dives on an ad-hoc basis and are supported by appropriate metrics and targets.</li> <li>Audit Committee approves the annual report and accounts, which includes the Strategic Director's Report, and this covers environmental and sustainability reporting.</li> </ul>	<p>The climate change scenario analysis paper was shared with the Risk Committee and Actuarial Committee.</p> <p>Quarterly assessments of sustainability risks were carried out as per the ERM process.</p> <p>A Sustainability team member was present at every quarterly Emerging Risk Forum which feeds into the Risk Committee.</p>
Board Remuneration Committee	<ul style="list-style-type: none"> <li>Approves the corporate scorecard which includes several ESG related measures that affect the incentives for all employees.</li> </ul>	<p>ESG targets were set for each half year.</p>

Governance *continued*

Committee or Role	Responsibilities	FY 2025 update
Discovery Climate and Environment Steering Committee	<ul style="list-style-type: none"> <li>Supports senior management in developing and implementing the Group's climate change strategy</li> <li>Considers the risks and opportunities associated with climate and environment issues at a Group level.</li> <li>Monthly tracking of group emissions and carbon reduction opportunities.</li> <li>UK Sustainability team are active members.</li> </ul>	<p>Focus on Group operational emissions reductions, including through <a href="#">Discovery Green</a> and other energy efficiencies.</p> <p>Sharing of best practice across the Group.</p> <p>Established a Net-zero Steering Committee to oversee the implementation of the net-zero strategy, monitor progress across functions and report to key executive forums and Board committees.</p>
Discovery Group ESG Executive Committee	<ul style="list-style-type: none"> <li>Develops the Group-wide ESG strategy and targets that leverage Discovery's unique capabilities for scaled impact and ensures strategic implementation and reporting around the strategy and targets.</li> <li>Subcommittee of the Group Executive Committee.</li> <li>Chaired by Discovery Group CEO and founder, Adrian Gore.</li> <li>Responsible for establishing and embedding the ESG strategy across the Group, facilitating collaboration across our markets to ensure close regional alignment, focused strategy execution and scaled impact across operations.</li> </ul>	<p>Updates included net-zero and climate strategy progress, Discovery Green, and Sustainability reporting.</p>
Vitality UK Executive Committee	<ul style="list-style-type: none"> <li>The CSO presents at least quarterly to the Vitality UK Executive Committee on both risks and opportunities associated with climate change and sustainability forms a key part of the quarterly Group CEO report to the Board.</li> </ul>	<p>Updates were taken to the Vitality UK ExCo in September 2024, December 2024, March 2025.</p> <p>An update was taken to the Vitality Executive Committee (including our Global executives) in June 2025.</p>
Sustainability Committee	<ul style="list-style-type: none"> <li>The CSO chairs Vitality's Sustainability Committee.</li> <li>The Sustainability Committee develops and continues to evolve the Sustainability strategy across the UK Group in line with the core purpose, values and strategy of the organisation as established by the Board.</li> <li>The Committee drives action in line with the approved strategy and monitors and provides oversight of delivery.</li> <li>Business areas represented at the Sustainability Committee include People, Property &amp; Facilities, Risk, Finance, Sourcing, Vitality Programme, Distribution and Marketing. These business areas own the actions and work closely with the Sustainability team to set and meet their targets.</li> <li>An internal dashboard and roadmap form part of the ongoing management of Sustainability that is reviewed at the Sustainability Committee with updates from this reported to the Vitality UK Executive Committee.</li> </ul>	<p>Met ten times from July 2024 to June 2025.</p> <p>Continued updates on sustainability strategy within each committee member's business area and update of internal dashboard and roadmap.</p>





Governance continued

# External governance

We recognise the need for market knowledge and external expertise and as such we engage with specialist consultancies to gain insight into best practice and participate and present at industry forums. We recognise that our non-executive Board members bring a diverse range of experience that helps guide discussion and provides challenge. We have also engaged an experienced team of external sustainability specialists to provide insight, guidance, support and challenge around our approach, and the development and delivery of our strategy.

We are committed to aligning with best practice and engagement at a global level. Discovery Group, our parent company, has been a part of the UN Global Compact since 2015, with a focus on the following Sustainable Development Goals (SDGs):



Discovery Group are committed to global sustainability reporting and disclosure frameworks and align to the GRI reporting standard for our Sustainability reporting. Discovery voluntarily submitted to the CDP climate change, water security and deforestation for scoring, scoring a rating of C in the last reporting cycle (2024). We are committed to improving our CDP rating by identifying areas needing attention as we enhance our environmental stewardship.

Discovery Group has been a signatory of the UN Principles for Responsible Investment (PRI) since 2020. Discovery Group has a group-wide responsible investment policy, which Vitality UK aligns with.

**Vitality contributes to a number of industry initiatives, such as:**

- Our CSO contributed to the UN Sustainable Development Solutions Network paper and course on "Insurance and Sustainable Development".
- Our CSO contributed to the Cambridge Business Sustainability Management online short course.
- We provided a case study on our employee wellbeing strategy for the World Economic Forum's Centre for health and healthcare initiative "Healthy Workforces".
- Our CSO has been a judge for the InsuranceERM's Global Climate Risk & Sustainability Award for the past 3 years.

Given our supply chain emissions are heavily influenced by our hospital providers, we are also working with industry bodies such as the Association of British Insurers (ABI) and Independent Healthcare Provider Network (IHPN) to encourage our healthcare providers to share best practice in order to accelerate the decarbonisation of the healthcare sector .

Governance *continued*

# The four principles for sustainable insurance:

**1** We will embed into our decision-making the environmental, social and governance issues relevant to our business



**2** We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions



**3** We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues



**4** We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles



Vitality UK and Discovery are signatories of the UN's Principles for Sustainable Insurance (PSI) and a member of its working group for health and life insurance. We fully support the vision of the PSI, for the insurance industry to play a key role in enabling a healthy, safe, resilient and sustainable society and we are committed to sharing our expertise in pursuit of the UN Sustainable Development Goals.





## Risk management

**Validity has a well-established UK Enterprise Risk Management (ERM) Framework\*\* which is underpinned by a comprehensive set of risk policies, frameworks and guidelines to ensure that processes and procedures are embedded to effectively manage risk. The ERM framework, outlined below, is aligned to regulatory requirements and sustainability and climate-related risks form a key part of this framework.**

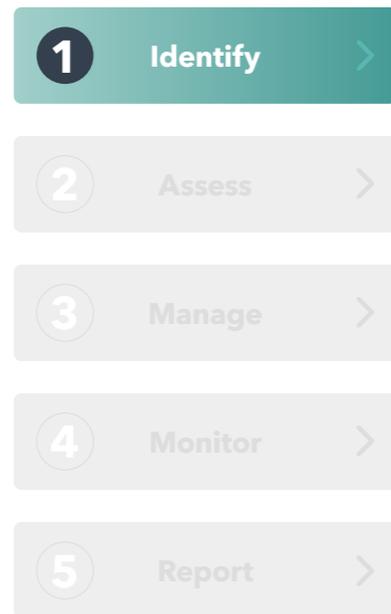
We recognise that despite the complexities in assessing climate-related risks, the scientific evidence available on the impacts of climate change is unequivocal and we must incorporate climate change risk considerations into our risk management. This is echoed by the IFoA: “while there remains uncertainty over the range of ways that climate risks can emerge, economic projections that do not allow for the risks from a climate transition or emerging physical risks do not reflect the scientific evidence”.

In April 2025, the PRA issued the consultation paper “CP10/25 - Enhancing banks’ and insurers’ approaches to managing climate-related risks - Update to SS3/19” and a draft supervisory statement that is intended to replace SS3/19. The proposals are applying existing regulatory approaches to managing risks (for example, in relation to effective governance), but with greater clarity on how they apply to climate-related risks specifically. The proposals are intended to be applied in a proportionate manner. Validity welcomes the additional guidance on these topics and will continue to mature its climate-related risk management.

*\*\* For more detail on our ERM framework please see our Annual Report and Accounts.*



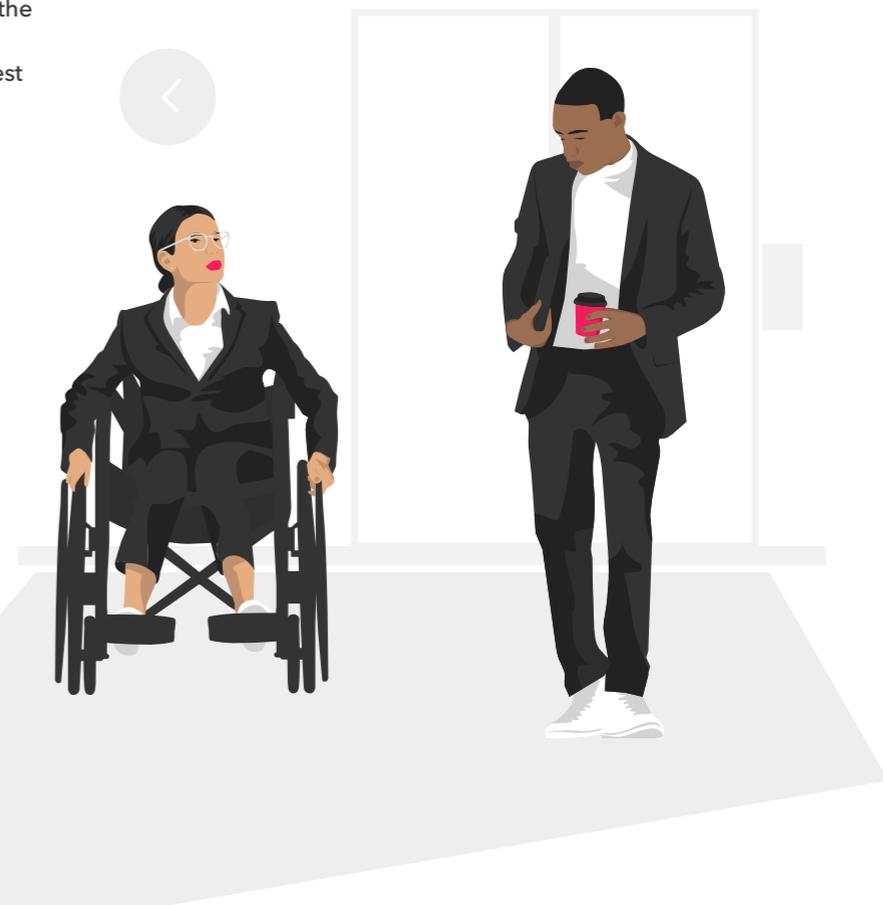
Risk management *continued*



Vitality’s Risk Taxonomy includes sustainability and climate-related risk, ensuring these risks and opportunities are taken into consideration. Vitality references industry standards, guidance and publications and works with external consultants and industry bodies such as the ABI, to identify climate-related risks and opportunities as part of the wider ERM framework. Risks are identified, assessed and rated within our taxonomy and within a rating matrix that considers the potential likelihood and impact of any risks occurring. In addition, the Risk Function administers the Emerging Risk process and assessment with a full annual review completed and presented to the Risk Committee annually and updated and reported within the quarterly CRO Report for any material changes. A member of the Sustainability team attends the quarterly emerging risk forum and the CSO approves the emerging risk report as a member of the Group Executive Committee. Throughout the year individual emerging risks may be selected for deep dives at the Risk Committee at the request of the Chair.

It is important to Vitality that sustainability is embedded in our culture and decision making, therefore helping us identify climate-related risks throughout the whole business, rather than within specific teams. All Vitality employees are encouraged to engage with environmental campaigns, in order to improve their understanding of the impact of climate change and their ability to identify climate-related risk.

**Risk Taxonomy** is a comprehensive, common and stable set of risk categories that encourage those involved in risk identification to consider all types of risks that could affect the organisation’s objectives. Vitality has incorporated climate change and sustainability within its Risk Taxonomy.



**Risk management *continued***

1 Identify &gt;

**2 Assess >**

3 Manage &gt;

4 Monitor &gt;

5 Report &gt;

The identified climate-related risks are assessed by their potential likelihood and impact. Well-developed tolerances and thresholds are listed in our risk rating matrix allowing for a materiality assessment of all identified risks across the business. Each risk is individually assessed while considering linked risks, issues and other items influencing it. This is particularly important for emerging climate-related and sustainability risks where there is potential for these to affect a wide variety of interconnected issues over a range of time-horizons. These considerations extend to our emerging risks analysis and operational resilience. This approach allows for a positive and mature risk culture to evolve and for a range of mitigating actions to be taken depending on the severity of the risk. The CRO Report is presented at the Risk Committee, including the output of the assessment of all risks across the business, in order to compare the materiality of all risks and the impact on business resource and financial planning.

As part of our Own Risk and Solvency Assessment (ORSA) process, we consider multiple short-term climate change stresses and scenarios in order to assess the impact of both transitional and physical risks over our planning horizon. We have undertaken detailed qualitative climate scenario analyses following respected industry publications and from this analysis designed a quantitative scenario to model within our programme, adapting this for feedback from the Actuarial Committee and Risk Committee. A recent focus from the PRA through CP10/25 provides an opportunity to enhance this and mature our focus on operational resilience through third parties.



**Risk management *continued***

1 Identify &gt;

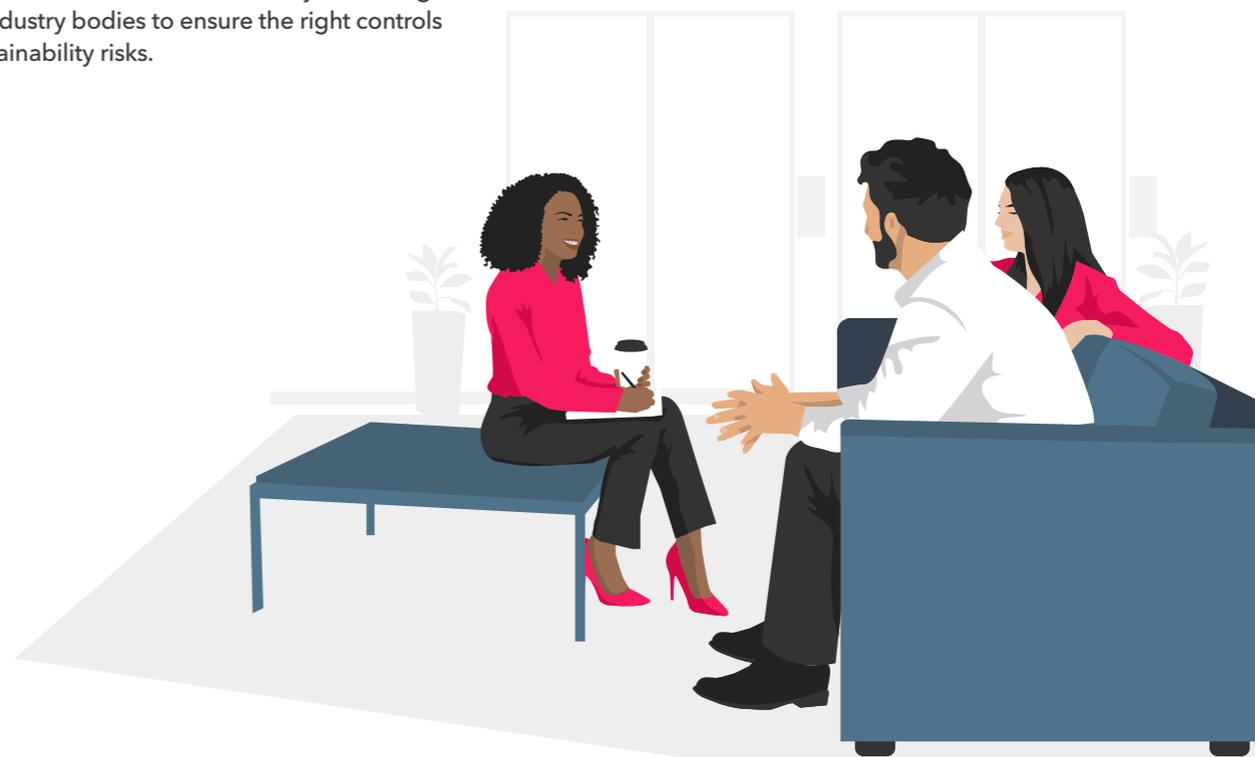
2 Assess &gt;

**3 Manage >**

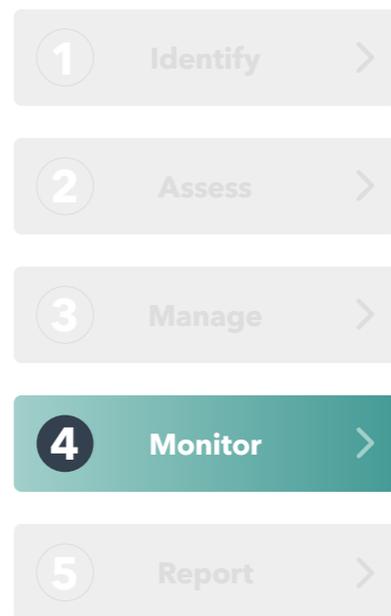
4 Monitor &gt;

5 Report &gt;

The output of the risk rating is used as a basis for determining the appropriate risk response decision; this will include treating, tolerating, terminating, or transferring the risk. Consideration of sustainability and climate change are reflected in our assessment of capital in the ORSA, which considers a broad range of sensitivities and scenarios that included climate-related risk. Controls have been put in place for sustainability risks, such as the sustainability strategy directed by the CSO, SS3/19 and CFD adherence, our regulatory change identification and management processes, corporate bond thresholds and monitoring, supplier due diligence and management, and use of external sustainability consultants. It is recognised that given the emerging nature of climate-related risks, ongoing risk reviews and industry collaboration is needed and actively pursued to ensure best practice and resilience. Hence Vitality is working with external consultants and industry bodies to ensure the right controls are in place to manage our sustainability risks.



### Risk management *continued*



All management decisions and corrective actions undertaken are captured and reported to the respective committees which includes, but is not exclusive to, the business aligned Executive Committees, Risk Committee and Board. For climate-related risks the respective committee is the Sustainability Committee with all risks of note provided to the Risk Committee; this represents the second line and third line assurance that the risk is being managed appropriately.

The business has a well-developed set of risk appetite statements and tracks a broad range of qualitative and quantitative key risk indicators to monitor performance against our appetite. These statements and indicators include both sustainability and climate-related risks which are approved at Board level.

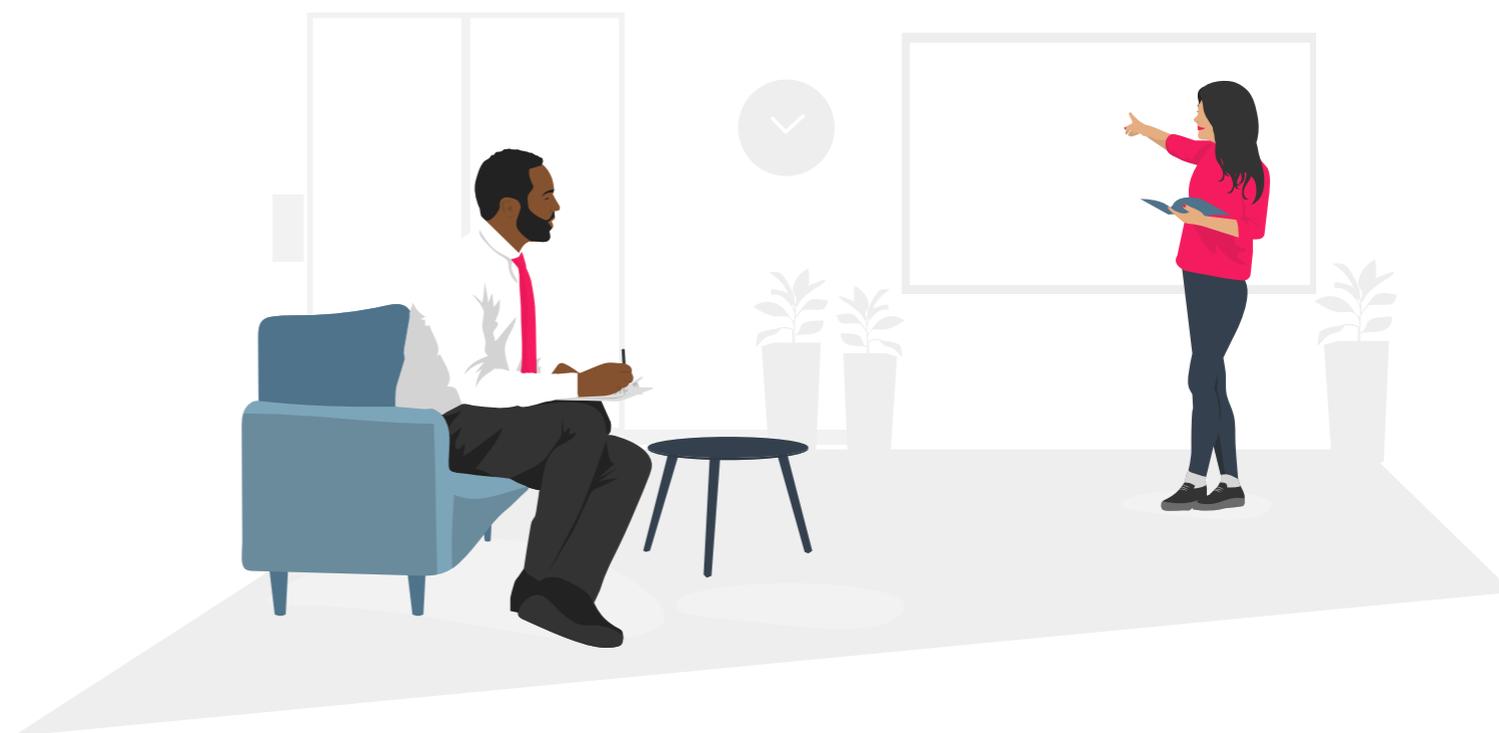
Supporting information including risk models, scenarios, sensitivities, and other models will be included during any assessment. Sustainability risks and controls are identified, re-assessed and updated through the Risk and Control Self-Assessments (RCSAs) which are conducted every quarter. The process is guided by the risk management team to ensure appropriate assessment and analysis of the RCSAs are conducted. In addition, the Sustainability Committee is kept informed of reports relating to risks, opportunities, issues, and corrective actions associated with climate change.



### Risk management *continued*

- 1 Identify >
- 2 Assess >
- 3 Manage >
- 4 Monitor >
- 5 Report >**

Reporting of sustainability risks is conducted throughout the risk management cycle. In the quarterly CRO report, the outputs of the RCSAs are assessed in a sustainability risk rating and the Sustainability Committee outcome summarised. The CRO report is shared with the Executive Committee and the Risk Committee. Current residual and emerging risks outside of appetite are flagged by default and other issues of note can be raised. A summary of this report is provided to the Board to ensure full transparency and awareness of the material risks across the business. Finally, the annual ORSA provides Vitality with another instrument to consider a broad view of Vitality’s current and future risk profile, from a quantitative and qualitative perspective.





# Strategy

## Overview of climate-related risks

We have identified and assessed transition, physical and liability risks that could impact our business. These risks are distinguished between the short term (less than one year), medium term (one to five years), and long term (beyond five years).

While all risks could have some level of impact over the whole period, transition and liability risks are generally expected to materialise sooner compared to physical risks. While we have integrated into a unified global business unit, in terms of our regulated businesses in the UK, our exposure to other geographies is low, and our parent company Discovery Group’s exposure is assessed within the [Discovery Group Climate report](#). Assessments of climate change impacts on Vitality indicate that risk remains within appetite, based on our current understanding and information. Therefore, our current response to transition and physical risks does not require significant deviation from our strategic and financial planning.

**Short term** (less than one year) <1

**Medium term** (one - five years) 1-5

**Long term** (beyond five years) 5+



### Transition risks

are those that emerge as a result of evolving and emerging regulation, and societal and economic shifts. They can include; policy, legal, technological and market changes.



### Physical risks

are the acute and chronic physical effects of climate change including extreme weather events, high rainfall and flooding, high temperatures, drought, and sea level rise.



### Liability risks

are those that arise from a customer or company seeking compensation for losses that they may have suffered as a result of the physical or transitional risk related to climate change.





## Transition Risks

### Regulatory Risks (short to medium term)

**Businesses must disclose how they are integrating climate change into governance arrangements, policies and practices, investments; procurement; product development; service offering; and partnerships.**

We recognise that the UK government is at the forefront of efforts to tackle climate change and improve transparency in climate change reporting through mechanisms such as Streamlined Energy and Carbon Reporting (SECR) and the Environmental Agency's Energy Savings Opportunities Scheme (ESOS). We submitted our Action Plan as part of phase 4 in March 2025 and have already implemented 6 of the 11 opportunities we submitted. In addition we published our inaugural [Group Net-Zero Transition Plan](#) this year, detailing how we plan to achieve our net-zero commitments and aligning closer to the IFRS requirements.

The PRA's consultation paper CP10/25 "[Enhancing banks' and insurers' approaches to managing climate-related risks - Update to SS3/19](#)" demonstrates the regulator's intent to deepen requirements for insurers to manage climate-related risk. We are also monitoring the UK government's consultation on [UK SRS S1 and S2](#), which is expected to consolidate the existing climate-related financial disclosures legislation and closer align to the IFRS ISSB standards.

We expect emerging regulation will also include the recommendations of the Taskforce for Nature-related Financial Disclosures (TNFD) as per the [IFRS's formal agreement to accelerate nature-related disclosures into the ISSB standards in April 2025](#).

Vitality has zero appetite for non-compliance: meeting regulatory requirements ensures that we avoid potential impacts such as legal recourse, regulatory sanctions, financial loss and reputational harm. We recognise that compliance brings benefits which include the provision of greater information to stakeholders making relevant decisions and opportunities to use our Shared-value Model to drive favourable outcomes for our members through product design.

### Reputational Risks (short to long term)

**Growing expectations that businesses play a positive role in society places ever greater scrutiny on the actions of organisations.**

Businesses need to monitor the evolving expectations of key stakeholders and authentically demonstrate and communicate action being taken to drive positive outcomes for society. Sustainability, we believe, will become a licence for businesses to operate and thrive. A failure to do so will affect their ability to attract and retain business, to form and maintain sourcing relationships and strategic partnerships, and to recruit and keep the best talent within the business. Additional risk is created when rhetoric and action are not perceived to align. This has been reinforced by the FCA's [anti-greenwashing rule](#), ensuring that firms are fair, clear and not misleading regarding the sustainability of financial products and services. Greenwashing considerations are integrated into our Vitality brand guidelines and our marketing compliance team have had specific guidance and training on the FCA's rule.

We recognise that net-zero targets have high dependencies on other sectors decarbonising and this leaves us exposed to the risk of not meeting those net-zero targets. Outsourcing risk and counterparty carbon exposure are key risks that Vitality has considered and we have identified opportunities to manage this potential risk. Healthcare represents a core business activity for Vitality and is a carbon intensive industry, representing [around 5% of global emissions](#) (more than the [aviation industry](#)). We are, therefore, collaborating with our healthcare partners and the wider industry so that we can work towards more sustainable outcomes and reduce our scope 3 emissions. We are a part of a working group formed by the Association of British Insurers (ABI) and the Independent Healthcare Provider Network (IHPN) aiming to work to share best practice in reporting and decarbonising the industry. We are also engaging directly with other material suppliers and partners in order to create together a collaborative engagement strategy, which forms a part of our Net-zero Transition Plan. We have met with over 48% (by FY2024 spend) of our partners and suppliers in FY2025 on sustainability. We are committed to having all material suppliers (that account for at least 50% by spend) to have committed to science-based targets by 2035.

**Vitality's agility, effective governance and business model act as a strong foundation on which to respond to emerging risks and grow new opportunities. Vitality is actively managing transition risk with focus from the Board, Management and our parent company Discovery with a dedicated CSO, responsible for developing the strategy and ensuring it is executed.**

## Transition risks *continued*

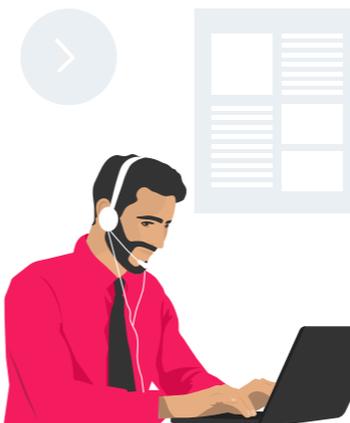
### Market Risks *(medium to long term)*

**We have made assessments of the extent to which climate change poses a risk to demand for our products or might otherwise have an adverse impact.**

Risks identified include reputational issues driven by potential economic impacts from climate change. For example, reduced investment returns, or higher inflation may result in higher costs of insurance provision or change the demand for insurance products.

Climate change could potentially impact economic growth and investment returns. Investments in carbon intensive companies or those performing poorly in terms of their ESG practices may reduce significantly in value or become stranded unless they have robust plans to transition. Our exposure to carbon intensive assets is limited, but despite this, action has been taken to further reduce the carbon intensity of our asset portfolio and limit it through our market risk appetite. Additionally, Discovery Group supports the UN's Principles for Responsible Investment (PRI) and maintains a [responsible investment policy](#), which, e.g., excludes certain assets such as direct investment in tobacco, controversial weapons and civilian arms producers and also incorporates ESG issues into investment decision making processes. We are actively engaging with our asset manager / banking provider to understand their Responsible Investment policies.

We achieved carbon neutrality in our operations for FY2024 by purchasing 513 tCO2e of carbon offset projects. We will continue to reduce our scope 1 and 2 emissions as much as possible and offset the residual emissions by purchasing carbon credits. This financial expense is included in our business planning however carbon markets are still developing leading to uncertainty in terms of price. We believe carbon offsetting is a necessary action in the transition to net zero as part of our "Beyond Value Chain Mitigation". We seek to use only high-quality carbon offsets that meet carbon offsetting principles, and only after seeking a reduction in our emissions.



“ We recognise that we are **reliant on technology constantly evolving and improving**, to enable **greater efficiency and reduced energy use.** ”

### Technology Risks *(short to long term)*

**We measure the energy our technology consumes towards Vitality UK's total greenhouse gas emissions.**

Vitality's technology assets consume energy including laptops, equipment, data centres and server rooms. The emissions from this energy consumption are low due to the majority of our electricity being from renewable sources. This is in line with the market, as for most services companies their scope 3 emissions makes up the majority of their total emissions.

We measure our scope 3 emissions, including the emissions from our supplier's datacentres and our software providers. We engage with our most material technology providers on their sustainability strategies and consider ways in which to reduce or mitigate these emissions as part of our Net-zero Transition Plan.

We recognise that we are reliant on technology constantly evolving and improving, to enable greater efficiency and reduced energy use. For scope 1 and 2 emissions, this includes improved technology in the form of electric vehicles for our nurses and the availability of charging points, as well as the ability to convert all of our offices to electric heating. For scope 3 emissions, this includes technological advancements in healthcare and digital services. AI related emissions are measured as a part of our scope 3 emissions however we are reliant on the improvement of our supplier's data around AI energy consumption. We are conducting internal research on the impact of AI on our sustainability commitments. AI is a key strategy for Vitality and hence we are incorporating considerations around efficiency and ethical practices in its deployment with supporting governance.



## Physical Risks

### Operational Risks (long term)

**Climate-related physical risk events are on the rise globally. In the UK this is likely to materialise in the form of warmer, wetter and windier winters and continued sea-level rises which increase the risk of flooding, while hotter and drier summers increase the risk of water shortages and affect agriculture and human health\*.**

This is considered an operational business continuity risk in terms of its potential impact on our offices, nearby environment, data centres or the infrastructure to access those data centres. Prolonged periods of no water or electricity supply to our buildings may result in extended periods of systems or service disruption. This risk may also extend to our outsource partners based overseas who may be exposed to more extreme changes in weather.

Vitality mitigates this risk through its business continuity plans which are tested regularly. It also diversifies this risk with operations able to switch between physical sites, and IT infrastructure making use of virtual cloud services spread between multiple providers and locations. Extreme weather events have not historically had any material impact on our operations, and our work-from-home strategy has been tested robustly during the pandemic and remains a strong mitigant to such potential risks. We will continue to monitor trends and risks related to extreme weather events.

“ Vitality mitigates operational risk through its **business continuity plans** which are tested regularly. It also diversifies this risk with operations able to switch between physical sites, and IT infrastructure making use of virtual cloud services spread between multiple providers and locations. ”

\*<https://www.theccc.org.uk/publication/progress-in-adapting-to-climate-change-2025/>



## Physical risks *continued*

### Claims Risks (long term)

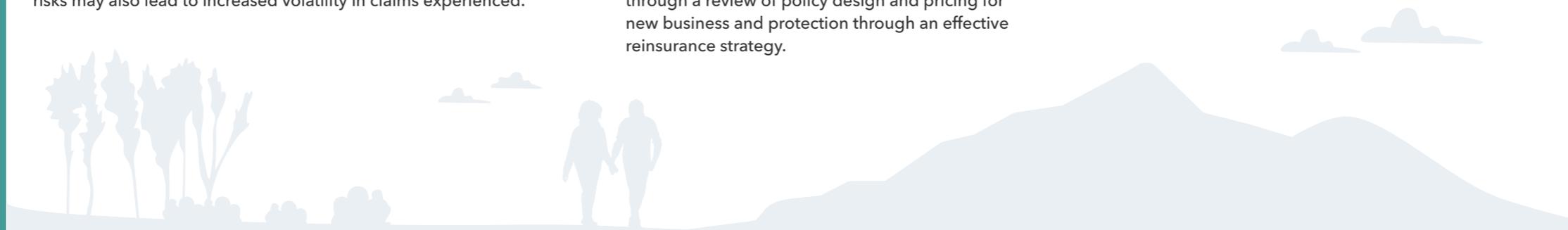
**Increased Claims:** The impact of physical risks on health from air pollution, rising temperatures and increased exposure to infectious diseases are expected to impact mortality and morbidity rates, resulting in an increase in both acute and chronic conditions and an increase in claims. It is anticipated that the most significant health effect will be a heightened risk of non-communicable diseases, primarily cardiovascular diseases, respiratory illnesses and cancers, and increased frequency and spread of vector-borne diseases. The compounding effects of these as well as the impact on mental health make the threat even more significant. This will be most prominent among those most vulnerable, for example policyholders with pre-existing conditions and comorbidities, the elderly and children, the disabled and pregnant. These risks are considered to be relatively limited in the UK, and they are likely to emerge slowly which increases adaptive capability. Additionally, the effects of these risks are more likely to be observed in uninsured populations.

**Changing demand / supply:** Depending on the extent to which climate change impacts on health we could see an increase in demand for insurance, accompanied by changes to the provision of healthcare - this could change the relative importance of healthcare across society and to consumers in general. If the cost of healthcare provision across the market increases markedly then this may constrain the size of the broader insurance market, and impact on the supply and choice of insurance products for consumers. Greater volatility arising from physical risks may also lead to increased volatility in claims experienced.

**Reduced Claims:** There are studies that conversely suggest there could be a net reduction in excess mortality in the Northern European climate, due to the decrease in cold-related excess mortality being higher than increase in heat-related excess mortality. As incentivising physical activity is a key feature of our business model, a warmer UK climate could lead to more opportunities for outdoor exercise in colder months, leading to better health risk prevention. However, this may be offset by the impact of air pollution increasing respiratory illnesses or extreme heat reducing the ability to exercise outdoors in summer, therefore affecting the underlying risk profile.

The risks to underwriting are uncertain and will emerge slowly and beyond the five-year planning horizon. The business closely monitors its demographic and economic experience and takes this into account in its strategy and business plan. Potential longer-term impacts on the plan are explored through sensitivity and scenario testing. The potential impacts from such risks are medium to long term and can be mitigated through a review of policy design and pricing for new business and protection through an effective reinsurance strategy.

■ As incentivising physical activity is a key feature of our business model, **a warmer UK climate could lead to more opportunities for outdoor exercise in colder months**, leading to better health risk prevention. ■



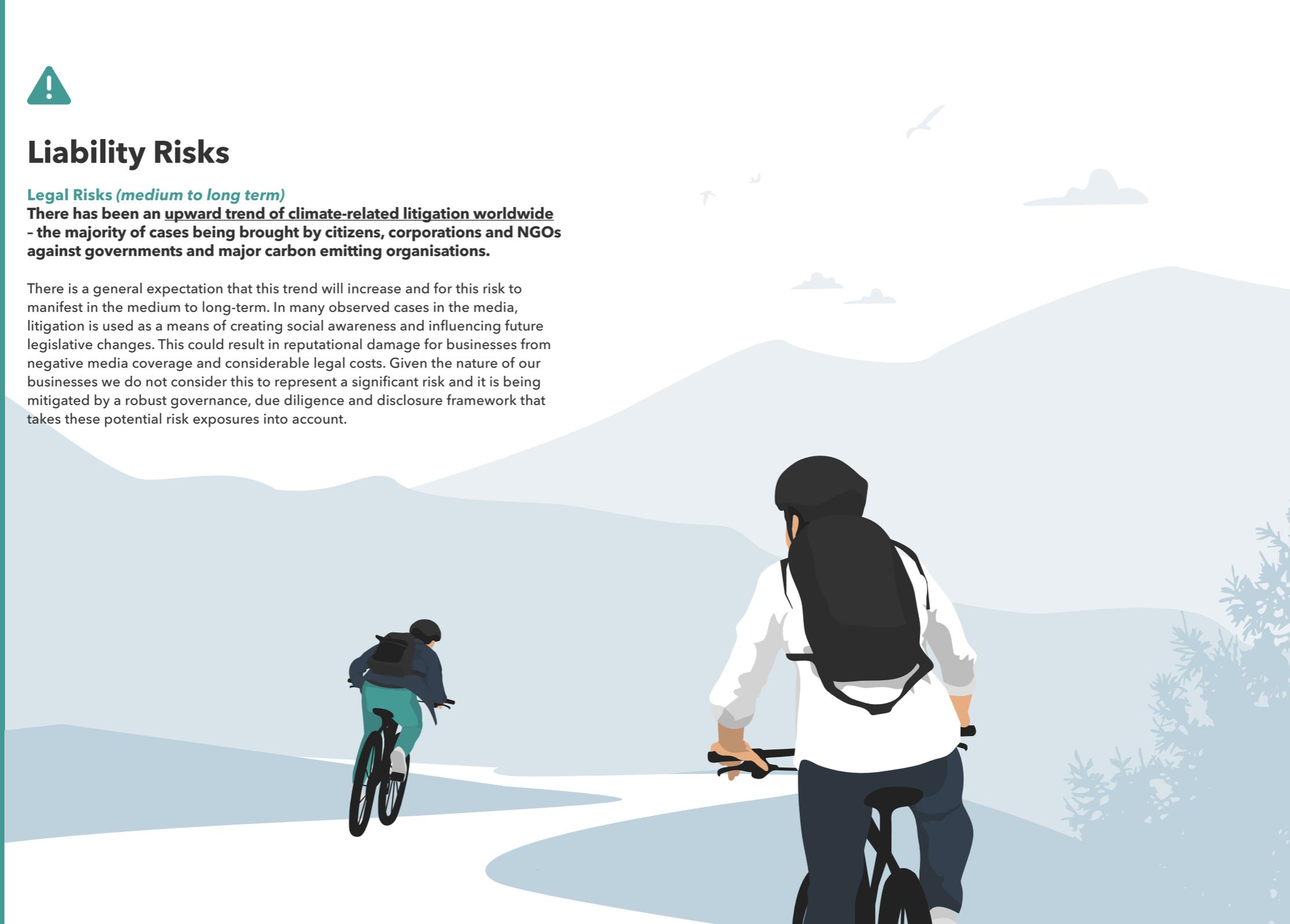


## Liability Risks

### Legal Risks (*medium to long term*)

**There has been an upward trend of climate-related litigation worldwide - the majority of cases being brought by citizens, corporations and NGOs against governments and major carbon emitting organisations.**

There is a general expectation that this trend will increase and for this risk to manifest in the medium to long-term. In many observed cases in the media, litigation is used as a means of creating social awareness and influencing future legislative changes. This could result in reputational damage for businesses from negative media coverage and considerable legal costs. Given the nature of our businesses we do not consider this to represent a significant risk and it is being mitigated by a robust governance, due diligence and disclosure framework that takes these potential risk exposures into account.



## Summary of climate-related risks and opportunities:

Type of risk/opportunity	Risk Category	Time frame	Materiality rating	Materiality reasoning	Mitigation strategy
Transition risks	Regulatory risks	Short to medium term  	Low likelihood High impact	Zero appetite for non-compliance.	Robust governance framework ensures adherence to regulation/legislation.
	Reputational risks	Short to long term   	Medium likelihood High impact	Increasing expectations from all stakeholders and increased litigation around greenwashing.	Focus from board and management including a commitment to transparency, regular communication and reporting, and the delivery of a credible net-zero strategy in line with our Transition Plan. Our core purpose and values drive our approach.
	Market risks	Medium to long term  	Low impact Low likelihood	Exposure to carbon intensive assets limited and Vitality investment portfolio is relatively simple. Carbon markets developing hence some uncertainty but not an imminent risk.	Responsible Investment Policy and low carbon intensity of our corporate bond portfolio. Delivery of a credible net-zero strategy in line with our Transition Plan, including reduction of our scope 1 and 2 emissions.
	Technology risks	Short to long term   	Low likelihood Medium impact	Reliance on technology is a systemic risk.	Delivery of a credible net-zero strategy in line with our Transition Plan.
Physical risks	Acute: Operational business continuity risks	Long term 	Low impact Low likelihood	Not material given virtual working strategy tested robustly during pandemic.	Business continuity planning and operational resilience.
	Chronic: Claims risks	Long term 	Low impact Low likelihood	Currently identified as relatively limited impact, but this is a developing area with more industry research becoming available.	New business reviews, benefit design and effective reinsurance programme.

 Short term (less than one year)

 Medium term (one - five years)

 Long term (beyond five years)

Summary of climate-related risks and opportunities: *continued*

Type of risk/opportunity	Risk Category	Time frame	Materiality rating	Materiality reasoning	Mitigation strategy
Liability risks	Legal risks	Medium to long term 	Low likelihood High impact	Reputational damage from potential litigation expected to be limited due to robust sustainability governance and strategy.	Robust governance, due diligence and disclosure framework. Delivery of a credible net-zero strategy in line with our Transition Plan.
	Resource efficiency	Short to medium term 	High likelihood High impact	Reduced office space by 15% from strategic property moves since 2022. Nurse fleet converted to 100% hybrid. Suppliers are already finding more efficient ways to fulfil services.	Office building plans (ESOS action plan) Nurse EV strategy Waste management strategy Supplier engagement strategy FitWel accreditation.
Opportunities	Energy sources and resilience	Short to medium term 	High likelihood High impact	100% renewable electricity.	Continued investment in renewable energy tariffs. Reliant on the supply of 100% renewable gas to increase or to switch to electric heating in all offices.
	Products and Services	Short to long term 	High likelihood High impact	Opportunity to expand Shared-value Model to influence behaviour change.	R&D strategy Reduced demand for healthcare services through our behaviour change programme and prioritisation of prevention. Enhancing our digital healthcare pathways.
	Markets	Medium to long term 	Low likelihood Low impact	Opportunity to use green loans in the future, based on ESG criteria. Opportunity to build resilience to climate-related financial risks into our investment strategy as VitalityLife builds positive reserves.	Finance strategy Responsible Investment Policy

-  Short term (less than one year)
-  Medium term (one - five years)
-  Long term (beyond five years)

## Scenario analysis

**Scenario analysis is a process intended to help companies understand how they may be impacted by a range of potential adverse events and to instigate measures to improve resilience, if needed. Vitality carries out scenario analysis and testing at least annually, as part of its risk management process, and considers a broad range of potential impacts, including those that could be caused by climate change.**

The conclusions from this work are recorded in our Own Risk and Solvency Assessment. We aim to continue to mature our approach by using a selection of well-regarded external papers which together set out several climate-related scenarios to broaden our work in this area. The benefit from using these papers is that they are well researched; include a mixture of real-world scenarios; and are used broadly across the industry, including by regulators. We analysed the scenarios set out in these papers with a particular focus on the impacts on the UK and, further, how they may impact Vitality's UK businesses.

Notably, many of the other stresses and scenarios present in our annual programme can also be connected to climate-related events, for example our reputational risk scenario which could be realised if our approach to sustainability does not keep up with societal, customers', and regulators' expectations. Other examples include an increase in the frequency or cost of claims, which may arise if health outcomes worsen and an increase to our expenses, which could arise following operational disruption caused by localised weather events.

From the analysis we developed a scenario for quantitative analysis. This was informed strongly by the 'Meltdown' and 'Green Phoenix' scenarios within the

Exeter paper and the further conclusion from the papers on health outcomes, that as a UK insurer, Vitality might be expected to experience a small increase in the number of claims it will need to meet.

The Exeter paper focuses on short-term scenarios which can overcome challenges in macroeconomic and financial risk analysis stemming from the focus on long-term climate-economy relationships. They can account "for shocks that have a short-term impact and subside in the medium/long term; allow for a more dynamic translation of shocks to near-term impacts; and could provide insights into the economic transmission channels. They allow for the construction of a more realistic baseline; allow for the inclusion of plausible and adverse shocks; and allow for a sounder use of constant balance sheet in stress testing applications".

The paper sets out an underlying climate narrative which applies to all scenarios which "explores a decade filled with climate changes and weather events between 2023 and 2030, based on scientific research, state-of-the-art modelling, and assessments of likelihood. The events described here showcase a wide range of climate-related disasters that are increasingly likely as the planet continues to warm, underscoring the diverse impacts of climate change on different regions."



### The sources, covering 11 scenarios, analysed were:

- University of Exeter and Universities Superannuation Scheme, 7 September 2023: *"No Time to Lose: New Scenario Narratives for Action on Climate Change"* ("the Exeter paper")
- Network for Greening the Financial System, November 2023: *"NGFS Scenarios for central banks and supervisors"* ("NGFS4")

In addition, the following inform our view of stresses to health outcomes where these are referenced in the scenarios:

- *The Lancet* study on the *"impact on mortality of pathways to net zero"*
- Swiss Re Institute's paper on *"mapping the impact of climate change on life and health risks"*;
- World Economic Forum, 16 January 2024: *"Quantifying the Impact of Climate Change on Human Health"* ("WEF Human Health")

Scenario analysis *continued*

The 'Exeter paper' then builds four potential scenarios around the physical climate narrative:



The most realistic impacts for Vitality, should they emerge, stemmed from analysis of the 'Meltdown' and 'Green Phoenix' scenarios which were used, along with the health outcomes papers mentioned earlier, to shape the scenario for quantitative analysis.

## Scenario analysis continued

### Results of our Scenario assessment

Both VitalityLife and VitalityHealth are expected to remain within their respective solvency and liquidity risk appetites after allowing for management actions. The potential impacts are likely to emerge gradually over time, giving the business time to monitor its experience, identify adverse trends, and to take appropriate management action wherever possible. Note, these are reference scenarios and not intended to be specific in relation to our business but act as a good guide.

### Future Scenario analysis

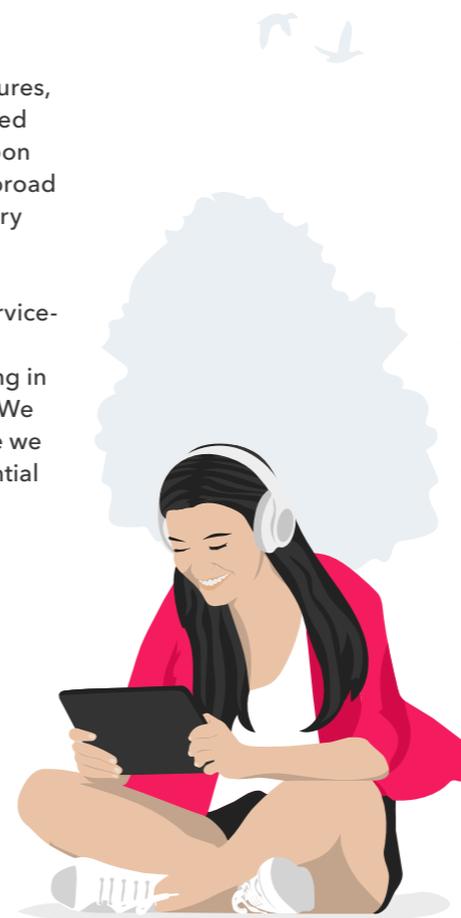
- Reiterating the earlier point around Vitality's asset and liability exposures, we note that there are several limitations in the industry-wide data used for planning and quantitative scenario testing that we will improve upon in future scenario testing. We will continue to qualitatively analyse a broad range of scenarios and refresh these as credible academic and industry research is published where this is relevant to our business model.
- Scope 3 emissions typically comprise the bulk of the emissions for service-based businesses. It is widely recognised that scope 3 emissions are challenging to measure due to data and modelling requirements being in the early stages of development for many industries and businesses. We have worked closely with external sustainability consultants to ensure we adopt emerging best practice in this area to mitigate and avoid potential risks associated with this.
- We will look to incorporate nature-climate related scenario analysis, recognising that these cannot be done in isolation given their high dependency.
- Consideration of tipping points e.g. the risk of the Atlantic Meridional Overturning Circulation (AMOC) collapsing in the next 10 years.

### Assessment of impact

Our scenario analysis concludes that the main risks to Vitality are not the direct asset-side risks because of the limited risk exposure of its simple investment portfolio. Neither are immediate physical / liability risks (i.e. claims-related risks) within the planning horizon and in the following medium term given the speed at which the impacts on mortality and morbidity will emerge in the UK. The business closely monitors its demographic and economic experience and takes this into account in its plans. In the short-term we may see increased costs in response to policy risks which can be incorporated into the annual budgeting process. The primary risks are indirect and correspond to reputational risk if it fails to meet emerging social expectations and regulatory requirements; and to operational resilience from the impact of localised weather events on its UK and overseas outsourced operations. Reputational risks, and their potential impact on our sales volumes and retention rates are front of mind when setting the direction and strategy of each business.

There is considerable uncertainty relating to geopolitical instability that may arise from displacement of people towards those areas least affected and most able to adapt to climate change impacts, such as the UK. Few studies address this and the pressure it could place on social systems, depending on successive governments' approaches to immigration, and affect Vitality's business model. Conversely, it is possible that increased migration into the UK may lead to an easing of labour and skill shortages, including in the NHS, depending for example on the successful integration of the migrant populations.

“ The business closely monitors its **demographic and economic experience** and takes this into account in its plans. ”



# Metrics and Targets

Metrics and targets are a critical component for managing climate-related risk as they support the definition of commitments and direction in achieving our goals. Vitality is strongly committed to contributing towards a healthier and more sustainable planet through its impact on society.



**Our Climate Ambitions**  
(compared to FY 2019 baseline):

FY 2019 baseline

## Short term



Maintain carbon neutrality within own directly controlled operations (scope 1 and 2 emissions offset using high-quality carbon credits) and expand this to the Group by 2027.



## Medium term



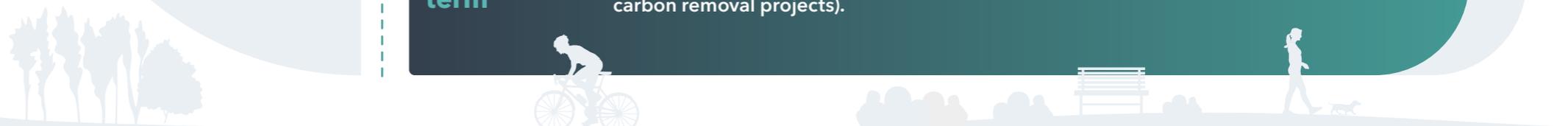
By 2030, reduce absolute Group scope 1 and 2 emissions by 70%.  
By 2035, ensure at least 50% of material suppliers (by spend) have committed to science-based targets.



## Long term



Achieve net zero by 2050 or earlier (a reduction in our scope 1, 2 and 3 emissions of 90%, with the last 10% offset using only high-quality carbon removal projects).



Metrics and Targets *continued*

In order to meet these interim targets, we are currently measuring and monitoring the following metrics:

Strategy alignment	Type of risk/opportunity	Metrics (unit)
<b>1 Align</b> Embedding Sustainability into our culture and decision making	<b>Opportunity:</b> Resource efficiency	<ul style="list-style-type: none"> <li>• Scope 1 and 2 GHG emissions (tCO<sub>2</sub>e)</li> <li>• The % of our fleet vehicles that are hybrid or EV (%)</li> <li>• The carbon intensity of our employees commuting to work and travelling for business e.g. the carbon emissions per employee (kgCO<sub>2</sub>e per FTE)</li> <li>• Waste in all offices (kg)</li> <li>• Water usage in all offices (m<sup>3</sup>)</li> </ul>
	<b>Opportunity:</b> Energy sources	<ul style="list-style-type: none"> <li>• The % of our electricity coming from renewable sources (%)</li> <li>• The % of our gas coming from renewable sources (%)</li> </ul>
	<b>Transition risk:</b> Reputational	<ul style="list-style-type: none"> <li>• Employee satisfaction metric, which gauges our employee's perception of our commitment to reducing our carbon footprint. (%)</li> <li>• Employee engagement with eco-campaigns (%)</li> <li>• Average employee carbon footprint (kgCO<sub>2</sub>e)</li> <li>• Employee take-up of sustainability benefits e.g. EV and carpooling schemes</li> <li>• The journey to increasingly digital journeys e.g. print spend</li> </ul>
	<b>Transition risk:</b> Market	<ul style="list-style-type: none"> <li>• The carbon intensity (tCO<sub>2</sub>e /\$m) and externally rated ESG ratings for our invested assets</li> </ul>
<b>2 Influence</b> Driving positive change through collaborating with partners and suppliers	<b>Transition risk:</b> Reputational	<ul style="list-style-type: none"> <li>• Scope 3 GHG emissions (tCO<sub>2</sub>e)</li> <li>• The % of our partners and suppliers measuring and publishing their GHG emissions (%)</li> <li>• The % of our partners and suppliers with near-term and long-term net-zero targets (%)</li> <li>• The % of our partners and suppliers who have had their net-zero targets externally validated (%)</li> <li>• The % of our partners and suppliers who have published a net-zero transition plan</li> <li>• Supplier Engagement Framework with associated materiality-based Risk matrix</li> </ul>
<b>3 Impact</b> Enabling people to make more sustainable choices through Vitality products and services	<b>Opportunity:</b> Products and services	<ul style="list-style-type: none"> <li>• Healthy activities recorded by our members (#)</li> <li>• Life years saved by our members (#)</li> <li>• Shared-value dividend through rewards and incentives (£)</li> <li>• Lives impacted (#)</li> <li>• The % of claims started online and increase in virtual consultations through Care Hub.</li> </ul>

The Sustainability Committee reviews and updates an internal dashboard and roadmap which includes the above metrics, as well as internal targets, to form part of the ongoing management of Sustainability. Progress is reported to the Vitality UK Executive Committee and Board regularly. The metrics and targets are deployed as a basis to inform the incentives for employees and included within the corporate scorecard that is Board approved through the remuneration committee.

## UK GHG emissions

We started measuring our carbon footprint in 2019, using the Greenhouse Gas protocol methodology. The approach for determining our reporting boundary for consolidating emissions is the operational control approach.

GHG emissions (tCO2e)		FY 2019 (baseline)	FY 2025
Scope 1	Mobile combustion	124	61
	Refrigerant gases	0	1
	Stationary combustion	336	127
Scope 2	Purchased electricity (market-based)	802	0
	Purchased electricity: Vehicles (market-based)	0	3
	Purchased heat (market-based)	0	189
	Purchased electricity (location-based)	593	251
	Purchased electricity: Vehicles (location-based)	0	1
	Purchased heat (location-based)	0	189
<b>Total Scope 1 and 2 (market-based)</b>		<b>1263</b>	<b>382</b>
<b>Total Scope 1 and 2 (location-based)</b>		<b>1054</b>	<b>630</b>

### Scope 1 and 2 Commentary:

**Mobile Combustion:** We have phased out diesel and petrol ICE cars for our nurses' fleet to 100% hybrids, made up of 10 HEVs (Self-charging Hybrid) and 8 PHEVs (Plug-in Hybrid).

**Stationary Combustion:** Since moving our London (April 2023) and Bournemouth (Jan 2024) offices to new sites, our gas heating now comes under scope 2 purchased heat, as we are in multi-tenanted properties. Therefore our only gas under scope 1 is now from our Stockport property.

**Purchased Electricity:** We source 100% renewable electricity in Vitality-occupied offices, with Better Health sourcing electricity from both renewable and nuclear sources.

**Purchased Electricity (vehicles):** We track the electricity from our nurse's Plug-in Hybrids.

**Purchased Heat:** This includes heating from our London, Bournemouth and Better Health offices. As we are not the landlord or sole tenant, this is reported under scope 2 rather than scope 1.



We have achieved a **70%** reduction in our scope 1 and 2 market-based emissions since FY2019

Note: figures have been verified by Verify CO2 (Carbon Verification Statement): [ESG Reports - Discovery](#)

UK GHG emissions *continued*

This year, we are also publishing our full scope 3 emissions for the first time.

GHG emissions (tCO <sub>2</sub> e)		FY 2024 (baseline)	
Scope 3	1: Purchased Goods and Services	Healthcare	683,975
		Vitality partners	6,586
		Business suppliers	23,844
	3: Fuel- and energy-related activities		241
	4: Upstream Transport and Distribution		241
	5: Waste generated in operations		77
	6: Business Travel		1705
	7: Employee Commuting		1796
	14: Franchises		152
	15: Investments		276
<b>Total Scope 3 emissions</b>			<b>718,893</b>

### Categories not included are:

- Category 2 - included in Category 1
- Category 9 - included in Category 4 as difficult to separate upstream and downstream
- Category 13 - leased assets e.g. Stockport tenants' energy usage (immaterial)
- Categories 8, 10, 11, 12, and 13 - as a provider of financial services (insurance and investment products), these categories do not comprise a material source of our Scope 3 GHG emissions.

### Scope 3 Commentary:

#### • Purchased Goods and Services:

- Healthcare emissions makes up over 95% of our carbon footprint.
- We have used a spend-based methodology, with supplier specific, proxy supplier specific and defra emission factors to increase the accuracy and specificity of these emissions.

- **Upstream Transport and Distribution:** We have used a spend-based methodology, made up from courier and postage services.

- **Waste:** We have used a spend-based methodology. This will change to an activity-based methodology next year following our waste audit in FY2025.

- **Business Travel:** We have used a mixture of activity-based and spend-based methodologies, for air and land travel, and hotel stays.

- **Employee Commuting:** We have used an activity-based methodology, from our employee commuter survey.

- **Franchises:** This includes the scope 1 and 2 emissions from our Vitality Distribution Franchises.

- **Investments:** This includes the scope 1 and 2 emissions from our corporate bond portfolio.

### Data gaps and plan to address them:

We have identified opportunities to enhance our data and have assessed the materiality of these to ensure we capture the most important data. Plans to improve data include:

- Scope 3 Category 5: Following the waste audit in FY2025 we have improved on our waste data collection and will continue to improve the quality of this data
- Scope 3 Category 15: Inclusion of scope 3 financed emissions from FY2026
- Estimate our underwriting emissions
- Explore metrics for our impact on nature and biodiversity

## Looking ahead

We remain strongly committed towards ensuring that we play our part in working towards a sustainable future for current and future generations within our sphere of influence. Our core purpose is to make people healthier and enhance and protect their lives. This is reinforced by our values, one of which is to be a Force for Social Good.

We highlight within this report, the overlap between health and the environment and their interconnectedness. Healthy people need a healthy environment to thrive. We aim to continue to work closely with our stakeholders in a collaborative way for the collective benefit to society. We note a positive experience in working with healthcare providers, trade bodies and our peers in driving societal and industry change with our collective decarbonisation efforts.

Our business model and capabilities reinforce health risk prevention which will help reduce demand for healthcare services and in turn help reduce emissions. We have evidenced strong health and clinical outcomes through our Shared-value Insurance model and through the advancement of the delivery of healthcare by virtual means - for example our virtual GP services and the extensive delivery of virtual physiotherapy and mental health support. The decarbonisation journey towards net zero is recognised as being complex and requires continual focus from all stakeholders and we continue to drive action within our value chain.

We will continue our efforts towards decarbonisation within our operations wherever possible whilst balancing the business ambitions to grow and deliver on our core purpose. Our actions will also consider both materiality and proportionality with any actions we plan to undertake. A focus area will also be advocacy and influence working with all of our stakeholders to help drive awareness and engagement.

Our business model and capabilities **reinforce health risk prevention** which will help reduce demand for healthcare services and in turn help reduce emissions.





## CFD index

CFD pillar	CFD recommended disclosure	Brief summary and progress up to 2025
Governance	a. Describe the board's oversight of climate-related risks and opportunities <a href="#">see page 11</a>	<ul style="list-style-type: none"> <li>The Chief Sustainability Officer (CSO) is a member of both the Group Executive Committee and of the Group Board.</li> <li>During the year, Vitality UK and Vitality Global were integrated into a unified global business unit, Vitality. This consolidated structure enables the Group to more efficiently scale and enhance its products and solutions across key global health and life insurance markets. The responsibilities of the CSO extends to our Global operations.</li> <li>The Board approves the Sustainability strategy and updates are presented at every Board meeting. In FY2025, updates included Net-zero Transition Plan progress, internal sustainability initiatives and research, external engagement including our adviser programme, and regulatory and market updates.</li> <li>The Discovery Group ESG Executive Committee is responsible for establishing and embedding the ESG strategy across the Group, and is chaired by Discovery Group CEO and founder, Adrian Gore.</li> <li>Vitality's Risk and Audit Committees monitor the Key Risk Indicators for all Sustainability risks, which are presented quarterly and are supported by appropriate metrics and targets.</li> <li>The Board Remuneration Committee approves the corporate scorecard which includes several ESG related measures that affect the incentives for all employees</li> </ul>
	b. Describe management's role in assessing and managing climate-related risks and opportunities <a href="#">see page 12</a>	<ul style="list-style-type: none"> <li>The CSO, is the designated Senior Manager Function (SMF) individual with clear responsibility for the financial risks from climate change.</li> <li>The CSO chairs Vitality's Sustainability Committee which drives action in line with the approved Sustainability strategy and monitors and provides oversight of its delivery.</li> <li>The CSO reports at least quarterly to the Group Executive Committee on both risks and opportunities associated with climate change and reports quarterly to the Risk Committee, Audit Committee and Board.</li> <li>The UK Sustainability team are active members of the Discovery Climate and Environment Steering Committee, which support senior management in developing and implementing the Groups' climate change strategy.</li> <li>Vitality engages with specialist consultancies to gain insight into best practice and participates and presents at industry forums.</li> </ul>
Strategy	a. Describe the climate-related risks and opportunities the organisation has <b>identified</b> over the short, medium, and long-term <a href="#">see page 22-29</a>	<ul style="list-style-type: none"> <li>Risks are distinguished between the short term (less than one year), medium term (one - five years), and long term (beyond five years).</li> <li><b>Transition risks include:</b> <ul style="list-style-type: none"> <li>Regulatory Risks (short to medium term) - risk of increased regulation as the UK transitions to net zero could lead to increased resource and training needed.</li> <li>Reputational Risks (short to long term) - increasing expectations from all stakeholders and greenwashing risks could lead to increased resource and training needed.</li> <li>Market Risks (medium to long term) - exposure to carbon intensive assets are limited. Development of carbon market and reliance on carbon offsets for carbon neutral commitment.</li> <li>Technology Risks (short to long term) - reliance on technology advancements in our net-zero strategy.</li> </ul> </li> <li><b>Physical risks include:</b> <ul style="list-style-type: none"> <li>Operational risks (long term) - business continuity plans, operational resilience and work-from-home resilience have been tested during the pandemic and beyond.</li> <li>Claims risks (long term) - long term impact on health from air pollution, extreme heat and increased exposure to diseases.</li> </ul> </li> <li><b>Liability risks:</b> <ul style="list-style-type: none"> <li>Legal risks (medium to long term)- increase in litigation cases</li> </ul> </li> <li><b>Opportunities include:</b> <ul style="list-style-type: none"> <li>Resource efficiency and energy sources (short term) - office building and nurses' fleet efficiencies as well as staff commuting opportunities.</li> <li>Products and services (medium term) - the Vitality Programme provides the ability to influence members to make more sustainable choices. Reducing demand for healthcare services through our behaviour change programme, prioritising prevention, and enhancing our digital healthcare pathways presents an opportunity to reduce healthcare emissions.</li> <li>Markets (medium term) - opportunity to build resilience to climate-related financial risks into our investment strategy as VitalityLife builds positive reserves.</li> </ul> </li> </ul>



CFD index continued

CFD pillar	CFD recommended disclosure	Brief summary and progress up to 2025
Strategy	b. Describe the <b>impact</b> of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. <a href="#">see page 22-29</a>	<ul style="list-style-type: none"> <li>In the short term, the most material potential impact to Vitality is from reputational risks, which are managed through the effective implementation of the climate and Sustainability strategy and regular reporting on progress. This risk is well managed which reduces the likelihood of occurrence and hence not deemed material.</li> <li>Vitality has no appetite for non-compliance with regulation, therefore the increase in regulatory reporting has had a manageable impact on business planning and resourcing. This risk is well managed which reduces the likelihood of occurrence and hence not deemed material. In addition we published our inaugural Group Net-zero Transition Plan this year, detailing how we plan to achieve our net-zero commitments and aligning closer to the IFRS requirements.</li> <li>As a health and life insurer, Vitality monitors the impact of climate change on health. This is expected to materialise in the longer term, depending on the speed at which the global net-zero ambition is achieved. The impact is deemed to be non-material in the medium term. The impact for the long term is not known but is managed through the provision of reinsurance and the ability to reprice general insurance contracts.</li> <li>Vitality is already progressing opportunities to reduce emissions associated with running its business in terms of the buildings it operates and the vehicles used, with little impact on the business model and strategy. However, reliance on landlords' property strategies presents a risk to our ability to reduce our scope 2 emissions.</li> </ul>
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. <a href="#">see page 30-32</a>	<ul style="list-style-type: none"> <li>Vitality include a quantitative scenario for climate change in the Own Risk and Solvency Assessment (ORSA) process, which was informed by the University of Exeter Paper "No Time to Lose: New scenario narratives for action on Climate Change" and the Network for Greening the Financial System paper "NGFS scenarios for central banks and supervisors".</li> <li>The Vitality scenario was informed by our analysis of multiple short term climate change scenarios, in particular the "Meltdown" and "Green Phoenix" scenarios within the Exeter paper. Other papers which outlined the impacts of climate change on health were also used to inform the impact on our claims experience.</li> <li>The response to climate change is also recognised as a potential driver in other ORSA scenarios, such as reputational risk, operational disruption, and the impact on our claims which may arise if health outcomes worsen.</li> <li>The output of the scenario test indicated that the impact on the business in the medium-term is limited and manageable given the nature of the claims and investment risks.</li> </ul>
Risk Management	a. Describe the organisation's processes for identifying and assessing climate-related risks. <a href="#">see page 16-18</a>	<ul style="list-style-type: none"> <li><b>Identify:</b> Vitality references industry standards, guidance and publications and works with external consultants and industry bodies such as the ABI, to identify climate-related risks and opportunities as part of the wider ERM framework. All Vitality employees are encouraged to engage with environmental campaigns, in order to improve their understanding of the impact of climate change and their ability identify climate-related risk.</li> <li><b>Assess:</b> Identified climate-related risks are assessed by their potential likelihood and impact on Vitality. This year we analysed several climate scenarios which are more focused on short-term impacts, and from this designed a quantitative scenario to model within our ORSA SST programme.</li> </ul>
	b. Describe the organisation's processes for managing climate-related risks. <a href="#">see page 19-21</a>	<ul style="list-style-type: none"> <li><b>Manage:</b> Controls and mitigants are in place for climate change and sustainability risks, such as the Sustainability strategy directed by the CSO, SS3/19 and CFD adherence, regulatory change identification and management processes, corporate bond thresholds and supplier due diligence. Given the emerging nature of these risks, ongoing risk reviews and industry collaboration are pursued to ensure best practice and resilience.</li> <li><b>Monitor:</b> All management decisions and corrective actions undertaken are captured and reported to the Sustainability Committee with all risks of note provided to the Risk and Audit Committee; this represents the second line and third line assurance that the risk is being managed appropriately. Quantitative and qualitative Key Risk Indicators (KRIs) for Sustainability risks are regularly monitored, and performance assessed against the Risk Appetite Statement (RAS) for climate change.</li> <li><b>Report:</b> Reporting of sustainability risks is conducted throughout the risk management cycle. The outputs of both the RCSAs and reports to the Sustainability Committee are summarised and shared on a quarterly basis and reported up to the Risk Committee including a sustainability risk rating in the Chief Risk Officer's report.</li> </ul>
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. <a href="#">see page 16-21</a>	<ul style="list-style-type: none"> <li><b>Identify:</b> Climate-related risks are specifically recognised in the risk taxonomy under Sustainability Risk within Strategic Risk. A member of the Sustainability team attends the quarterly emerging risk forum and the CSO approves the emerging risk report.</li> <li><b>Assess:</b> Well-developed tolerances and thresholds are listed in our risk rating matrix allowing for a materiality assessment of all identified risks across the business. As part of our ORSA process, we consider a specific climate change scenario in order to assess the short-term impact of both transition and physical risks.</li> <li><b>Manage:</b> Consideration of sustainability and climate change are included in our assessment of capital in the ORSA, which considers a broad range of sensitivities and scenarios that included climate-related risk.</li> <li><b>Monitor:</b> Sustainability risks and controls are assessed quarterly as part of Vitality's regular Risk and Control Self-Assessment (RCSA) process. The business has a well-developed set of risk appetite statements and tracks a broad range of qualitative and quantitative key risk indicators to monitor performance against our appetite. These statements and indicators include both sustainability and climate-related risks which are approved at Board level.</li> <li><b>Report:</b> The outputs from the RCSAs and from Sustainability Committee reports are summarised and shared regularly with the Risk Committee. Sustainability and climate change updates are included in the Group CEO report at each board meeting.</li> </ul>



CFD index continued

CFD pillar	CFD recommended disclosure	Brief summary and progress up to 2025
Metrics and Targets	<p>a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p><a href="#">see page 34</a></p>	<p>The following metrics are used to measure and manage climate-related risks and opportunities as aligned to our Sustainability strategy:</p> <p><b>(1) Embedding Sustainability into our culture and decision making:</b>  <b>Opportunity - Resource efficiency:</b> Scope 1 and 2 GHG emissions, the % of our fleet vehicles that are hybrid and/or EV, the carbon intensity of our employees commuting to work and travelling for business, and the waste and water usage in all offices  <b>Opportunity - Energy sources:</b> The % of our electricity and gas coming from renewable sources  <b>Transition risk - Reputational:</b> Employee satisfaction metric, Employee engagement with eco-campaigns, Average employee carbon footprint, Employee take-up of sustainability benefits, and the journey to increasingly digital journeys  <b>Transition risk - Market:</b> The carbon intensity and externally rated ESG ratings for our invested assets</p> <p><b>(2) Driving positive change through collaborating with partners and suppliers:</b>  <b>Transition risk - Reputational:</b> Scope 3 GHG emissions and our Supplier Engagement Framework, as well as the % of our partners and suppliers measuring and publishing their GHG emissions, with near-term and long-term net-zero targets, which are externally validated, and published a net-zero transition plan</p> <p><b>(3) Enabling people to make more sustainability choices through Vitality products and services</b>  <b>Opportunity - Products and services:</b> Healthy activities recorded by our members, Life years saved by our members, Shared-value dividend through rewards and incentives, Lives impacted, and the % of claims started online and increase in virtual consultations</p> <p><b>Plans to improve data and therefore metrics include:</b></p> <ul style="list-style-type: none"> <li>• Scope 3 Category 5: Following the waste audit in FY2025 we have improved on our waste data collection and will continue to improve the quality of this data</li> <li>• Scope 3 Category 15: Inclusion of scope 3 financed emissions from FY2026</li> <li>• Estimate our underwriting emissions</li> <li>• Explore metrics for our impact on nature and biodiversity</li> </ul>
	<p>b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p> <p><a href="#">see page 35-36</a></p>	<ul style="list-style-type: none"> <li>• Vitality has published its scope 1 and 2 GHG emissions since 2019, in line with the GHG protocol methodology</li> <li>• Our scope 1 and 2 emissions have reduced by 70% since 2019.</li> <li>• Vitality has published its baseline scope 3 emissions (FY2024) as well as the Group Net-zero Transition Plan detailing a plan to reach net zero by 2050.</li> </ul>
	<p>c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p> <p><a href="#">see page 33</a></p>	<p><b>Vitality's Climate Ambitions:</b>  <b>Short term:</b> Maintain carbon neutrality within own directly controlled operations (scope 1 and 2 emissions offset using high-quality carbon credits) and expand this to the Group by 2027.  <b>Medium term:</b> By 2030, reduce absolute Group scope 1 and 2 emissions by 70% and by 2035, ensure at least 50% of material suppliers (by spend) have committed to science-based targets.  <b>Long term:</b> Achieve net zero by 2050 or earlier (a reduction in our scope 1, 2 and 3 emissions of 90%, with the last 10% offset using only high-quality carbon removal projects)</p> <ul style="list-style-type: none"> <li>• In addition, Vitality's bonus scorecard includes ESG performance targets</li> </ul>





**Find out more**

Read our parent company, Discovery's Climate report  
report here: [www.discovery.co.za/corporate/esg-reports](http://www.discovery.co.za/corporate/esg-reports)