



**Sustainability  
Report 2023**

# Committed to building a better future

Since 1862, we've been dedicated to doing the right thing in our communities and by providing friendly products and customer care, we've been making a difference to our customers' and their families' financial wellbeing. So, it's only natural we should be so committed to building a more responsible and sustainable society in which everyone can benefit, both now and in the future.



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# Introduction from our Chief Executive Officer

## Committed to creating a better future

Being a sustainable business is about the fulfilment of economic, social, and environmental needs without compromising future generations. It is a way of helping to ensure that we are there for our customers now, and over the long-term. This goes together with our purpose of being 'dedicated to helping you and your family achieve financial wellbeing through friendly products and customer care'.

We are committed to being a sustainable business. This means that everyone can benefit, our customers, colleagues, and communities.

To achieve this ambition, we strive to operate in a financially robust, environmental and socially responsible manner. As a mutual, doing the right thing is in Scottish Friendly's DNA.

Our sustainability ambition sets out the steps we are taking to make a difference, and, by doing this, live up to our purpose for our customers, colleagues and wider society. Working together we believe that we can collectively make a big difference and we are committed to creating a better future.



**Stephen McGee**  
**Chief Executive Officer**  
**Scottish Friendly**

# Our sustainability ambition

**Our ambition is to do the right thing in the UK financial services sector by acting on climate change, helping to build stronger, more resilient communities and operating as a sustainable business.**

**This report sets out Scottish Friendly's progress against our sustainability ambition for the year ended 31 December 2023.**



## Our focus on sustainability

Our sustainability targets align to three key focus areas:

1. Helping our customers, communities, business partners and suppliers be more secure today.
2. We have an ambitious plan to reduce our climate impact as part of our journey to net zero. Working with our people, customers, business partners and suppliers we will help tackle climate change.
3. We act to embed sustainability into every part of our business. This includes how we make decisions, act, and communicate.



## Our 2023 highlights

1. Stronger communities	2. Climate action	3. Sustainable business
<ul style="list-style-type: none"> <li>• Action for Children Wellbeing Practitioner funding in 2023.</li> <li>• Reached hundreds of schools and thousands of children through UK wide Children’s Book Tour.</li> <li>• Our three apprentices joining us via our Developing the Young Workforce partnership in 2023 achieved a Business Qualification and became permanent.</li> <li>• Colleague fundraising total: £25,901.</li> <li>• Continued to work in partnership with Developing the Young Workforce to encourage links between educational support and employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Net Zero by 2050 carbon emissions target.</li> <li>• Setting annual targets for energy and waste reduction.</li> <li>• 17.8% reduction in operational carbon emissions vs. 2022.</li> <li>• Target to achieve Net Zero for own operations by 2030.</li> <li>• Recycling drive.</li> <li>• Dedicated Facilities &amp; Procurement Manager.</li> <li>• Supplier selection policy includes ESG assessment.</li> </ul>	<ul style="list-style-type: none"> <li>• Rated ‘Very Good Company to Work For’ in Best 100 Companies.</li> <li>• Introduced customer experience led training, with focus first on service.</li> <li>• Refreshed our purpose statement and mutual promises, with strong colleague engagement.</li> <li>• Fostering a healthy culture, where colleagues can thrive.</li> <li>• Supportive policies.</li> <li>• A new people system launch.</li> </ul>



## Our 2023 highlights



Over 90% of our current emissions are indirect (Scope 3), principally through our investment portfolio and rely on us working with others to achieve carbon reduction.

Looking ahead we will rationalise the funds our customers can invest in, and work with a small number of investment managers rather than many to support our climate reporting and objectives. Like many financial services organisations, we are continuing to gather information in support of scoping a plan that has clear and measurable objectives and timescales to meet our 2050 net zero ambition.

As part of our climate change commitments we:

- require key investment managers to report to us on ESG performance.
- monitor the overall ESG rating of investments and work to improve these with key investment managers.
- Encourage our investment managers to exercise their voting rights on all eligible investments, and make sure their voting supports appropriate action on ESG issues.

We require our investment managers to be signatories to the UN Principles of Responsible Investment (“UN PRI”) and UK Stewardship Code or have plans in place to achieve this. For any new mandates to be awarded to any fund manager would require that these are already in place.

# Climate action








## Climate action

Scottish Friendly is supportive of all the United Nations Sustainable Development Goals and can influence many of these through our work. As such, we are concentrating on the development goals, which we have a material impact on.

United Nations Sustainable Development Goals



Focus area	Material issue	UN Sustainable Development Goals
<b>Climate action</b>	• Carbon reduction	 
	• Understanding the climate impacts of investments	
<b>Stronger communities</b>	• Investing for good	  
	• Community investment	  
<b>Sustainable business</b>	• Colleague health and wellbeing	 
	• Diversity, equality, and inclusion	  

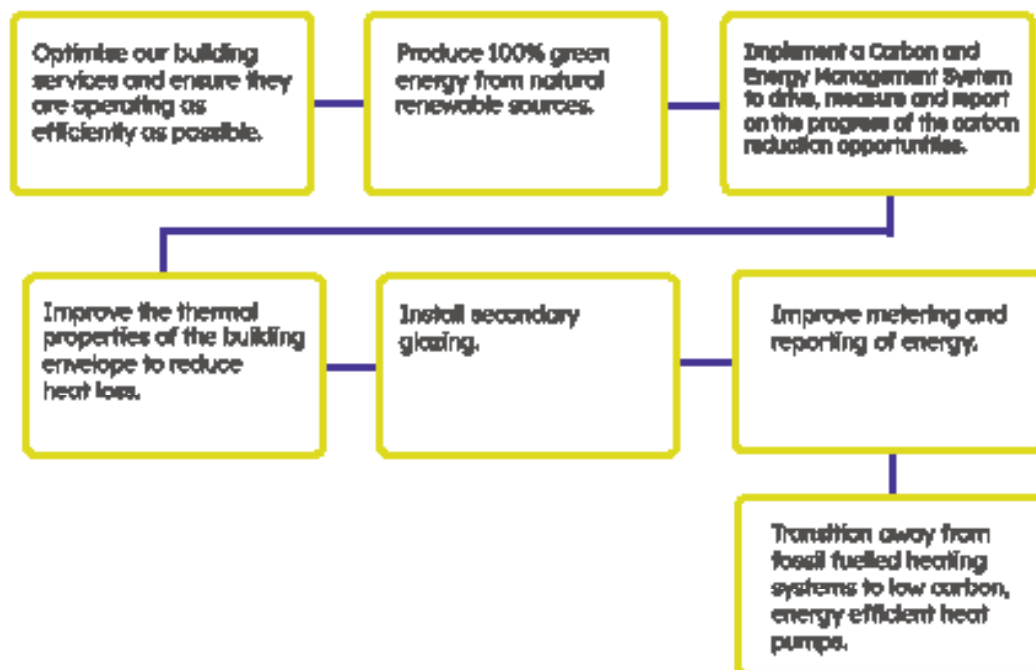
We're making progress to reduce the operational emissions that we directly control.

### Climate action: carbon

Reducing what's in our direct control.

We've achieved a 30.4% reduction in our location-based carbon emissions against our 2021 baseline. We continue to focus on making the scope 1 and 2 emissions from our own operations net zero carbon by 2030. Greenhouse gas emissions are categorised into three scopes. Scope 1 covers direct emissions generated from within our operations. Scope 2 covers emissions from purchased energy to power our operations. Scope 3 covers all other indirect emissions that occur within our value chain.

Our pathway to net zero carbon for our Scope 1 and Scope 2 emissions is:



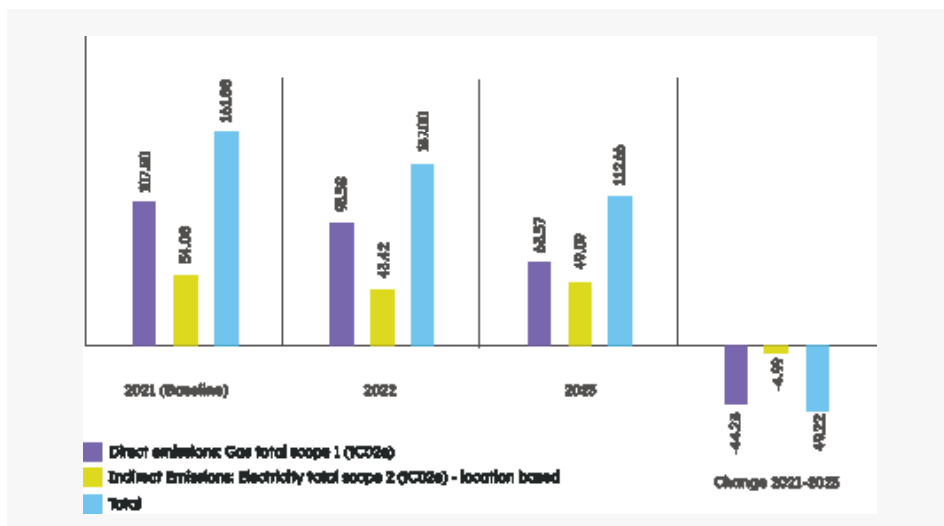
### In 2023, we have:

- Introduced a new boiler to improve the efficiency of gas-powered heating.
- Monitored our energy usage and reduced our consumption.
- Appointed a Procurement, Outsourcing and Facilities Manager to give more focus to driving improvements and efficiencies.
- Added an ESG assessment to our supplier procurement process.
- Introduced communal recycling bins in all departments and removed bins from under desks to encourage separation of waste to increase our recycling.

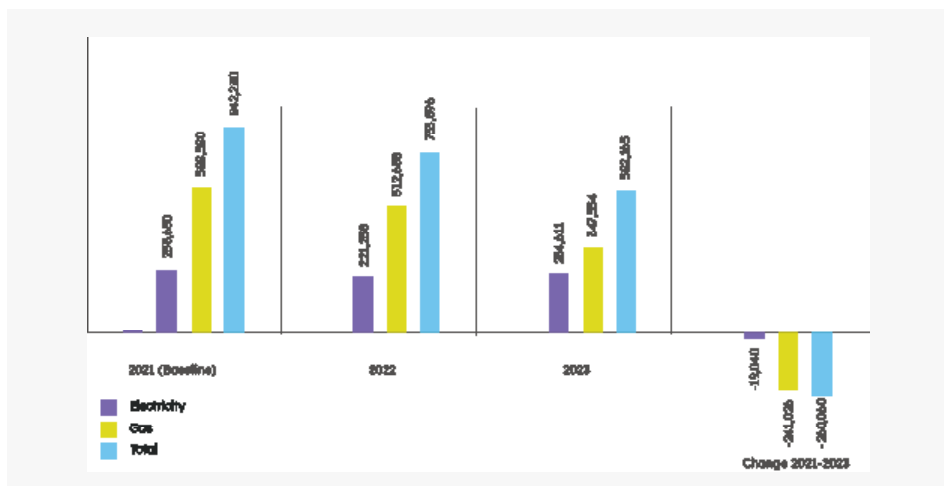
A Climate Action Group consisting of colleagues from across the business to identify ways to reduce energy and consider waste reduction through improving our recycling. The Climate Action Group is supported by an ESG Steering Group consisting of members of the leadership team.

Our organisation’s carbon emissions for the period 1st January 2023 to 31st December 2023 reflects emissions from our Glasgow office for which we are directly responsible. We reported our total emissions against our 2021 baseline year using the financial control boundary. Our methodology aligns with Defra’s Environmental reporting guidelines (2019) and uses the government’s greenhouse gas reporting conversion factors (2023) to quantify emissions. For the purposes of evaluating performance to date we have compared our emissions on a like for like basis against last year. The movements in our energy consumption and emissions as shown on the following page.

## Energy consumption has decreased by 30.9% in 2023 vs 2021 baseline



## Carbon emissions decreased by 30.4% in 2023 versus 2021 baseline



Notes: The emissions factors from the UK government-produced '2023 conversion factor guidance' has been used to calculate our scope 1 and 2 emissions. Reporting covers the financial year 2023 and reflects emissions from our Glasgow office for which we are directly responsible. GHG emissions are categorised into three scopes. Scope 1 covers direct emissions generated from within our operations. Scope 2 covers emissions from purchased energy to power our operations. Scope 3 includes all other indirect emissions that occur within our value chain. Location-based: A location-based method reflects the average emissions intensity of grids on which energy consumption occurs.

### Goals looking ahead

- Scope and consider building upgrades to reduce heat loss.
- Explore how we reduce emissions that we don't directly control in our supply chain.
- Baseline our separation of waste to record usage and aim to increase our recycling.
- Better understand and manage our wider environmental footprint and impact, including exploring ways to reduce water consumption and paper usage.
- Work on the introduction of annual targets to support achieving our net zero targets.

# Stronger communities



## Building stronger communities

We're proud of our community involvement. This year we have continued to support Action for Children, Scottish Book Trust, and Developing the Young Workforce.

Our overall ambition is to create opportunities for financial inclusion and improve the lives and outlook of young people, particularly those who most need it, and help the wider community prosper.

## Scottish Friendly Book Tour

For 25 years, The Scottish Friendly Children's Book Tour has supported our main sponsorship partner, Scottish Book Trust, on their mission to help improve children's literacy. The programme is UK wide and is a mix of in-person events and virtual ones. The tour visits a vast range of communities and remote areas with top authors to help encourage a love for reading, writing and illustration. The tour especially aims to reach children living in deprived areas.

# SCOTTISH FRIENDLY CHILDREN'S BOOK TOUR

***“Since this activity, I have noticed an enhanced reading culture in my class. Children can't wait to borrow books from the library now!”***

Teacher from  
Leadhills Primary School



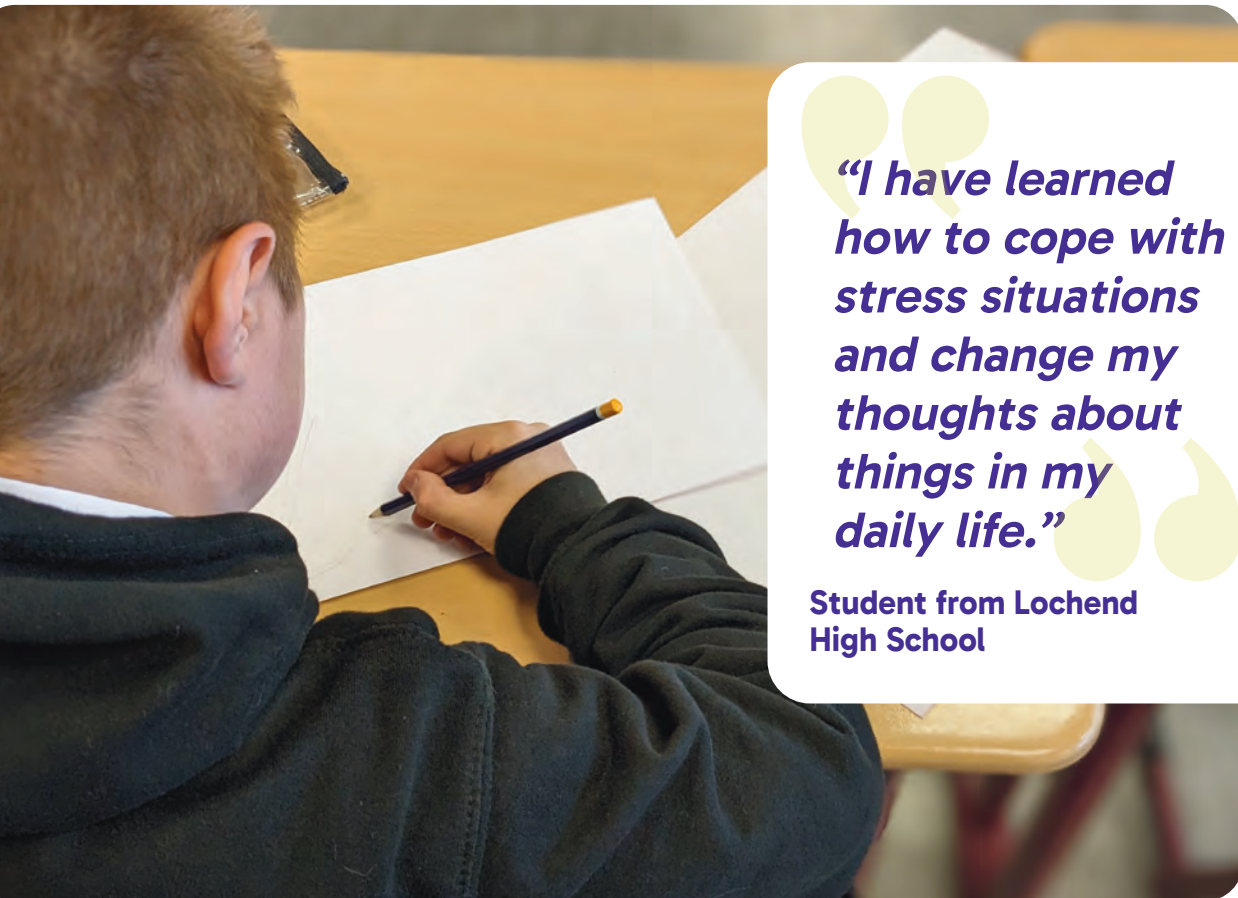
## Action for Children

Our main charity partner, Action for Children protects and supports children and young people. In 2023, brave colleagues took part in the National Three peak challenge, climbing the highest peaks in each of Scotland, England, and Wales, within 24 hours. They raised £25,901 for Action for Children in total. Colleagues also took part in the sleep out on a rainy October night in Glasgow, raising £11,706. On both occasions, Scottish Friendly matched the funding that colleagues achieved to get to the fantastic amounts raised. Volunteering included five colleagues attending the “Never Mind The Business” to support the delivery of Action For Children’s award-winning music quiz, to ensure everything goes to plan on the night.

This year, Scottish Friendly were able to help improve the mental health and wellbeing of children in secondary schools in some of the most deprived areas in Glasgow by providing funding for Action for Children to hire two

Wellbeing Practitioners. Schools were selected based on data from the Scottish Index of Multiple Deprivation (SIMD) in Glasgow and those which have the highest number of young people in centiles one and two. The most challenged schools with highest levels of poverty were chosen as the targets to focus this support for young people and their families. The three schools selected for year one of the partnership were Lochend High School, Govan High School and St Margaret Mary’s High School.

This targeted support aims to help young people manage and improve their mental health and wellbeing and provides them with coping strategies and resilience for the future. There are a number of programmes which the practitioners use when working with the children. These include an early-resilience programme called ‘Bouncing Back,’ a wellbeing programme called ‘The Blues’, and 1:1 direct support.



***“I have learned how to cope with stress situations and change my thoughts about things in my daily life.”***

**Student from Lochend High School**



Harley

Scottish Book Trust  
Inspiring readers and writers

Scottish Friendly

SCOTTISH FRIENDLY  
CHILDREN'S BOOK TOUR

BIG BOOKS  
TO LIVE  
THE PRO

CREEDON  
SUPER FAR

TECH BOOKS AND  
POWER UP

ottishfriendly  
ottishbooktr  
@scottishbktrust



## Developing the Young Workforce

We selected Developing the Young Workforce (DYW) to work in partnership with, specifically to support young people who would not typically have the access or be drawn to work in the Financial Services sector. In 2023, the three school leavers who joined us on an apprenticeship scheme in 2022, completed the Scottish Friendly Business & Administration SVQ Modern Apprenticeship Qualification with the support of New College Lanarkshire and

have been promoted into permanent posts in IT, Marketing and Customer Services.

Alongside this, each year Scottish Friendly support the Robertson Trust Summer Internship Scheme for Scholars by hosting a Scholar within the Actuarial department. The internship runs for a period of six weeks and forms a part of the Robertson Trust which supports young people aged 16-25 overcome financial and social barriers to gain the university education and career they aspire to.



***“I’m relieved and happy to know that I have now completed my qualification. I’m excited to see where it will lead me to next.”***

**Charlie Hogan**  
**Marketing Junior**

## Remaining focussed on building stronger communities

We will continue to work with our people, customers and partners to build strong and resilient communities.

### Looking ahead - our goals:

- Increase colleague volunteering opportunities.
- Continued investment in good causes to support our community.
- Giving more apprentices the opportunity to work with us.
- Continued fundraising for our main charity partner, Action for Children.



# Sustainable business



## Being a sustainable business

Sustainability and good governance are integral to how we do business.

Sustainability is one of our strategic priorities, integrated in our leadership decisions and day-to-day business operations. We have a clear and robust governance structure in place, and we follow high standards of ethical conduct. We support our people's physical and mental wellbeing and aim to support a diverse and inclusive culture.

We respect human rights, and the tax we pay helps support a sustainable economy.

We have engaged in a number of initiatives which speak to our sustainable values.

You can read more about this below:

## Looking after our people

The wellbeing of our colleagues is central to the success of our business. We offer extensive health and wellbeing benefits and continue to create a culture where everyone feels cared for. In 2023 key deliverables included:

- The launch a new system, 'People First', an HR and payroll platform that also facilitates a single source of contact for colleague communication across the business and within teams.
- A series of activities for Mental Health Awareness Week and Health Week designed to support our colleague's wellbeing as well as all year-round access to Employee Assistance Programme and additional health benefit coverage.
- An extensive exercise to look at our strategic plan, and how we grow and nurture talent in the business and bring new talent in to support it.
- The introduction of 3 full time learning professionals to support and build a learning and development function, with early introduction of Manager training consumer duty, vulnerable customers, permission access and customer experience.
- Review of current pension provision.

## Best 100 Companies – '1 star (Very Good) Company'

Scottish Friendly colleagues completed the Best 100 Companies survey again in 2023 and we achieved our goal of becoming a 'Very

Good Company to Work For' achieving 'One Star' status, as well as ranking in position 31 in the 'Top 50 Best Companies to Work for in Scotland', and becoming one of the 'Top 50 Best Companies to Work For In The Financial Services Sector Q4 2023'.

We're committed to making sure that Scottish Friendly is a great place to work for all our colleagues and will continue to take part in the externally benchmarked Best Companies survey in 2024.

## Diversity, equality, and inclusion

Colleagues of all backgrounds, identities and experiences feel valued, respected and represented when they work here.

Our colleagues can thrive and be themselves at work, regardless of their background, identity, or circumstance. We are an employer of choice and one that aims to represent our local community.

This year we Introduced a Diversity Equality and Inclusion calendar focussing on Disability, Gender, LGBTQi+, Mental Health and Wellbeing. Throughout the year, colleagues participated in a number of initiatives including wellbeing week and pride month. We ensure everyone enjoys a positive work environment, with every individual taking personal responsibility for upholding the spirit and integrity of our Diversity, Equality, and Inclusion policy. Our refreshed DE&I strategy will be launched in early 2024 and in addition to being owned by the HR Director is sponsored by the Chief Financial Officer.

So far, we have;

- Appointed a sponsor to the working group.
- Celebrated key events.
- Offered all colleagues unconscious bias training.
- Delivered support pathways.
- Ensured managers go through management training that included focus on unconscious bias, understanding different styles and recruitment and selection.
- Supported wellbeing week.
- Conducted menopause training.
- Developed a partnership with Developing the Young Workforce.
- Implemented a prayer room.

## Mutual Diversity Alliance

Scottish Friendly is a signatory of the Mutual Diversity Alliance (MDA), and we have committed to follow the practices set out below:

- Appointing a senior leader to lead our work on mutual diversity.
- Treating all customers and employees with respect, dignity, and courtesy.
- Making reasonable adjustments to, and maintaining, an appropriate working environment, where employees from diverse backgrounds enjoy an equality of opportunity, and to demonstrate this through equality of pay, the capacity of agile working, fair recruitment, and other HR policies.
- Maintaining an effective culture via our Board, that promotes diversity and set the right example.
- Working with other members of the Alliance to support problem solving, to sponsor training of our people on inclusivity and diversity, as well as on conscious inclusion, and to share good practice as necessary.
- Reporting each year in September on how we have met the expectations of the alliance.

## Treating our customers and colleagues with respect, dignity, and courtesy

Training provided for our Customer Service colleagues was designed to ensure that all our customers, no matter their background or health concern, felt supported when dealing with us, including:

- Supporting customers with mental health concerns.
- Supporting customers with addictions.
- Supporting customers in vulnerable circumstances.
- Understanding and supporting customers with serious illness.
- Supporting customers with decision making limitations.

People Ambassadors for every department meet monthly with HR, to discuss a wide range of topics and any concerns they hear from their teams.

## Fostering a healthy culture

We're removing stigmas, raising awareness, and developing our people leaders around topics such as menopause, mental health, resilience and more.

We achieve this through bringing in external specialists to offer training and HR run awareness events. The purpose of this is to help create a supportive and open culture where people feel safe to share and ask for the support they need. This extends to the leadership team with psychological safety workshops being undertaken as a team, to nurture an open and high performing team environment.

## Supportive policies

A broad range of policies support our wellbeing and inclusion agendas, including maternity and paternity leave and carers leave. We also promote flexible working as well as having an established hybrid working arrangement.

## Working with our Suppliers

We aim to conduct business with our suppliers in a sustainable and ethical manner. As part of our climate change commitments, we will achieve net zero in our supply chain by 2050.

Our supplier policy contains requirements for suppliers to be assessed for employment, business standards and ESG standards.

## Our tax policy

Our tax policy is to pay the right amount of tax in the right place at the right time. Making sure that we pay our fair share of taxes is a specific requirement of our Business Ethics Code.

We don't use tax planning schemes, artificial arrangements, or transfer profits to low tax jurisdictions to reduce our tax bill. We do not accept tax incentives which aren't set out in law and generally available to all companies. We work openly and constructively with tax authorities to make sure that we pay the right amount of tax in accordance with both the letter and the spirit of all tax law.

## Human rights and modern slavery

Our modern slavery policy sets out the Group's commitment to respect human rights.

## Scottish Friendly - at a glance

Number of  
colleagues

**331**

Male : Female  
manager role ratio

**9:11**

Male : Female  
employee ratio

**152:159**

Colleagues who have  
worked with us for  
more than five years

**74**

**9**

Non-Executive  
Directors

**5**

Male

**4**

Female



We are a Glasgow  
Living Wage  
employer and have  
been since 2022

## Looking ahead - our goals:

We recognise that the facts above mainly focus on gender, and that there is more that we need to do here. Looking ahead we are focussed on:

- Using our new HR system to strengthen our reporting tools for demographics.
- Producing a gender pay gap report.
- Building on our Diversity Equality and Inclusion calendar.
- Improving colleague benefits and launch the new and improved pension scheme.







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