



St. James's Place plc

Annual Environmental Report 2006

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Executive summary

“St. James’s Place fully supports all the initiatives aimed at ensuring companies adopt a responsible attitude towards their stakeholders and in particular, to clients, staff and the community”.

Overview and Key Results

During 2006, we achieved the following key environmental measures:

- 25% reduction in Gas use
- 9% increase in travel, driven by an increase in new business of 58%
- 2% reduction in general office waste going to landfill
- 13% increase in paper recycling
- 1% increase in electricity
- 13% increase in water consumption
- 10% reduction in copier paper usage

St. James’s Place was founded in 1992 and is a UK based financial services company specialising in wealth management.

The company has a dedicated sales force of over 1,100 advisers, who work from one of the 19 corporate offices throughout the UK or from their own premises. St. James’s Place is a FTSE 250 company, with a market capitalisation in excess of £2bn and over £15.4bn funds under management at the end of 2006.

The Company’s Corporate Environmental Policy can be found on its website at www.sjp.co.uk and continues to form the basis of the group’s approach to reducing environmental impacts. The policy objectives are reviewed annually, and are used to drive any changes in processes and procedures that will help us to work towards reducing CO₂ emission levels wherever possible.

During the year, the company has continued to work towards improving its Environmental performance, by engaging with organisations such as the Waste and Resources Action Programme (WRAP), the Carbon Trust and the Carbon Neutral Company.

We have continued to follow the standard method of reporting established by the Department for Environment Food and Rural Affairs (Defra) in 2005. These guidelines can be found at www.defra.gov.uk/environment/business/index.htm.

Although our overall CO₂ emissions have increased by 1.5%, the initiatives established in the previous two years have kept this increase to a minimum. Taking into consideration that new business increased by 58% in 2006, we are very pleased that the increase has been kept to this level. We will of course, continue to reduce our impacts where possible.

In our reporting, all of our electricity has been measured as generating CO₂ emissions. However, a considerable proportion is generated from Climate Control Levy exempt sources. For comparison purposes we have elected not to treat this as outside of the measured process.

During 2006 we took the decision to alter our reporting period from the calendar year January to December, to the twelve month period from October to September the following year. The reason for this was to allow time to collate accurate information, of which a significant amount is supplied by third party providers, for inclusion in the Business review section of our annual Report and Accounts.

Increased business growth in 2007 will make reducing our environmental impacts a real challenge. However, we have set the following targets for 2007:

- Gas – no change
- Travel – restrict increase to less than 3.5%
- 2% reduction in general office waste going to landfill
- 1% reduction in electricity
- Water – no change
- 2% reduction in copier usage
- 5% paper re-cycling increase – following more awareness

Introduction

The framework for the St. James's Place Environmental Policy was established in 2002 and has been used to formalise the process for the collation of data and for identifying ways of improving our environmental performance.

This process has been refined over the years and now utilises the Defra standards for measuring impacts. It is believed that this will help to improve the transparency and the company focus on its key impacts in the coming years.

In order to gather the data for our usage of various resources, we do the following:

- The company uses the services of a firm of energy consultants called Entech, who check, monitor and produce our annual usage figures for energy, gas and water consumption.
- When considering the environmental impact of our travel requirements, our mileage and fuel data is provided by our fleet management company.
- The waste company we use weighs recycled paper and provide us with tonnage figures on a monthly basis.
- Other information recorded is generated from a mixture of third party information and our own recording processes.

We continue to provide mains fed water as an alternative to bottled water and while this has increased our water consumption slightly, it has reduced the number of plastic bottles being used. In the few areas where we still use bottled water, this is supplied in bio-degradable bottles.

For those investors particularly interested in investing in environmentally friendly companies, and to comply with the policy on socially responsible investment by Trustees of occupational pension schemes, the company offers ethical funds. These funds invest in companies demonstrating sound environmental

and social policies. The investment committee meet regularly to monitor and review the performance of all the funds under management against a series of defined criteria.

The building of our new Head Quarters in Cirencester is now well under way and is being constructed with a view to achieving a 'good' rating using BREEAM (Building Research Establishment Environmental Assessment Method). The building is due for completion towards the end of 2007.

We recognise that we have a responsibility to act in a way that respects the environment. Environmental best practice is, wherever reasonably practicable, incorporated in our decision-making processes. For example, we will invest in environmentally friendly and sustainable products and services where we can.

Our principal impacts are through the buildings we operate, the individuals working within them and the resources used by those employees in their day-to-day work. Our focus is therefore in the key areas of energy, water, transport and waste.

2006 Achievements

Highlights:

	Target	Actual
Gas	No target set	25% Reduction
Travel	No target set	9% Increase
Landfill	2% Reduction	2% Reduction
Paper Recycling	No target set	13% Increase
Electricity	2% Reduction	1% Increase
Water	1% Reduction	13% Increase
Copier Paper	2% Reduction	10% Reduction

We have seen a mixture of both reductions and increases during the measurement period, resulting in an overall increase in CO₂ emissions of 1.5%. The detailed breakdown of this can be found in the appendix.

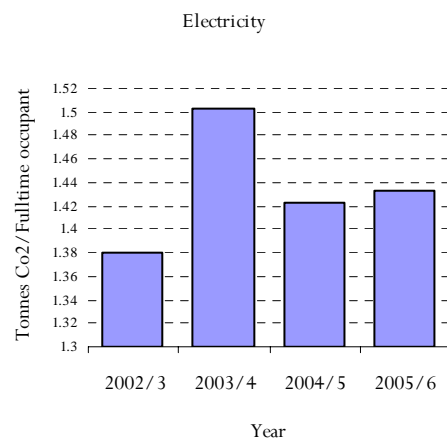
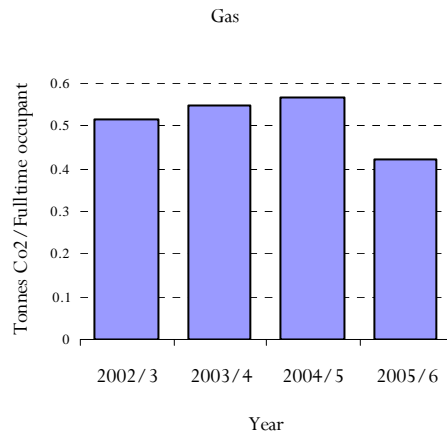
Our maintenance company has implemented controls to report back regular data, which enables action to be taken more quickly to deal with possible areas of wastage and also Highlights areas where improvements can be made to the management of the heating and cooling systems.

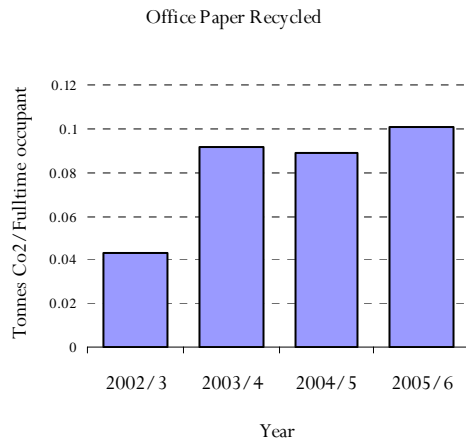
During the year, the CO₂ produced by our gas consumption has reduced by 25%, which is particularly pleasing giving the increases seen during the previous 3 reporting years.

CO₂ produced by our travel requirements increased by 9%, however this was against a background of significantly increased business levels.

CO₂ produced by our electricity consumption has increased by 1% during the last 12 months, but this was following a significant reduction in the 2004/5.

The investment that we have made in technology to increase electronic processing is beginning to have an impact by reducing paper levels. In 2006, with an increase in new business of 58%, our copier paper usage decreased by 10%, which is a significant improvement.



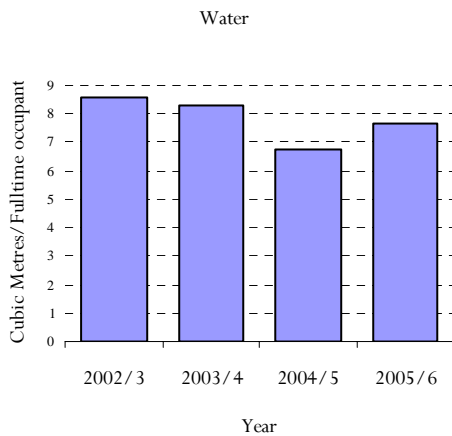


The paper recycling program which has been in place for the last four years, continues to reach higher tonnage levels. This trend is expected to continue, as the level of environmental awareness increases amongst our community.

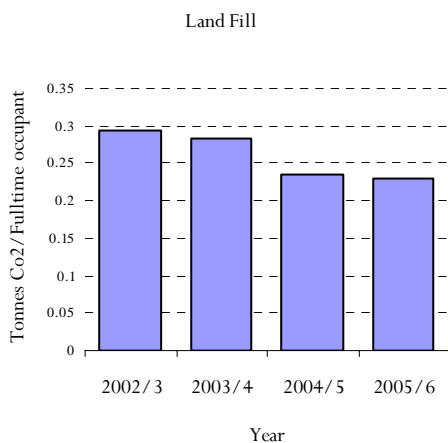
During the year we engaged with the Waste and Resources Action Programme (WRAP), with a view to promoting the use of recycled paper into our print portfolio.

The Cubic Metres of water used during the year increased, but is still below the levels of 2002/2003.

Waste to landfill has fallen for the third successive year, down 2%.



St. James's Place shareholders are encouraged to receive shareholder documentation electronically, and can register by visiting www.etreeuk.com. To date, 11% of all shareholders have signed up to receive electronic communication in this way. When shareholders register for electronic communications, a sapling is donated on their behalf in an area selected for reforestation in the UK, via the Woodland Trust's "Tree for All" campaign.



The Health and Safety and Environmental Working Group has been operating since our previous annual report, and meet on a quarterly basis. We continue to expand this group's awareness of environmental issues and we use them to promote our commitments and goals to others in our community. The group is also tasked with ensuring that the Directors are kept aware of any issues, which could affect the short and long-term corporate strategy.

The company has acknowledged that despite its attempts to reduce and manage CO₂ emissions, there is a limit to what we can achieve. Therefore, we have opened a dialogue with the Carbon Neutral Company to establish whether it is possible to become partially or fully carbon neutral.

Some of our other achievements include:

- Continued participation in the Business in the Environment (BiE) index – again with an improvement on the previous year.
- We continue to be a member of the FTSE 4 Good index, by engaging with BITC (Business In The Community) and EIRIS (Ethical Investment Research Services)
- Production of an environmental business plan for 2007 activities.
- We have sourced the majority of our electricity supply as green energy being CCL exempt.

Targets & Initiatives for 2007

2006 produced a mix of reductions and increases in our CO₂ emissions performance. Reducing our emissions still further in 2007 will be particularly challenging, given our predicted business growth and the construction of a new and larger Head Office, which is due for full occupation towards the end of 2007.

In order to meet this challenge, we have a number of initiatives planned for the year including:

- Continuing to expand the head office and regional office awareness programme.
- Implementing a strategy for full or partial Carbon Neutral status, following the Carbon Neutral Company's carbon footprint analysis.
- Updating and reviewing our Environmental and Management System (EMS).
- Encouraging supplier awareness of environmental issues with our supply chain.
- Introducing an external verification process.

These initiatives have been set in conjunction with business and growth expectations, and we have also decided to set specific targets for gas consumption, travel requirements and paper recycling.

	Target
Gas	No change – as a significant movement in 2006.
Travel	3.5% Increase to satisfy regulatory and business growth.
Waste	2% Reduction – More Recycling to be encouraged.
Electricity	1% reduction – Through improved efficiency.
Water	No change – Already at a low level.
Copier Paper Usage	2% Reduction – Following more electronic processing.
Paper Recycling	5% increase – Following more awareness.

Appendix

2005 / 2006 Detailed Figures (October – September)

The information below is based on the Defra reporting guidelines for business. These guidelines can be found at www.defra.gov.uk/environment/business/index.htm

Environmental Key Performance Indicators – Financial Year 2006								
Direct Impacts (Operational)			Quantity					
Greenhouse Gases	Definition	Data source & Calculation methods	Absolute Tonnes CO ₂		Normalised Tonnes per Full-time occupant			
			2004/5	2005/6	2004/5	Target	2005/6	Target
Gas	Emissions from utility boilers	Yearly consumption in kWh collected from fuel bills, converted according to Defra Guidelines	664	491	0.567	0.685	0.423	0.556
Greenhouse Gases	Definition	Data source & Calculation methods	Absolute Tonnes CO ₂		Normalised Tonnes per Full-time employee			
Vehicle Fuel	Travel incurred by staff for business purposes	Expense claims and account data taken from travel information	2004/5	2005/6	2004/5	Target	2005/6	Target
Flights			996	1140	1.916	1.91	2.103	1.916
Rail			146	153	0.281	-	0.283	0.281
			43	55	0.083	-	0.101	0.083
			1185	1348	2.280		2.487	
Waste	Definition	Data source & Calculation methods	Absolute Tonnes CO ₂		Normalised Tonnes per full time occupant			
Landfill	General office waste, which includes a mixture of paper, card, wood, plastics and metals	Volume of waste generated per annum calculated by recording the number of bins and skips removed, converted to tonnes according to Defra guidelines	2004/5	2005/6	2004/5	Target	2005/6	Target
			275	268	0.235	0.270	0.231	0.230
Recycled	Waste paper recycled	Volume of waste weighed at collection by recycling company in tonnes	104	117	0.089	-	0.101	-

Indirect Impacts (Operational)			Quantity					
Greenhouse Gases	Definition	Data source & Calculation methods	Absolute Tonnes CO ₂		Normalised Tonnes per full-time occupant			
			2004/5	2005/6	2004/5	Target	2005/6	Target
Electricity	Directly purchased electricity which generates greenhouse gases including CO ₂ emissions	Yearly consumption of directly purchased electricity in kWh, converted according to Defra guidelines.	1666	1662	1.423	1.340	1.433	1.313
Water	Definition	Data source & Calculation methods	Absolute cubic metres		Normalised cubic metres per full-time occupant			
			2004/5	2005/6	2004/5	Target	2005/6	Target
Supplied Water	Consumption of piped water. No water directly abstracted by Group	Yearly consumption of purchased water	7915	8874	6.762	7.955	7.650	6.694

Total % Differences

Normalised Tonnes				
	2005	2006	Diff	% Diff
Gas	0.567	0.423	-0.144	(25%)
Travel	2.280	2.487	0.207	9%
Landfill	0.235	0.231	-0.004	(1.7%)
Electricity	1.423	1.433	0.010	0.7%
Total Difference	4.505	4.574	.069	1.5%

Water	6.762	7.650	0.888	13%
Recycled	0.089	0.101	0.012	(13%)

Reams				
	2005	2006	Diff	% Diff
Copier Paper	40021	35924	-4097	(10%)