Admiral Group PLC

Net Zero Transition Plan

Admiral Group plc

December 2024

Contents

Our journey towards a more sustainable future

Executive forward from our Group CEO, Milena Mondini

Hello, everyone!

I am honoured to introduce Admiral Group Plc's Net Zero Transition Plan, a pivotal step in our journey towards a more sustainable future. This plan details our ambitious commitment to achieving net zero greenhouse gas emissions by 2040, ten years ahead of the Paris Agreement target, and underscores our responsibility to help mitigate climate change.

Why does Net Zero matter?

The urgency of addressing climate change cannot be overstated. The scientific consensus is clear: we must reduce our greenhouse gas emissions. This is critical to limiting global warming and its adverse impacts on our planet, economy, our people, and communities.

As a general insurer, and particularly as one focused on motor insurance, we realise that our products and services contribute to climate change in different ways, including the emissions produced by vehicles we cover. This is why we are committed to being a part of the solution.

The consequences if we do not change are severe. Our industry feels the impacts of climate change acutely. The risk to homes affected by adverse weather events threatens the viability of home insurance worldwide; the electrification of transport will fundamentally change motor insurance. We are only just beginning to see how the transition is impacting our travel, pet, and personal loans businesses.

How will Admiral's Net Zero Transition Plan change our approach?

Transitioning to net zero will fundamentally transform how we operate. Already, we have embedded sustainability into the highest levels of our governance through our new Sustainability Steering Committee and Working Groups established in 2023.

We have also worked to embed sustainability fully into all aspects of our Group strategy. Our Group strategy revolves around three pillars: diversification, the evolution of motor, and acceleration towards 'Admiral 2.0'. Climate change affects all of these. Embedding sustainability into all three pillars enables us to play our part in pushing forward the transition to a low-carbon economy, building resilience to the negative impacts of climate change. It also allows us to take advantage of the opportunities arising out of the transition to net zero.

What have we already achieved?

Since Admiral launched in 1993, we have always strived to do the right thing, with a focus on the long term rather than chasing short term gains. This is why our purpose is "to help more people look after their future; always striving for better, together". I am proud that the ideas that underpin the worldwide approach to sustainability have always been a key focus for our business and continue to be an integral part of our culture.

Executive forward continued

Admiral began our net zero ambition in 2014 in our own operations, led by our Property and Facilities Management department. Since then, our ambition has expanded beyond operations to all parts of our business. Admiral UK is already a leading underwriter of electric vehicles, we have also made strong progress across underwriting for our other business lines such as our Household and Travel insurance products, as well as our investments, our supply chain and our own operations. I am proud of this progress, and what we are working towards for the future. You'll find more detail throughout this report.

What challenges will we face?

With a target that is ten years more ambitious than the Paris Agreement and the market at large, we're deeply aware that we can't achieve net zero alone. That's why Admiral acknowledges the role collaboration must play in our transition plan: collaboration with partners, with peers, with regulators, governments, and with wider society. Only together can we build a world in which net zero is possible.

Like others, we also face challenges in measurement and data around net zero. Carbon accounting methodologies evolve quickly; keeping up requires agility and dedication. Fortunately, these are qualities that Admiral has always held. We'll continue improving our precision on net zero, but we also won't let this stand in the way of action.

We'll continue to test and learn with our net zero approach, innovating in a live environment rather than waiting for perfect data.

We hope realistic, 'imperfect environmentalism' will inspire others to take action, too. After all, it takes all of us to act, not just those who have already shown their commitment. This is why we intend to embed sustainability and the work we do to meet our net zero target in a way that is accessible and understandable to all.

Join us on our journey to net zero

Our Net Zero Transition plan is more than just an environmental initiative; it is a strategic imperative that will shape our future success. Together, we can make a significant impact and contribute to a healthier, more sustainable world. I am confident in our ability to achieve these goals and look forward to the journey ahead.

Sincerely,

Milena Mondini

CEO, Admiral Group Plc.

Introduction

The case for action

Climate change is one of the most significant challenges facing society today.

It poses a major threat to human wellbeing, the global economy and the health of our planet. The impacts transcend borders and sectors, demanding an urgent and integrated response around the world. This is clearly demonstrated by recent devastation from wildfires, flooding, heatwaves and hurricanes.

Despite this, global action on climate change remains inadequate. The impacts of rising greenhouse gas (GHG) emissions are already more far-reaching and extreme than anticipated, while current policies and initiatives fall short of driving the reductions in GHG emissions required to limit warming to 1.5°C, the target of the Paris Agreement.

Without a fundamental transformation across all sectors, including business and finance, climate change will continue to worsen. The radical change required will involve embracing innovative technologies, fostering sustainable practices, and advocating for policies that support a low-carbon economy.

Insurers play a pivotal role in this global transformation.

As underwriters, we can facilitate key sustainable initiatives for the transition to net zero with our insurance policies. And as asset owners, we have investment portfolios that extend throughout the economy. We can also influence our suppliers, colleagues, and customers. The roles we play enable us to advocate for more sustainable practices across different populations, sectors and geographies.

Our net zero ambition

As one of the UK's leading general insurers, Admiral Group recognises our role in acting to mitigate and adapt to climate change.

In 2021, Admiral Group formally committed to achieving net zero across all our Scope 1, 2 and 3 GHG emissions by 2040.

In addition, Admiral have committed to cut these emissions in half by 2030 versus a 2021 baseline. Our net zero target sets the overall direction for our organisation, acting as a beacon and guiding our decisions over time. Since 2021 we have mobilised across the different parts of our business and taken some important steps in our net zero journey, including receiving approval on two of our operations and investments targets from the Science-Based Targets Initiative (SBTi) and developing our Responsible Investment Policy.

When we set this Net Zero 2040 target back in 2021, understanding of insurance-associated emissions, also called 'underwritten emissions', was still in its infancy, and methodologies had not yet been finalised and published. Recent developments in this area highlight the evolving nature of these measurements. As emissions data and methodologies improve, more of our emissions become measurable. We recognise this may result in us needing to recalibrate the precise scope of our commitments and pace of progress, and so we plan to review these regularly. This allows us to avoid delaying action today and instead to meet the responsibilities we have made to our shareholders and wider stakeholders, whilst considering the duty we have to provide services to our customers.

While we have yet to set a specific target for insurance-associated emissions, we have published our underwritten emissions for our UK and EU motor insurance book in line with Partnership for Carbon Accounting Financials (PCAF) standards. We are keen to encourage our peers and the rest of the industry to measure these emissions to the highest standard possible, thereby enabling decisive action to support our customers on their own net zero journeys.

Admiral recognises the need to balance our climate commitments with our broader sustainability objectives. The products and services that we provide afford millions with greater independence from economic hardship. Our transition to net zero cannot be at the detriment of this, but must be a just transition that is beneficial and inclusive for all.

This document, our first Net Zero Transition Plan, represents a vital step in our journey. It furthers our understanding of our carbon footprint and its drivers, and begins to identify initiatives to control and reduce emissions going forward. It takes us beyond a statement of intent, acting as a roadmap to rethink how we underwrite, invest, and operate in a more sustainable way.

However, it is just one of many milestones needed to transition our business and wider society to net zero. Our transition plan must evolve as we progress towards 2040. With a growing understanding of how our business impacts climate, future iterations of our transition plan will look to even more targeted actions to address emissions reductions.

Net zero vs. carbon neutral

What's the difference?

Net zero is a rigorous commitment that requires organisations to reduce their emissions to as close to zero as possible, usually over 90%, with these remaining unavoidable emissions being balanced by offsets.

Carbon neutral means an organisation has offset its emissions via activities like carbon credits. Carbon neutrality does not necessarily involve actual emissions reduction.

Admiral Group has been carbon neutral in our operations since 2020. This offsets our Scope 1 and 2 emissions, and part of our operational Scope 3 emissions. However, our net zero ambition works toward reducing our actual absolute emissions across Scope 1, 2, and 3.

Our strategic approach

Admiral Group emissions baseline

A key part of our transition approach is being able to accurately measure our GHG emissions. As part of this transition plan, Admiral has made significant progress in measuring our carbon footprint.

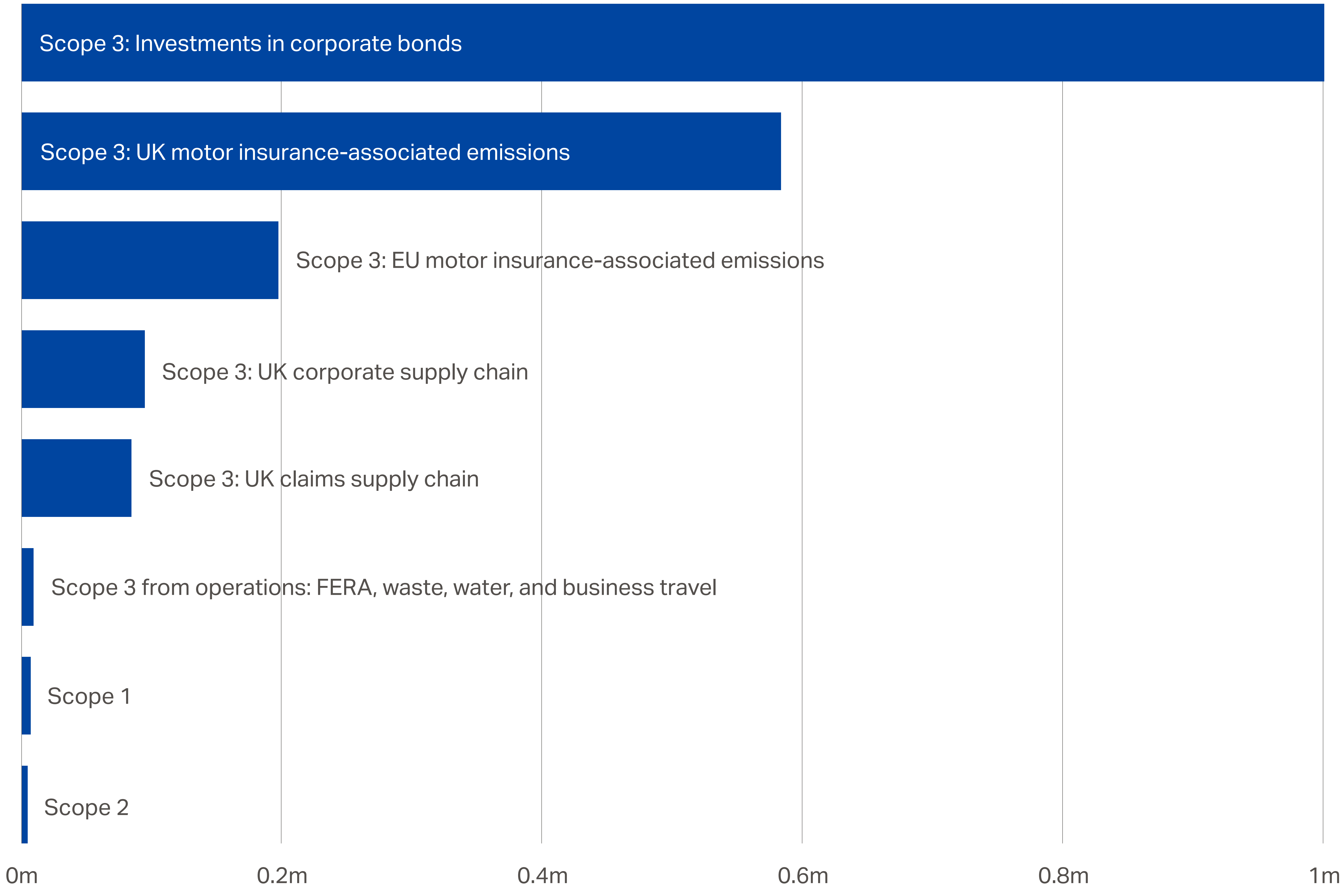
We have gone through a robust process to measure these emissions, with thorough internal and external review. However, the figures have not been formally assured. They are based on the best available data at the time of drafting, which may be incomplete or subject to future revision. We may therefore decide to re-baseline in due course as data quality and availability improves. As our data quality evolves, these numbers may change materially.

A big step forward has been our calculation of underwritten emissions for our UK and EU motor insurance businesses. The full measured emissions profile of Admiral Group is shown in the chart on the right.

The GHG items included in scope when we initially committed to net zero targets in 2021 differs from what we can measure today. Please see the appendix for full detail on the GHG items across these categorisations for our own business.

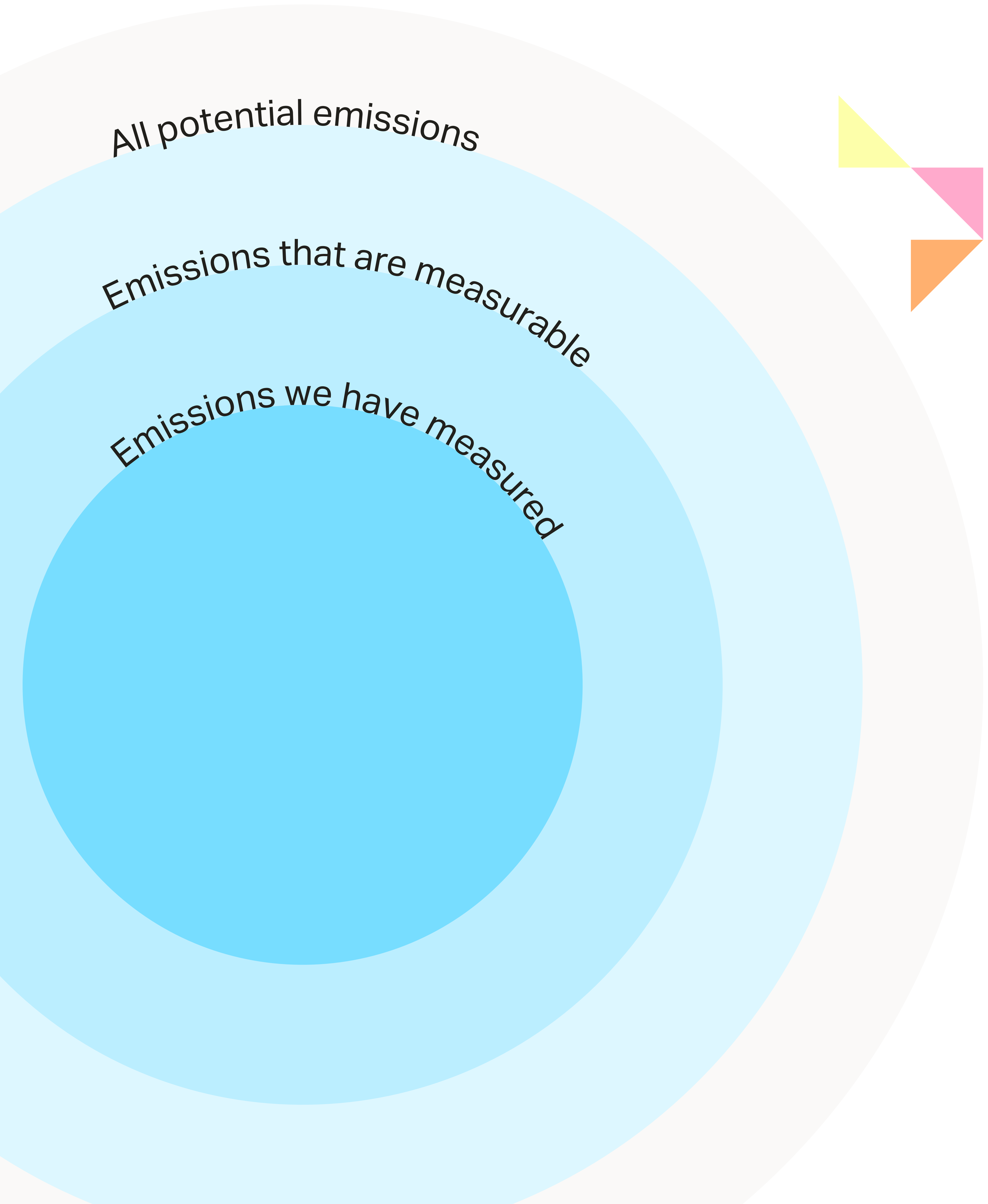
As currently measured, Admiral's most material emissions sources are our investments and our underwritten activities. As we continue to improve our calculations, we only expect investments and underwriting to grow as a proportion of our total emissions. Understanding and reducing emissions from these areas will be key to meeting our emissions targets.

Admiral Group 2023 GHG footprint in tCO_2e by Scope



Tonnes of carbon dioxide equivalent (tCO_2e)

For definitions of Scope 1, 2, and 3 emissions, please refer to the Glossary of Terms in the Appendix



Our total footprint*

Part of a whole

The GHG emissions footprint that Admiral has measured is only the first piece of the puzzle. To the left is an illustration that shows how our currently-measured footprint compares to what we could measure now, and also to what we might measure in the future.

The relevant, business-level sections of this report will discuss how we measured our emissions, and the challenges of the yet unmeasured portions.

*This page only demonstrates an illustration to understand our total GHG footprint. This illustration does not accurately depict the ratio of all of our emissions with data.

Emissions we have measured

The inner circle represents the emissions that we currently measure and are included within this transition plan. These are broken down in the chart on the previous page.

Emissions that are measurable

The middle circle represents emissions for which carbon accounting methodologies exist, so measurement is possible. Admiral has not yet measured some of these due to internal data availability, recent changes in our organisation, or other reasons. Discussed throughout this plan are actions we are taking towards measuring these in the future.

All potential emissions

The outer circle represents all potential GHG emissions. For some of these, there is not yet any accepted carbon accounting framework or measurement methodology, so no one can measure them. Examples include underwritten emissions for household insurance.

How might our footprint look in the future?

An illustrated view

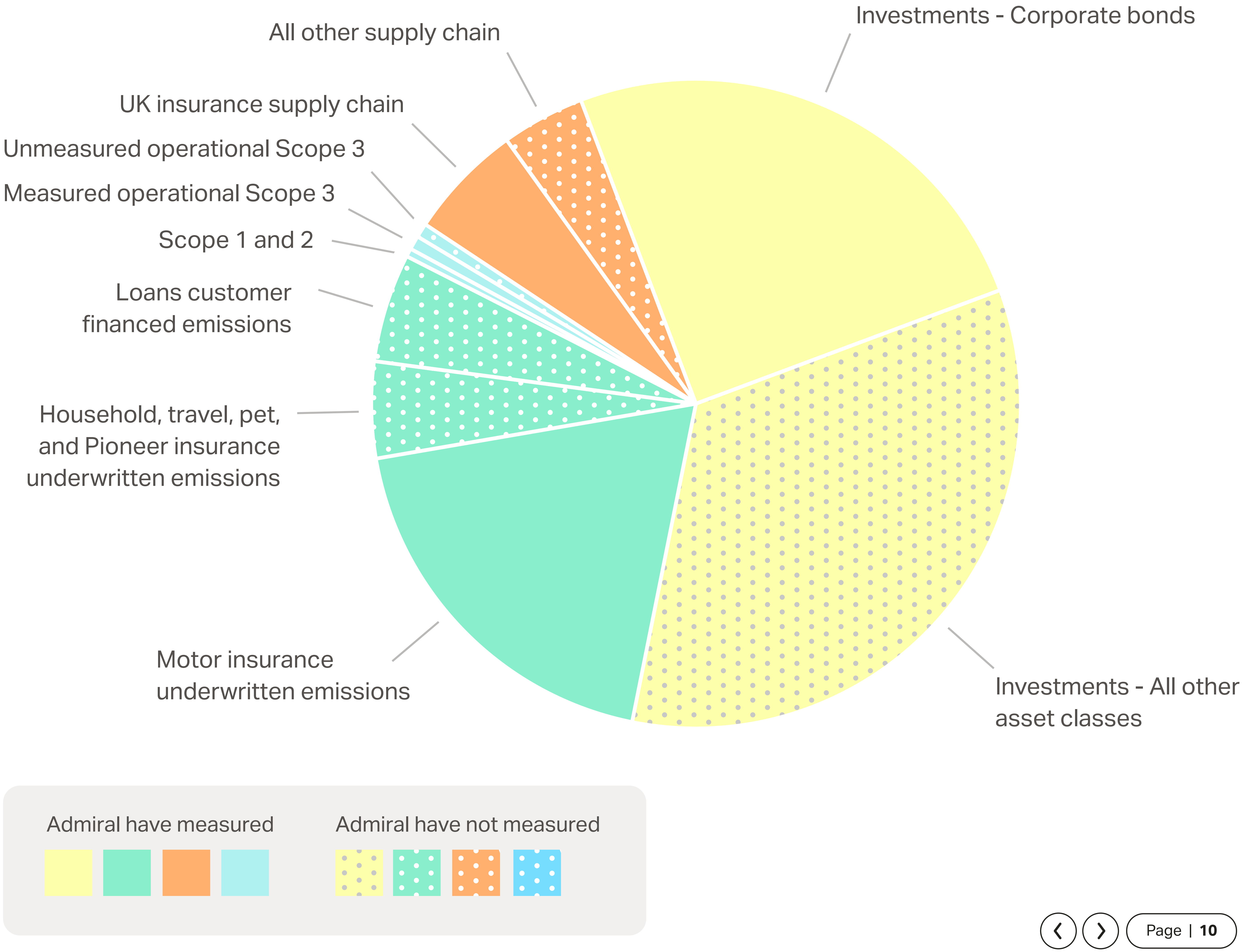
To the right is an illustration of what our entire carbon footprint may look like in the future. It acknowledges that it is important for us to manage our whole book of business, regardless of whether the methodology exists for GHG reporting. The illustration has been informed by broad estimates using customer numbers and emissions factors to fill the unmeasured categories, but we recognise that as data availability improves and more methodologies emerge, this view could change materially.

For more information and definitions for each area of emissions (Underwriting, Investments, Supply Chain, and Operations), please see subsequent sections of this report.

This an illustrative view designed to envision what the whole of Admiral's carbon footprint may look like if we were able to measure everything. It is only indicative and may not be an accurate representation of our whole GHG inventory.

Admiral Group - Potential Future Carbon Footprint

For illustrative purposes only.



Scope and key considerations

Transition plan scope

In 2024, we undertook a scoping exercise to determine which lines of business to include in our transition plan. This exercise included a data-based assessment alongside a strategic judgement-based exercise. The purpose of this was to ensure our efforts and resources were focused on the most material locations and activities in terms of GHG footprint, as well as that any strategic changes to our business model, and that any strategic changes to our business model or value chain would be considered proportionately to these exposures. Through this, we have prioritised areas where we will have the greatest impact in reducing our emissions.

The outcome of our scoping exercise was to include the following business lines in this first version of the Net Zero Transition Plan:

- UK & EU car and van insurance
- UK & EU home insurance
- UK travel insurance
- Veygo (UK pay-as-you-go motor insurance)

For full details on our scoping approach, including areas that were deemed out-of-scope, please see the Appendix.

Financial planning for net zero

The development of our Net Zero Transition Plan is an ongoing process. Currently, we are in the process of evaluating our relevant financial planning considerations. We are working to fully understand financial inputs, resources, and impacts required to deliver our Net Zero Transition Plan. Quantifying the impacts will be the next step in supporting its delivery. We recognise that we are on a journey and significant work lies ahead.

Future iterations of Admiral's Net Zero Transition Plan will work to be inclusive of the full range of financial considerations needed for successful delivery.

Supporting wider change

While Admiral is focused on decarbonising our own business, we also recognise that reaching net zero is a global effort. Achieving the ambition and targets we have set is reliant upon governments and policymakers delivering on the goals of the 2015 Paris Agreement.

Engagement is key to this broader focus. In this plan, we outline how we will work with policymakers, industry peers, investees, and other stakeholders to accelerate the net zero transition. Employing our full sphere of influence will enhance long-term value for our business while also delivering important benefits for society as a whole. Please see Engagement section for detail on our engagement activities.

Risks and dependencies

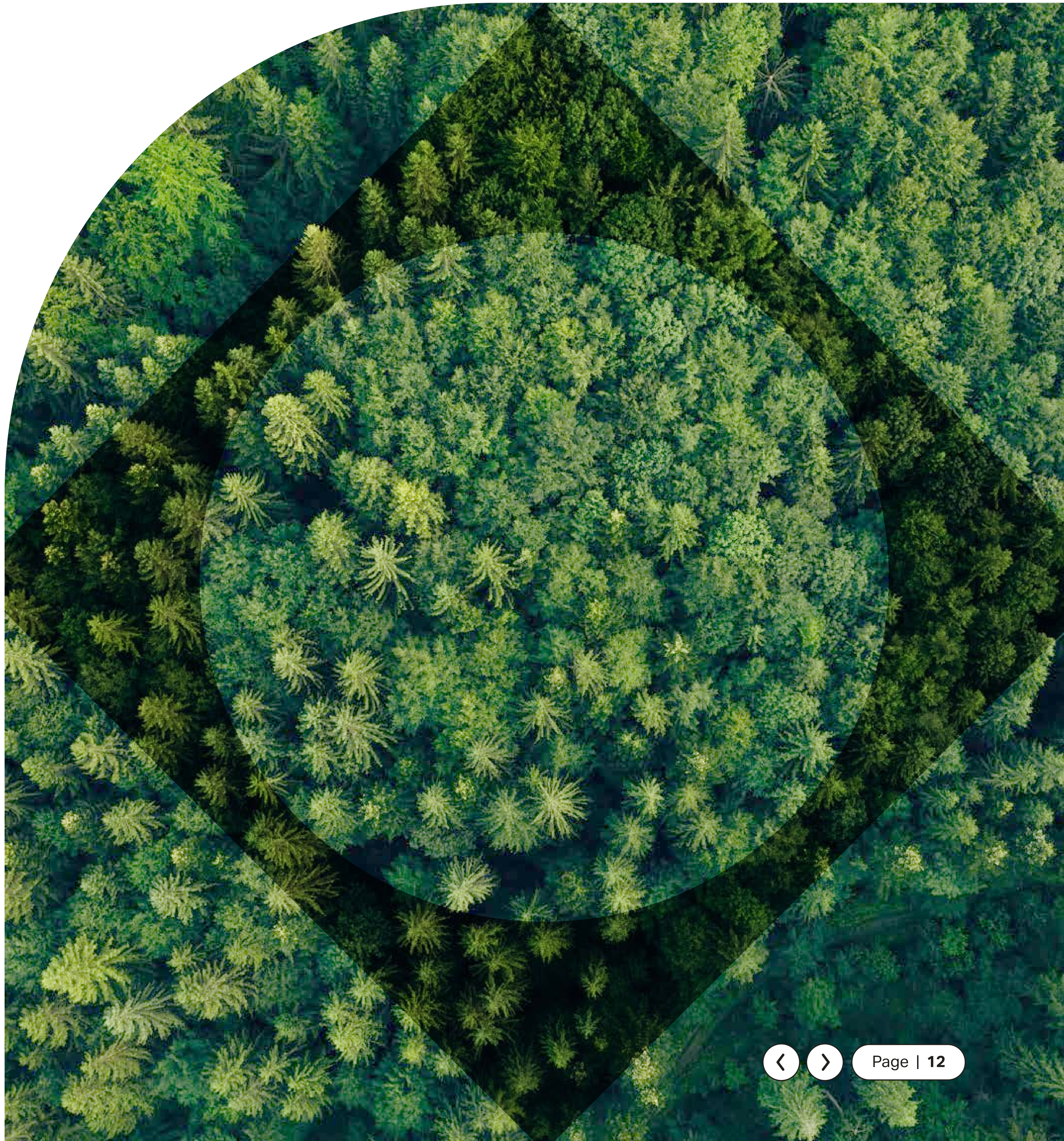
The strategy we set out in our Transition Plan has also been drafted with consideration for Admiral's exposure to climate-related risks and opportunities. This integrates and builds on the approach defined in our Task Force for Climate-related Financial Disclosures (TCFD) reporting, found in our Annual Report.

By considering how we will respond as the world decarbonises around us, we ensure we are focused on capturing future opportunities, minimising risks, and enhancing the long-term value of the business for our stakeholders. To this aim, we continue to improve the climate risk management process at Admiral. Details of the work as of December 2024 can be found in the Appendix.

Execution of our Transition Plan and achievement of our net zero ambition is dependent upon a number of factors. These include supportive government policy, availability of accurate data across our different emissions sources, and adequate action from companies in the real economy. We set out our assumptions and dependencies in full in the Appendix.

Alignment with industry guidance

We have prepared our inaugural Transition Plan in line with the latest guidance from the UK's Transition Plan Taskforce (TPT). A mapping of our plan to the TPT Framework is in the Appendix. In line with the TPT, we are committed to refining and building on the approach set out here to ensure it remains up to date with the latest climate science and industry approaches.



Underwriting

Underwriting

Admiral's primary business is insurance.

The UK is our largest market, where we hold an estimated 19% share of the private car insurance market and an 8% share of the private home insurance market.

Our UK insurance business underwrites motor, household, and travel insurance, and is developing strategies to reduce emissions associated with a number of these products. Meanwhile, our international insurance businesses underwrite car and home insurance outside the UK, with operations including Admiral Seguros in Spain, ConTe in Italy, and L'olivier Assurance in France.*

The relationship between underwriting and climate change goes two ways: Climate change affects underwriting, and underwriting affects climate change. As insurance covers unexpected events, it is exposed to the physical risks of a worsening climate, like more frequent and extreme storms.

However, by protecting and financing activities that contribute to climate change, like driving cars or heating homes, insurance also contributes to its acceleration. Left unmitigated, climate change could greatly impact the affordability, availability, and profitability of insurance products.

We cannot achieve either our net zero or commercial ambitions unless we adjust our own underwriting activities as well as contribute to the transformation of insurance underwriting more widely.

*Insurance businesses outside the scope of this first net zero transition plan include our pet insurance lines, commercial insurance lines, and our US motor insurance business. Please see the Appendix for more information.

Our Insurance Business: Underwriting

Although we do not own the assets we insure nor directly control our customers' behaviour, the use of these assets would be limited without our provision of insurance. This is particularly true for our personal motor insurance lines, where vehicles legally require insurance for the road. We therefore 'enable' a portion of each vehicle's emissions. In carbon accounting, this translates to the concept of 'insurance-associated emissions', which are the greenhouse gases produced by the activities of the customers we insure.

We therefore not only have a responsibility to contribute to reducing the emissions and achieve wider change across the economy, but also have an opportunity to underwrite products which promote a greener future.

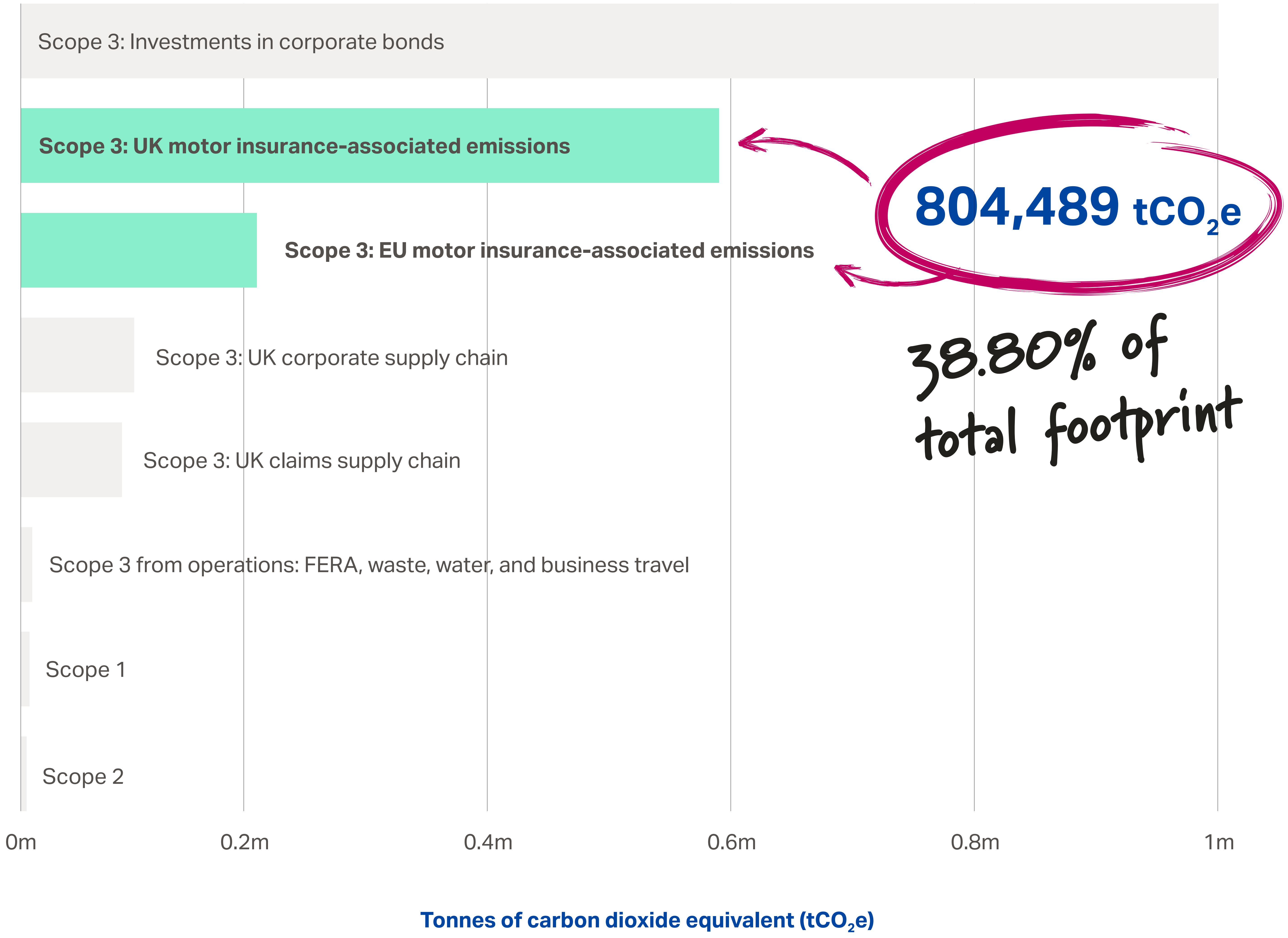
Admiral is working to align our underwriting practices with our net zero ambition. As informed by our materiality assessment, the motor and home insurance markets are where we believe we can make the most meaningful contribution to the transition to a low-GHG-emission economy through underwriting practices.

In the following sections, we outline the actions we are taking in an effort to decarbonise our underwriting portfolio, strategic changes we will implement in response to customer demand, and how these efforts are integrated into our broader net zero approach.

Our underwriting baseline

An accurate underwriting baseline is important in establishing a starting point from which to measure change in our insurance portfolio. The Partnership for Carbon Accounting Financials (PCAF) is the accepted standard for calculating the emissions of various financial services products. PCAF provides a framework and methodology for personal motor insurance, which we have used here for our baseline. As PCAF has not yet published a methodology for travel, household, or pet insurance, we have not yet included these in our baseline.

Admiral Group 2023 GHG footprint in tCO_2e by Scope



Our underwriting baseline

Motor insurance

In the simplest terms, our insurance-associated emissions are total emissions from vehicles we underwrite over the course of the year multiplied by an industry attribution factor for motor insurers. We estimated total annual emissions for UK vehicles using customers' self-reported mileage data multiplied by vehicle-specific emissions factors—except for EVs, where we used national averages for how many emissions an EV might produce when plugged into the national energy grid. The calculation outputs a weighted data quality score of 1.2 as per PCAF definitions.

For EU vehicles, we used self-reported mileage data but did not have vehicle-specific emission factors available. We instead used average vehicle-type (e.g. petrol, diesel, hybrid, and EV) emission factors, which resulted in a PCAF data quality score of 4. Combing data quality scores across the different methods gives a combined score of 1.86 for Admiral's motor insurance emissions baseline.

The remaining element of the calculation is to apply an 'attribution factor' that describes Admiral's portion of accountability for the vehicle emissions. We used 6.99% of the total annual vehicle emissions, in line with the PCAF standard and accompanying guidance on the motor insurance attribution factor. For more details on our insurance-associated emissions calculations, please see the Appendix.

In line with PCAF guidelines, Admiral have calculated our baseline of underwritten emissions for our UK and EU motor insurance to be c.804,000 in 2023, or 38.8% of our currently measured emissions.

Travel and household insurance

Both the household and travel insurance industries do not yet have an official methodology for measuring emissions from PCAF. As a result, we have not yet calculated an emissions baseline for either in our insurance underwriting portfolio. Our initial efforts for baselining are concentrated on identifying areas with strong, accessible data, and existing methodologies. Recognising this gap, we are open to involvement in industry discussions to help establish a reliable emissions baselining for household and travel insurance.

Our underwriting targets

Clear underwriting-specific targets

Defining clear underwriting-specific targets will be an important step towards achieving our net zero goal and our ambition to help customers reduce emissions. Like most of the industry, we are still working to fully understand approaches to setting insurance-associated emissions targets. In recognition of the challenges in setting underwriting targets, we aim to align with credible frameworks once clearly defined and validated. This will ensure our approach reflects both industry best practices and practical realities. For example, we are currently monitoring PCAF's exploration of a sector-specific measurement approach for home insurance, as well as Science Based Targets Initiative's development of its SBTi Financial Institutions Net Zero Insurance Standard.

For our motor insurance business, we have set a target to increase the proportion of electric vehicles (EVs) in our underwriting portfolio in alignment with our net zero ambition and our Motor Evolution strategy pillar. Given we are one of the largest personal insurers for EVs, we see this as an opportunity to solidify our position as a market leader whilst reducing the emissions associated with our underwriting.

In 2023, we saw double digit year-on-year growth in the number of EV customers, and we continue to see strong growth in our EV book through 2024.

Our EV targets are one part of a larger strategy to respond to the climate crisis and support the policy environment through our underwriting. Within the UK, the zero emission vehicle (ZEV) mandate sets out the percentage of new zero-emission cars and vans manufacturers will be required to produce each year up to 2030. According to the UK government's zero emission vehicle mandate in January 2024, by 2030, 80% of new cars and 70% of new vans sold in Great Britain will need to be zero emission, increasing to 100% by 2035. Admiral will continue monitoring any changes or progress made against these mandates as well as the broader EV policy landscape in all markets we operate in.

Our underwriting actions

To address emissions from our underwriting portfolio, Admiral have identified two main decarbonisation levers:

1. **Innovation in products, services, and pricing**
2. **Engagement with clients and customers**

In the subsequent sections we discuss innovation for our motor, household, and travel lines of business. For further detail on our customer engagement initiatives, please refer to the "Engagement" section of this report.

Our underwriting actions

Motor Insurance

With personal motor insurance there are broadly two was to reduce underwritten emissions on an individual customer basis:

Reducing the average emissions (e.g. per mile)	Reducing absolute miles driven

Reducing emissions per mile by making EV ownership more accessible

Electric vehicles (EVs) are a popular and accessible type of low emission-vehicle available to consumers looking to reduce their environmental impact. However, our customer survey in 2024 on how attitudes had changed since purchasing an EV showed that over 25% of customers are more concerned with the day-to-day running cost and reliability of public chargers for EVs than they were before purchase. Recognising growing concerns, we have taken steps to help make EVs more accessible to a broader demographic.

Reducing absolute miles driven via mileage-based discounts

In the UK we operate ‘black box insurance’ products that tracks customer mileage and driving behaviour via onboard telematics. Telematics customers are encouraged to drive more safely such as by changing speed smoothly and avoiding excessive speed. According to the UK’s Vehicle Certification Agency, this kind of driving can result in lower fuel usage. Going forward, we may explore how customer engagement techniques used in telematics could support emissions reduction specifically.

Affordability

Our aim

Make EV insurance policies more affordable through pricing, risk selection, and claims management.

Our actions

Our dedicated EV pricing analysts undertake robust analysis as part of our EV Steering Committee. They run regular pricing models and conduct detailed studies of various groups to make sure that we fully understand EV risk and thus can price policies efficiently.

Infrastructure

Our aim

Support the availability of EV infrastructure whilst addressing customer challenges.

Our actions

We use design thinking to identify customer pain points around switching to EVs. We have focused on issues including range anxiety and wall box protection, evolving our EV coverage. We have also partnered with EV charging networks to offer charging discounts to our customers.

We also collaborate with the Association of British Insurers (ABI) EV group and local councils on the current lack of home charging infrastructure. Please refer to the “Engagement” section of this report for more details on our engagement.

Customer choice

Our aim

Increase customer choice by supporting both established and new EV manufacturers to grow in the market.

Our actions

We engage with EV manufacturers directly to open our motor cover to their vehicles. Within the first half of 2024, we engaged with two EV makers who recently entered the UK market to improve repair networks and open coverage for their cars.

Our underwriting actions

Household insurance

In recognition that 18% of the UK's GHG emissions in 2021 were attributable to heating homes, Admiral is committed to encouraging and facilitating homeowners to adopt more energy-efficient practices and low GHG emissions technologies.

Protecting greener buildings

Admiral recognises the business opportunity in supporting residential building innovations that contribute to a lower carbon economy.

Admiral now covers solar panels, domestic wind turbines, energy-efficient construction, and heat pumps under our UK household insurance. We are mindful of risks associated with these new technologies. As we further improve our understanding of these risks, we will be able to extend our cover further.

Improving resilience after claims

As part of the UK government's Flood Re scheme, we offer UK customers affordable flood-risk insurance and support the 'Build Back Better' initiative, which we have participated in since December 2024. This allows homeowners to add up to £10,000 worth of flood resilience upgrades during post-flood repairs. We also advise all interested customers on flood prevention. Enhancing flood resilience is a key mitigant for climate change-related increase in household claims.

As a preventative measure we also send text messages to our UK household customers when there is forecasted flooding and other extreme weather events. We also educate our customers through our Storm Hub, which covers what to do during a storm, what to check afterwards, how to prevent damage, and how to make a claim. Please see our 'Engagement' section for more information on Storm Hub.

Our underwriting actions

Travel insurance

According to the UN World Tourism Organisation, transport-related CO_2 emissions from tourism account for roughly 5% of all man-made emissions globally. While an understanding of the insurance industry's contribution to this is still quantitatively unclear, Admiral believes that there are still actions we can take to help contribute to lower-emissions travel.

Influencing customers' choice on modes of travel

We are investigating how we might gather data on customers' modes of travel during the quote or sale stage to increase the awareness of the customer or even offer discounts for choosing environmentally friendly options like trains or ferries over flights, thereby promoting lower-carbon travel alternatives. We will need to assess how alternative transport affects our capacity to provide cost-effective policies.

Round up donations

We are examining the possibility of offering customers the option to round up their total premium at the point of sale to contribute to a charity or verified carbon offsetting initiative.

Consumer brand partnerships

We are also exploring the possibility of partnering with consumer brands that align with our sustainability goals. Endorsing travel brands with commendable environmental records via our travel insurance product may nudge customers towards greener choices.

Moving forward

How we'll monitor progress

Admiral is developing governance and reporting for our insurance-associated emissions baseline, beginning with the disclosure of our motor insurance emissions in this report. We are initially focusing on our motor insurance lines as there is a public and accepted methodology for this form of insurance.

We remain committed to developing our overall approach to decarbonising our insurance business and achieving our 2040 net zero ambition.

Claims

Claims

Managing customer claims is a core part of Admiral's business.

Each year we service a significant number of claims across our motor, household and travel insurance lines in the UK and internationally. Our claims management activities include assessing loss, indemnifying against this loss—for example, by repairing vehicles, repairing homes, or replacing possessions—and liaising with customers to keep them updated on progress. Our claims suppliers are critical to the servicing of these claims.

Claims can represent a significant source of emissions, a portion of which are attributable to us. We are therefore committed to lowering the impact of our claims processes on the environment while maintaining our ability to serve our customers. Achieving net zero in our claims supply chain will require close collaboration with our suppliers to support them to reduce their own emissions, as well as innovation in our own claims processes in support of emissions reduction.

This section details our approach for achieving net zero in claims management, including baseline emissions measurement, target setting, actions across our different insurance lines, and how we'll improve and monitor future progress.

How do insurance claims contribute to Admiral's carbon footprint?

Insured events like accidents or property damage necessitate activities that emit greenhouse gases, such as manufacturing vehicle parts or rebuilding homes. These activities require goods to be manufactured and transported, use energy, and more. An insurers' carbon footprint can increase further via claims processing, travel by claims adjusters, and other administrative activities.

Our claims baseline

Our UK claims suppliers' activity represents 5.29% of our currently-measured annual GHG footprint.

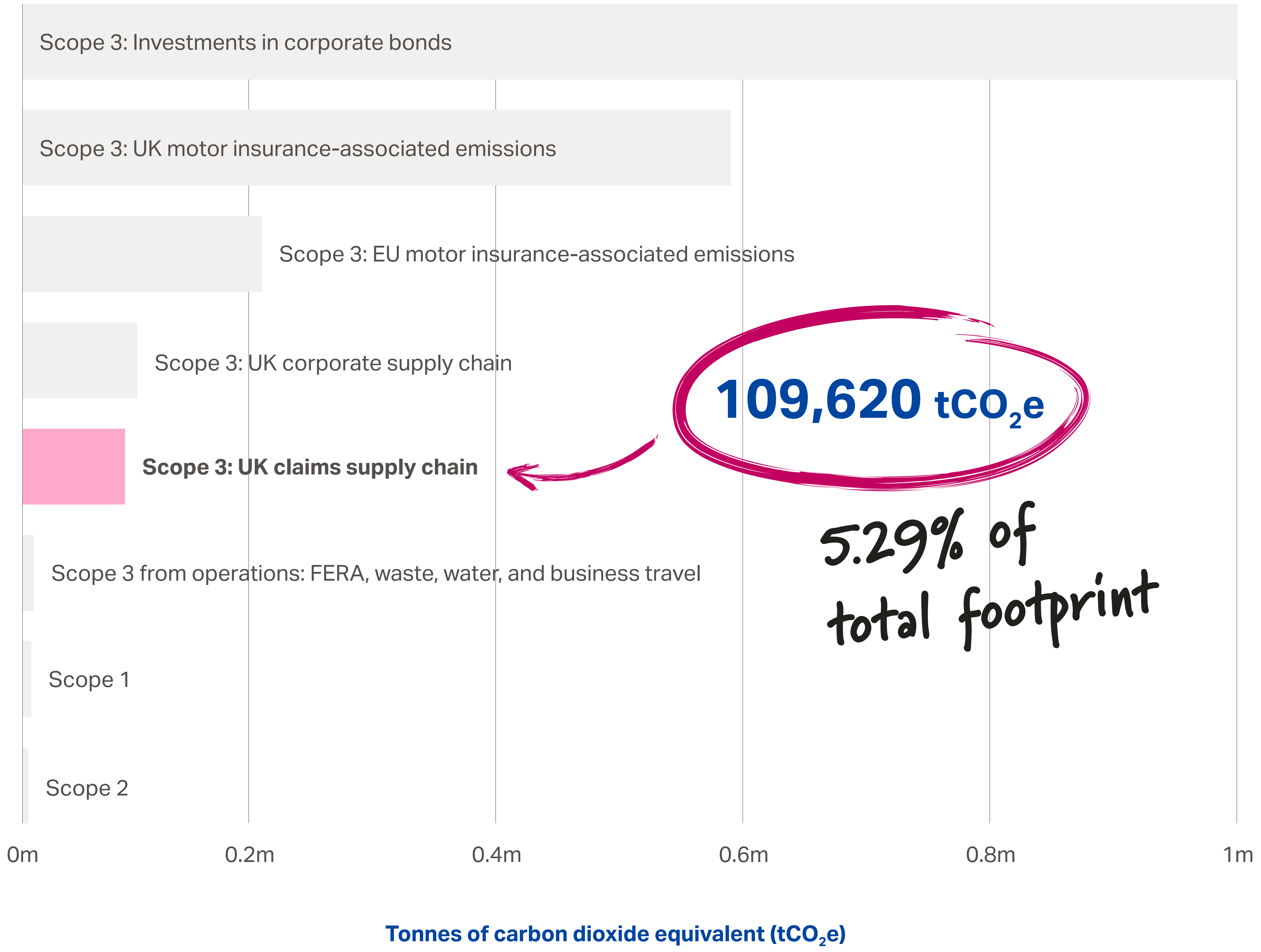
Emissions measured include claims suppliers from our UK Motor and UK Household lines, but exclude suppliers to our European businesses and UK travel insurance lines. Our UK Motor claims emissions baseline includes our car, van, telematics, and Veygo claims suppliers. Emissions from these in-scope business lines sit in the GHG Protocol Scope 3 categories of Purchased Goods and Services (Category 1) and Capital Goods (Category 2). Our near-term objective is to include claims supplier emissions data from our France, Italy, and Spain operations, with UK travel insurance to follow thereafter.

Emissions were estimated by multiplying our spend with suppliers by an average emissions factor based on each supplier's industry. We used emissions factors from Eora, a global supply chain database. This less-specific approach does not reflect decarbonisation efforts by individual suppliers. With this in mind, we are working towards using supplier-specific emissions data for the next iteration of this plan.

Ultimately, we aim to move to 'activity-based' carbon accounting, with estimates based on the actual goods or services we buy with each supplier.

Measuring emissions for certain claims is challenging due to most of our household insurance claims being cash settled. With no industry-standard methodologies to estimate emissions from cash settlements, we are exploring bespoke approaches whilst monitoring emerging methodologies.

Admiral Group 2023 GHG footprint in tCO_2e by Scope



Our claims targets

Decarbonisation of Admiral's supply chain

Decarbonisation of Admiral's supply chain, including the claims management process, is included within our overall 2040 Net Zero target and our interim target to halve our emissions by 2030.

We are currently looking to understand the operational impact of setting an engagement target for our claims management supply chain to support our decarbonisation journey. The target would focus on engagement with our most material suppliers by emissions, similar to how we have structured our corporate supply chain engagement target.

Our claims actions

Some of the actions we have taken to decarbonise our claims processes are universally applied across all claims suppliers, while others are tailored to particular lines of business.

Supplier engagement

Education and information gathering

In 2024, we launched a 20-week project across our UK, Delhi and Canadian operations to engage our top 200 emissions suppliers on net zero and SBTis for decarbonisation. We started integrating key suppliers into EcoVadis, a sustainability tracking platform, and aim to include all Group claims suppliers and expand to other locations by 2025.

Motor claims

Repair and replace processes

We incentivise repairs over replacements to reduce costs and emissions, partnering with a UK 'green parts' specialist to promote recycled parts use. We also educate customers on their benefits. We ensure reconditioned parts are safe and reliable, using them only when appropriate without compromising vehicle integrity or safety.

Claims process refinements

We are refining our processes to direct vehicles to correct facilities from the outset, minimising vehicle transport emissions, and exploring the potential benefits of virtual digital inspections.

Motor damage supply chain forums

We have brought sustainability and decarbonisation topics to our biannual supplier engagement forums. In 2024 our Chief Sustainability Officer led a discussion on the skills shortages in our claims supply chain and the considerations for filling these.

Household claims

Smart water management

We launched LeakBot, a smart leak detector, for UK household insurance customers, finding 24% of homes had pre-existing leaks. LeakBot installations led to a 77% drop in leak incidents, saving on average 25L of water daily per household. Over 10,000 devices are installed, with plans for further trials.

Salvaging electronic items

Our UK team has initiated a program with repair specialists to salvage electronics from customer claims, extending device life and avoiding landfill waste and emissions from new production, which could impact our Scope 3 emissions.

Incentivising restorations and refurbishments

Our UK business is incentivising customers to restore items by waiving excess fees for successful restorations. We also plan to consider ways to replace property with second-hand or refurbished items to reduce manufacturing and transport emissions.

Travel claims

Supplier engagement on sustainability

We are prioritising our engagement with key medical assistance services, who are major emitters in travel claims, and hosting discussions with principal medical assistance suppliers to evaluate their sustainability practices and set shared emissions reduction goals. Working with suppliers, we aim to identify opportunities such as optimised travel routes and exploring lower-emission options without compromising medical treatment.

Repair over replace initiative

Our travel insurance team is piloting a repair-focussed program for claims, for items such as mobile phones.

Exploration of salvage and recycling programs

We are exploring salvage and recycling of travel insurance claims items, including luggage, clothing, accessories, and electronics to support a circular economy.

Moving forward

How we'll monitor progress

We are making improvements in our claims supplier measurement methodologies, which will be required to accurately track against our emissions reduction target. We have an ambition to embed sophisticated, activity-based carbon accounting for suppliers, but recognise that the difficulty in establishing this type of measurement means this is unlikely to be fully operational in the short-term.

Despite these challenges, we are committed to advancing our decarbonisation programs within claims. We are determined that limitations in current measurement approaches will not delay the actions we are pursuing to reduce emissions in our claims supply chain and support our 2040 net zero ambition.

Investments

Investments

As an insurer, Admiral is a major financial asset owner and investor. We recognise our duty to protect the interests of our customers, society, and the environment through our investments.

By choosing to focus on reducing the footprint of our investment portfolio, we can lower our exposure to climate risk, support climate solutions, and invest in companies with net zero goals.

Noting the importance of addressing financed emissions from investments, Admiral began its net zero approach in investments even earlier than many other parts of the business. Since 2020, we have followed the widely used industry Institutional Investors Group on Climate Change's (IIGCC) Net Zero Investments Framework (NZIF) to guide the decarbonisation of our portfolio, set carbon reduction targets, and monitor the performance of Admiral's investment metrics.

We work with our external asset managers to implement the NZIF in our portfolio while also ensuring our investment strategy fulfils our fiduciary responsibilities.

According to our 2023 emissions baseline, our c£4,215 million of investments are our single largest measurable source of GHG emissions.

In this section we outline our approach to decarbonising our investments in line with the NZIF and our 2040 net zero ambition.

Our investments baseline

Currently, our investment emissions baseline figures only contain emissions from our corporate bonds holdings. Corporate bonds represent nearly half of our holdings in our investment portfolio, making them the most critical to understand (see Admiral's investment portfolio on page 34).

We have been able to measure the emissions for a 66% portion of the corporate bonds held by value of holdings in our investment portfolio, due to availability of data. We have then scaled this value upwards to proxy the emissions on all our corporate bonds. This assumes that the emissions of the currently unmeasured corporate bonds have a materially similar intensity to those which can be measured.

As detailed in the graph on the right, we found that emissions from our corporate bonds contribute approximately half of our currently measured greenhouse gas footprint, the largest single source of our currently measured greenhouse gas emissions.

Admiral Group 2023 GHG footprint in tCO_2e by Scope

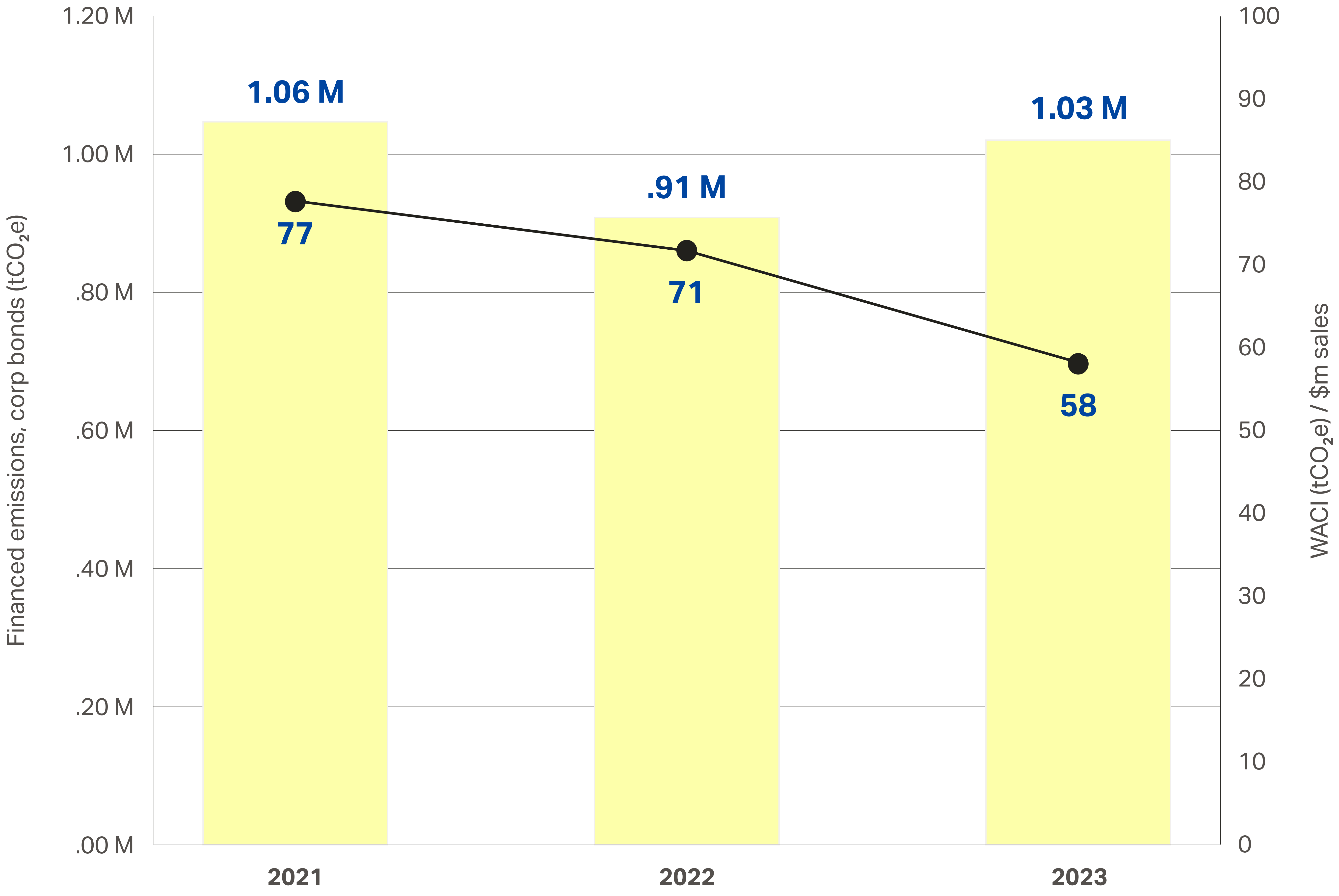
Our investments baseline

Weighted Average Carbon Intensity (WACI) and emissions

Our preferred metric for measuring year-on-year progress towards our net zero targets for investments is Weighted Average Carbon Intensity (WACI). WACI measures a portfolio's carbon exposure using company specific carbon intensities expressed as tCO_2e/$m sales. We aggregate these company specific intensities to create a single figure for our investment portfolio. WACI is recommended as a metric by both PCAF and TCFD. As an intensity-based measure, it allows for easy comparison and will not be inflated or deflated by changes in the size of the investment portfolio as the size of the insurance book changes.

While WACI can clearly show direction of progress year-by-year, we also must measure absolute emissions to know the ultimate results of our efforts. Therefore we track both, as shown in the chart on the right.

Corporate bonds, absolute emissions and WACI*



*Our current WACI takes into account Scope 1 and 2 emissions from investee companies, but not Scope 3 emissions. Please see following sections for how we may monitor investee Scope 3 emissions in the future.

Our investments baseline

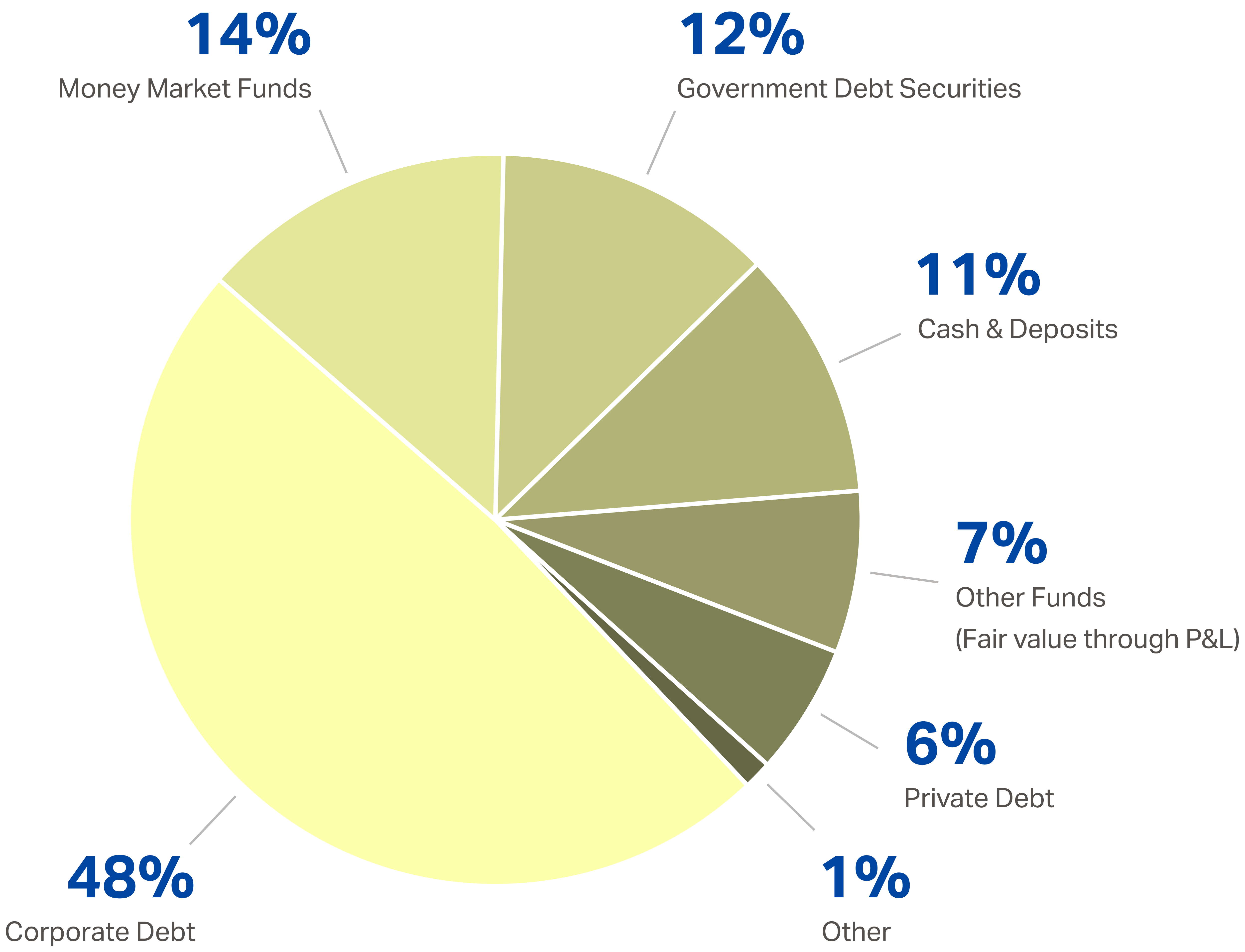
Admiral Group investment portfolio

Admiral's investments must support our products and ensure Admiral is able to pay out claims should they occur. This means we invest in assets that have maturities that are similar to those of our claims liabilities, as well as having good creditworthiness.

This investment strategy is known as 'liability matching' and is common in general insurance. As a result, Admiral predominantly invests in corporate and sovereign bonds rather than equity. This has implications for the decarbonisation levers available to us. Bondholders have different rights than equity holders—for example, bondholders cannot vote in investee Annual Meetings. Therefore, we must structure our stewardship approach differently. Even so, where possible we may engage issuers to secure agreement to align with net zero-related criteria and climate solution-promoting activities.

Our investment position for our c.£4,215 million in assets as of 31 December 2023 is shown to the right.

Admiral Group Investment Portfolio (31 Dec 2023): Percentage Value by Asset Class



Our investments baseline

Materiality of portfolio companies

As part of having performed detailed analysis of our corporate bonds portfolio, we have also conducted analysis to understand the most material emissions sources within our portfolio. Our financed emissions profile is concentrated in a small number of companies: over 75% from the top 20* bond issuers as of 31 Dec 2023. Going forward, we will use this analysis to inform the discussions in engagement plans that we have with our asset managers.

Improving our baseline in the future

Admiral recognises the challenges and limitations associated with measuring our financed emissions baseline. These include evolving methodologies for several asset classes as well as difficulties in sourcing reliable and consistent data (see discussion of limitations in the Appendix for more detail).

Refinement to our strategy will include moving beyond only corporate bonds, looking to include targets in additional holdings, such as government bonds and private debt. Methodologies exist for these asset classes through the second PCAF Standard, published in late 2022. We are currently reviewing available methodologies and data sources to understand how we can set and measure targets, and aim to complete this by 2025.

In addition, we have monitored the data quality score of our emissions data for corporate bonds in line with PCAF methodology. A score of 1 represents the highest data quality, and 5 the lowest. The average data quality score of everything we can measure in corporate bonds Scope 1 and 2 emissions is a 2. Monitoring this score will improve transparency for stakeholders around the confidence level of our emissions data, as well as supporting us to track and drive continuous improvements in the quality of data we rely on.

We are also investigating how we might expand the coverage of our carbon metrics for our corporate bond portfolio to include investee Scope 3 emissions, which will better account for the full carbon impact of our investment value chain. We are conscious of challenges in relation to data and estimation of Scope 3 emissions, but will aim to at least monitor these metrics.

*This figure is measured using Scope 1 and 2 emissions data only. While our understanding is that it remains accurate when Scope 3 data is included, we are aware of the volatility in Scope 3 emissions reporting and so have chosen not to include this within our calculations. The figure is based on companies where we have full data, covering c. 66% of the corporate bonds portfolio. It excludes holdings without emissions data or Enterprise Value data (such as certain private companies).

Our investments targets

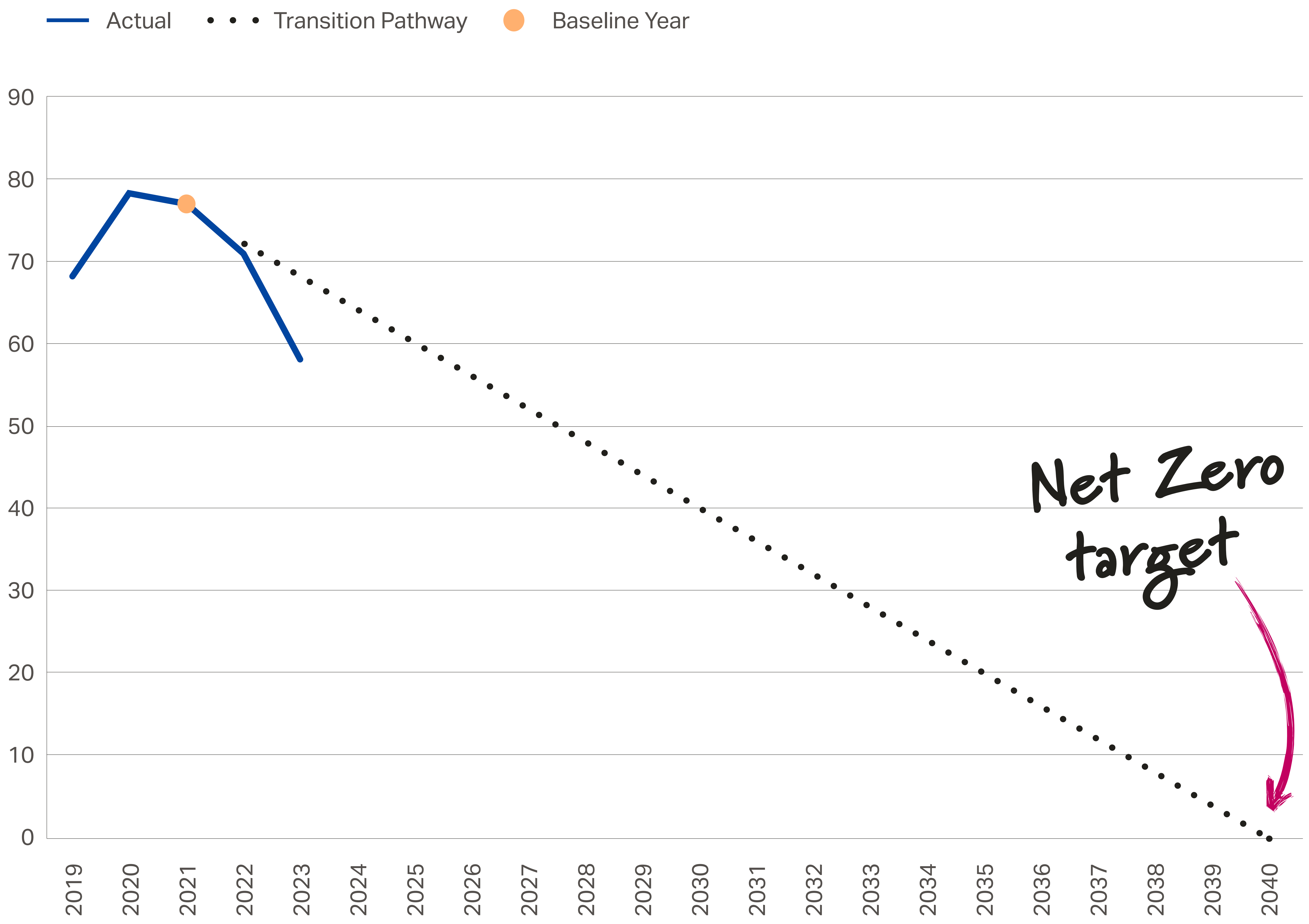
We have set several interim targets to support progress towards our 2040 Net Zero commitment.

We have targeted a 25% reduction of the WACI of our corporate bonds portfolio by 2025, using a 2021 baseline. As of 2023, our emissions had fallen by 24.5% compared to our 2021 baseline. In addition, we are working towards a Science-Based Target initiative (SBTi) approved coverage target, in which 48.6% of our corporate bonds portfolio by invested value have set SBTi-validated targets by 2028. At the end of 2023, 35% of our corporate bonds portfolio had set such targets. We are also monitoring a commitment to allocate 5% of our corporate bonds portfolio to green bonds by 2025, reaching over 8% in 2023. Whilst we have made progress against our targets, we continue to review that they are consistent with our overall net zero ambition.

There are a range of metrics available which can be used to monitor our progress against reaching net zero by 2040.

These include portfolio alignment metrics, GHG emissions and ambitions to allocate capital to climate solutions and green assets. We have set targets against a number of these metrics, and will continue reviewing the contribution they are making towards tangible progress against our overall net zero target. We are committed to developing our targets further in line with IIGCC NZIF and enhancing our strategy in line with these targets to ensure they are achievable and actionable. We will seek to communicate these in more detail in the next iteration of our net zero transition plan.

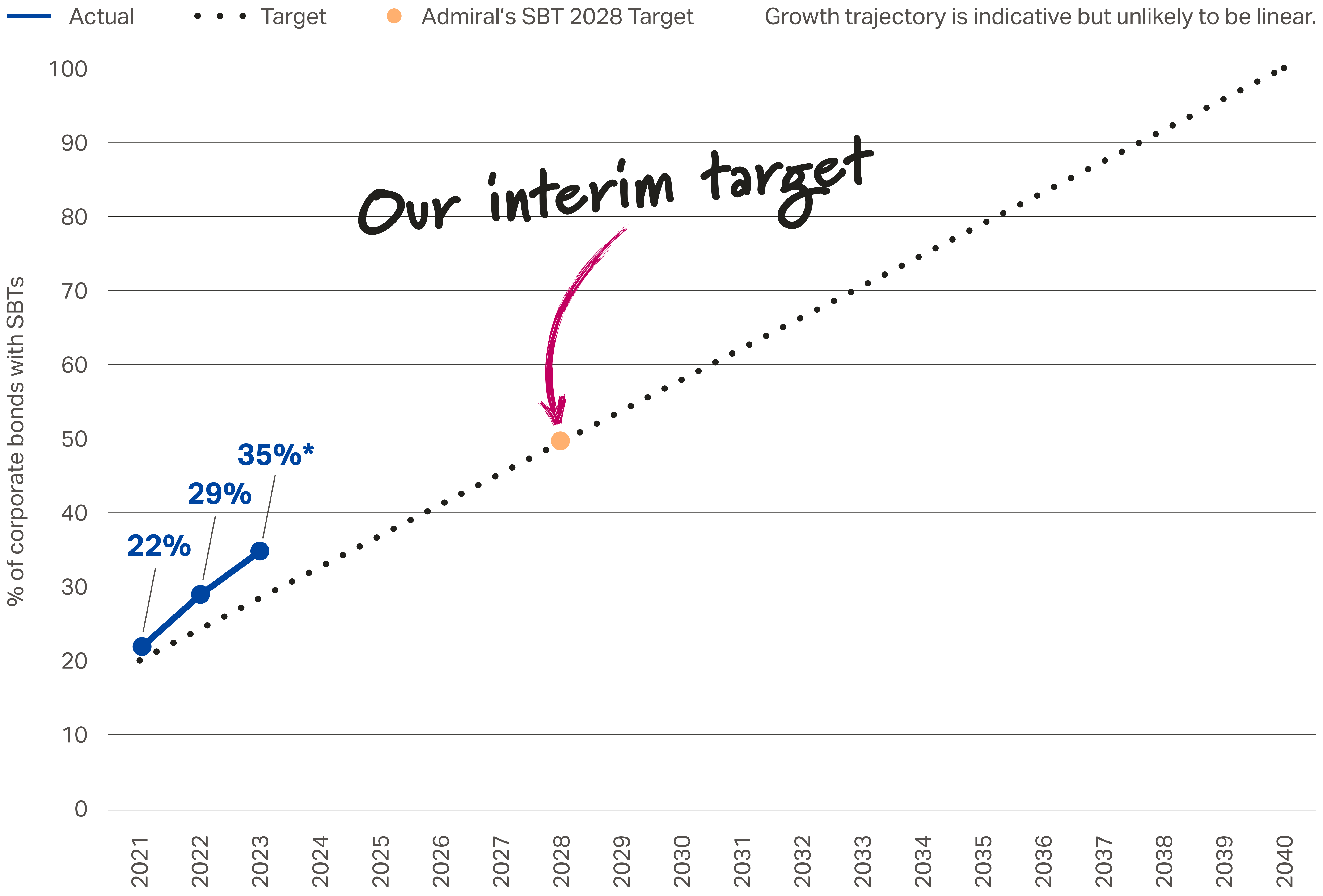
Path to net zero for Weighted Average Carbon Intensity (WACI)



Reduction trajectory is indicative but unlikely to be linear.

Our investments targets

Proportion of bond counterparties with SBTs



*We previously had not disclosed the 2023 figures due to data discrepancies between vendor data and SBTi's own database. These figures are derived by mapping our corporate bonds to the SBTi database.

Our investments actions

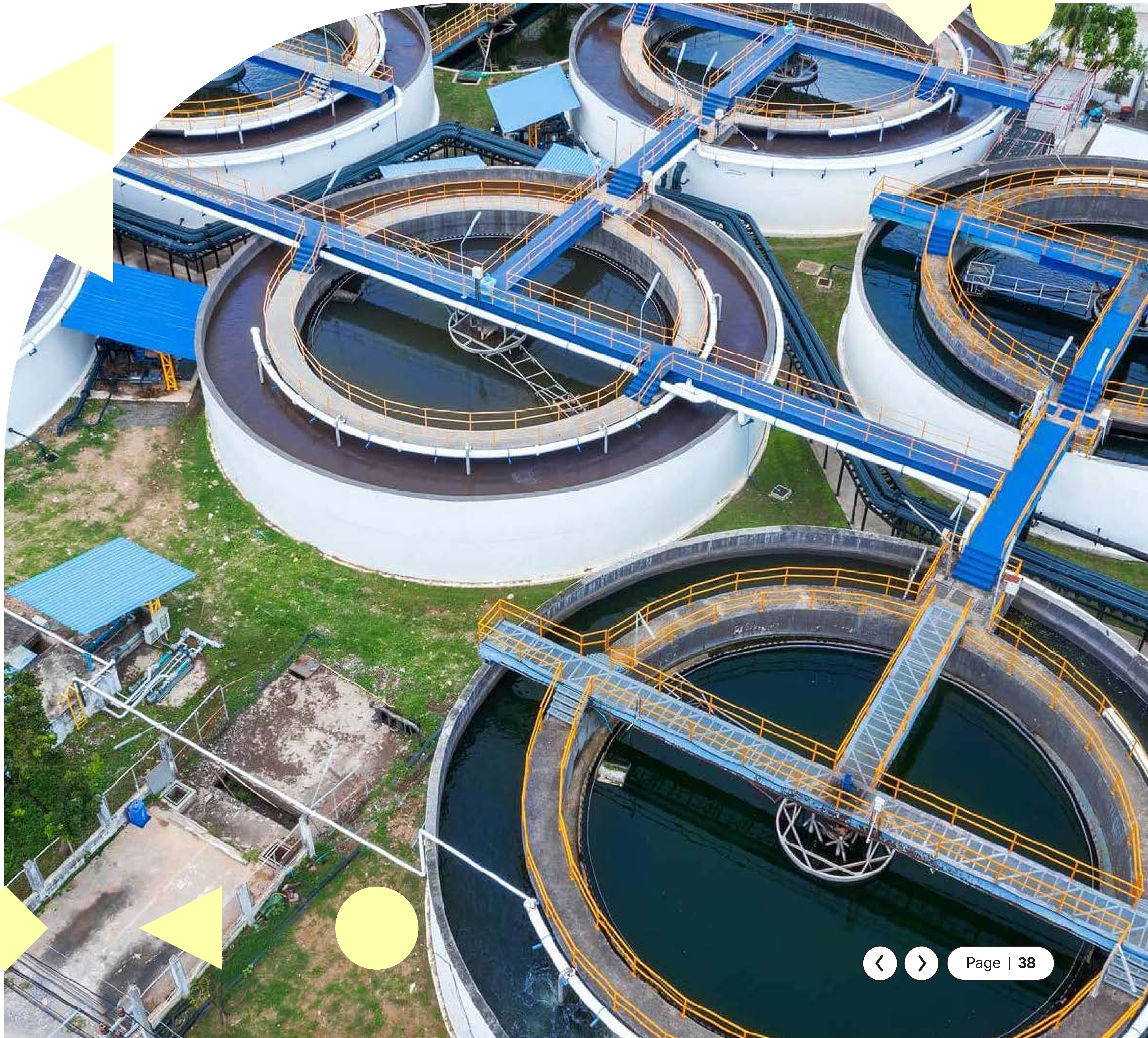
Decarbonisation of Admiral's investment portfolio is key to achieve our overall 2040 net zero ambition as it is the most material contributor to our current emissions baseline measurement.

All of our investments are externally managed, and we work closely with our asset managers to implement the NZIF and ensure we fulfil our responsibilities to our customers and shareholders.

In this sub-section we set out the actions we will take to achieve real economic emissions reductions and reach net zero in our investment portfolio.

We have organised our approach across three key levers:

1. Investment processes and policies
2. Engaging with and through our asset managers
3. Increasing our investments in climate solutions



Our investments actions

1. Investment processes and policies

Admiral actively integrates climate considerations into our investment processes and policies. We use climate-aware capital market assumptions (CMAs) to drive our strategic asset allocation, ensuring physical and transition impacts are considered in our portfolio decisions. We review our resulting strategic asset allocation annually.

Admiral has developed a Responsible Investment Policy, which was revamped in 2024. This sets out our approach to mitigating climate and other ESG-related risks in our portfolio, achieving sustainable long-term returns for our stakeholders, and key measures to support decarbonisation of our investments. This includes restricting investments in those firms generating more than 10% of their revenue from coal or oil sands. Admiral actively incorporates the principles of the Policy within segregated mandates we hold with our asset managers. The Policy also covers our process for stewardship and investments in climate solutions, discussed further on page 41.

2. Engaging with and through our asset managers

By setting certain portfolio targets and engaging with our asset managers, we can use our position of influence to drive emissions reductions in the real economy. These actions are outlined on page 40.

Admiral is committed to aiming for best practice, reflecting latest industry guidance and methodologies on release, such as the NZIF 2.0. For example, in 2024 we refreshed our targets with our corporate bond managers.

‘Real economy’ emissions reductions: what do we mean?

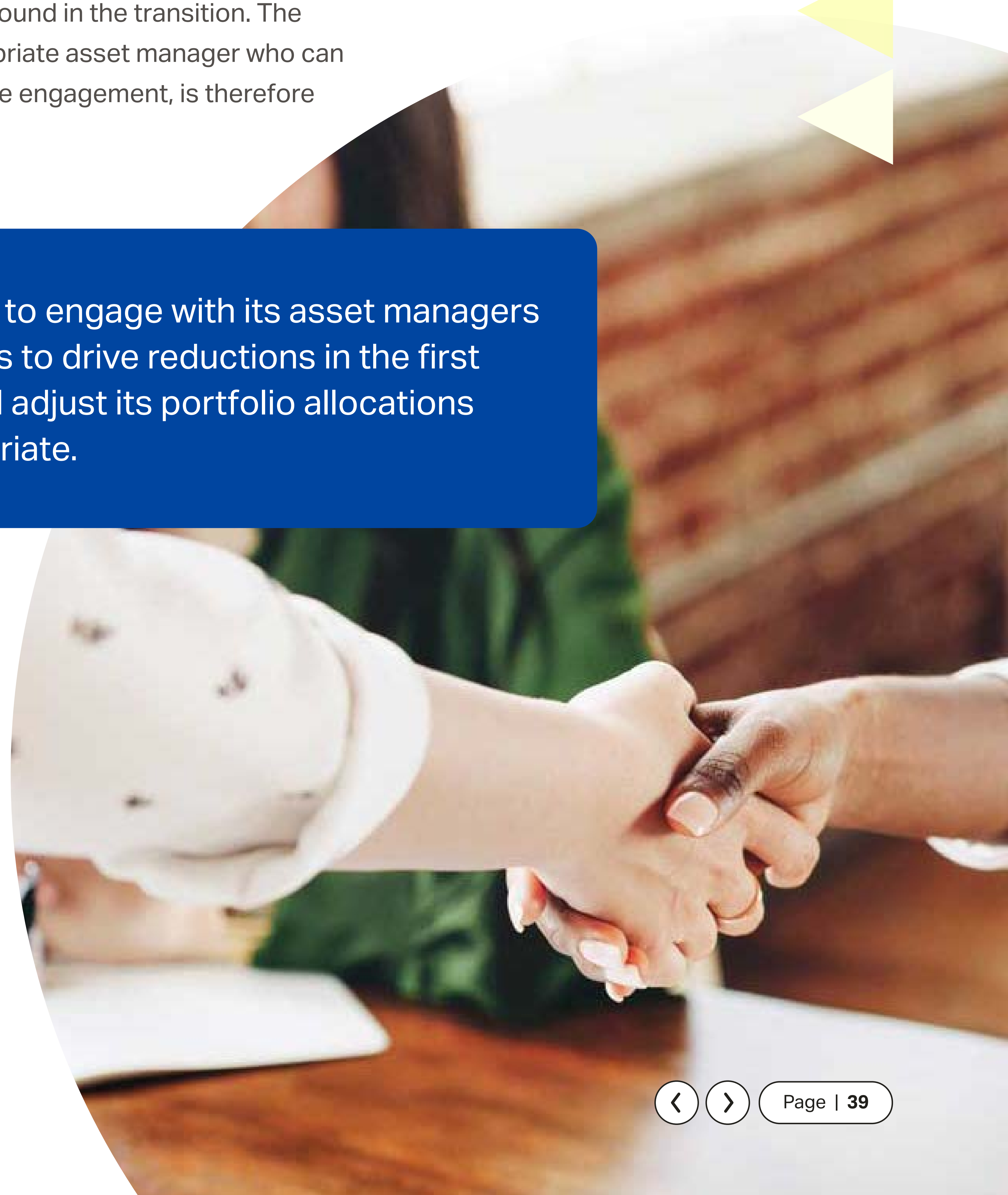
The term ‘real economy’ refers to the part of an economy that produces goods and services, rather than the part that consists of financial services such as banks and asset owners (including insurers).

Because financial services companies are mostly outside the real economy, they can reduce their emissions without any corresponding reduction in the real economy. For example, Admiral might reduce its portfolio emissions by not reinvesting with a steel manufacturing company and instead investing in a technology company. However, with that single action, actual emissions in the real economy will not have changed if that steel manufacturing company continues to operate.

Asset owners can, however, drive real economy emissions reductions whilst aligning their portfolio to net zero. Through their support and engagement activities, they can facilitate and create the environment in which investee companies act to make their businesses more green.

This can include ensuring investees are educated on the opportunities found in the transition. The selection of an appropriate asset manager who can best facilitate effective engagement, is therefore important.

Admiral aims to engage with its asset managers and investees to drive reductions in the first instance, and adjust its portfolio allocations when appropriate.



Engaging with and through our asset managers

Manager selection

In line with our Responsible Investment Policy, going forward we will only select asset managers who demonstrate a commitment to active ownership through engagement and voting.

Improving engagement

In 2024 we began requesting more granular quantitative and qualitative data on the engagement activities performed by our asset managers, and how they monitor progress. This will allow us to better understand the breadth and depth of engagement being conducted across our portfolio and perform our own engagement with our asset managers in a more targeted manner.

Engaging with our asset managers

We will pursue regular engagement with our asset managers, meeting with our core asset managers quarterly to discuss the dialogue and actions they are taking with investee companies. Engagement will cover a range of sustainability topics relevant to our decarbonisation journey, including structuring investment propositions to adequately support our targets. We will also specifically review Paris-alignment and engagement activities across high emitting sectors and for the top 20 investee companies, which contributed over 75% of our financed emissions from corporate bonds in 2023.

Evaluation of our investments

Admiral's Investment Committee evaluates reporting on ESG and net zero performance of asset managers' portfolios quarterly, and formally assesses asset managers every three years. Where a manager no longer meets our expectations regarding ESG, this will be raised to the Investment Committee to determine if we wish to modify or possibly revoke our mandate with them.

Within investment portfolios, where companies are found to be non-aligned, Admiral will review the engagement conducted by our asset managers with the aim to improve alignment in the short-term. A lack of progress could result in Admiral escalating our own engagement with our asset managers and request that the company is added to an exclusion list.

Our investments actions

3. Increasing our investments in climate solutions

The IIGCC estimates that $109-275 trillion of investment in climate solutions will be required to limit global warming to 1.5°C between now and 2050.

Growing our allocation to climate solutions therefore represents a significant opportunity to help fill this financing need and support the future industries needed to achieve net zero across the economy whilst working towards our target.

As detailed in our targets, we are seeking to increase our investment in climate solutions, which makes up a portion of our green-bonds investments.

Admiral actively works with our asset managers to set preferences for securities which contribute positively to the UN Sustainable Development Goals, including investing in climate and social solutions.

These preferences are integrated into relevant investment mandates, and as mentioned above we also engage with our asset managers on how to structure new investment propositions to meet our targets.

We are considering approving other investable asset classes in the future, which would further enable us to invest in the transition to a low-carbon economy and meet our sustainable financing targets.

What is a 'climate solution'?

The IIGCC defines climate solutions as 'activities, goods or services that contribute substantially to, and/or enable, emissions reductions to support decarbonisation in line with credible 1.5°C pathways towards net zero, or that contribute substantially to climate adaptation.'

In short, these are the businesses and industries that will enable society to transition to a net zero economy, or adapt to the future impacts of climate change. Common examples include renewable energy infrastructure, electric vehicle production, and improved flood defences. Some activities, whilst not necessarily zero emissions themselves, are enablers of reductions and the transition, such as the infrastructure development behind EV charging points.

Admiral hold over 10% of our corporate bonds and private assets in climate solutions, c. £215m. Here's how it's split:

£146m green bonds

£59m green revenue from non-green bonds

£10m from renewable energy infrastructure

Moving forward

How we will monitor progress

Progress against our targets is monitored regularly by the investment team and will be reported annually in our Annual and Sustainability Reports. Admiral recognises that portfolio decarbonisation is a fast-evolving area and that the metrics, targets and strategy referenced in this section may need to be refreshed in the coming years. We are committed to updating our strategy for the decarbonisation of our investment portfolio every three years at minimum, if not more frequently in line with industry guidance.

It is important to note that progress on our Transition Plan towards achieving net zero in our investment portfolio is subject to a number of assumptions and dependencies. We have referenced some of these above, but they are set out in detail in appendix section, Limitations and Assumptions.

Own Operations

Own Operations

We strive to lead by example in decarbonising our own operations in line with our net zero 2040 ambition.

We acknowledge that our operational emissions account for less than 1% of our overall footprint.

However, by defining a clear path towards achieving net zero in our own internal activities, we not only strengthen our own environmental commitment but also enhance our capacity to support our wider stakeholders with their own decarbonisation journeys.

We began working towards this goal in 2014 through the commitments and actions of our Property and Facilities Management department. As a result, in 2020 we achieved carbon neutrality* for our Scope 1 and 2 emissions internationally through a combination of emissions reduction actions and carbon offsetting, both outlined later in this section. We know however there is more to do and we are committed to achieving net zero in our operations by 2040 which involves reducing our emissions as much as possible with only unavoidable, residual emissions being balanced through offsetting.

*Please see the Introduction for definitions of 'carbon neutral' vs. 'net zero'.

Our operations baseline

Admiral Group's operations comprise several different business segments and subsidiaries.

We operate offices in 12 sites across the UK, India, Europe, and North America. Our UK, India, and Canada locations together comprise c.70% of our material operational emissions, with our remaining locations making up the other c.30%.

We have calculated our operational emissions from a 2021 baseline. To reach net zero in our operations we will need to reduce this figure by 100% by 2040 with only minimal use of offsetting for residual emissions. Below are the figures for this baseline and activities that drive them.

Scope 1

Natural gas and diesel combustion

929 tCO_2e

Scope 2

Purchased electricity

1,189 tCO_2e

Scope 3

- Fuel and Energy Related Activities or 'FERA' (Category 3)
- Waste (Category 5)
- Business travel (Category 6)
- Water supply and treatment (uncategorised)

914 tCO_2e

We operate offices in 12 sites across the UK, India, Europe, and North America.

Cardiff (X2) & Swansea
Ty Admiral & Admiral Group House

Madrid & Seville

Halifax

Lille & Paris

Rome

Delhi

Virginia

Gibraltar

Operational emissions

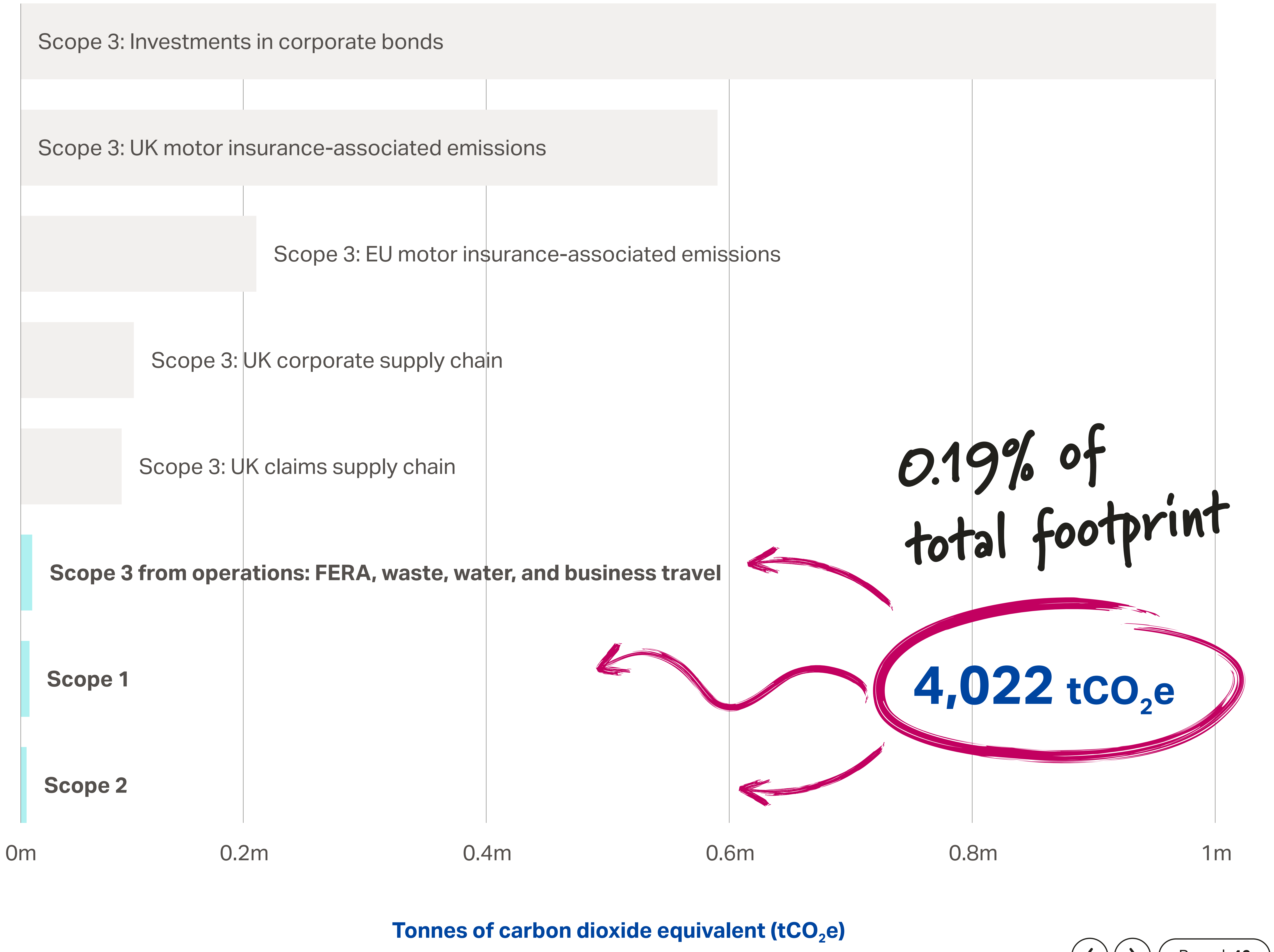
Admiral reports such operational emissions as part of our Annual Report. Emissions are measured and calculated in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised version). We define our organisational boundary by the operational control approach, encompassing all operations and sites where we have full policy-making authority. This includes all 12 of our offices we operate.

We have a regulatory obligation to disclose Scope 1 and 2 GHG emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implement the government's policy on Streamlined Energy and Carbon Reporting (SECR).

While reporting on operational Scope 3 emissions is not mandatory, we seek to improve our understanding of the environmental impact of our operations, and therefore report in SECR where we have matured, accurate data. Our SECR disclosure aggregates these Scope 3 emissions, but we have chosen to disaggregate them in this Net Zero transition plan.

The following pages outline our FY23 Group-wide operational emissions. Please see appendix section Own Operations for full details on calculation methodologies.

Admiral Group 2023 GHG footprint in tCO_2e by Scope



Group-wide operational emissions 2023

Scope 1

1,482 tCO_2e

Emission sources

- Natural gas combustion (kWh)
- Fugitive and refrigerant gas (kg)
- Diesel vehicle combustion* (miles)

*Diesel vehicle combustion not reported after 2021 as vehicles no longer owned.

Water

9 tCO_2e

Scope 3

Emission sources

- Water supply (m^3)
- Water treatment (m^3)

Scope 2

605 tCO_2e

Emission sources

- Purchased standard electricity (kWh)
- Purchased renewable electricity (kWh)

Business travel

1,524 tCO_2e

Scope 3

Emission sources

- Domestic & short haul flights (miles)
- Average car (miles) diesel/petrol/hire car (electric) (miles)
- Taxi (miles)
- National rail (miles) & international rail
- Light rail and tram

FERA

375 tCO_2e

Scope 3

Emission sources

- Well-to-tank transportation of our natural gas supply (kWh)
- Transport and distribution of our electricity supply (kWh)

Waste

27 tCO_2e

Scope 3

Emission sources

- Mix recycling (tonne)
- Confidential shredding (tonne)
- Food waste (tonne)
- Energy from waste (EfW) (tonne)
- Landfill (tonne)

Where we are

Our emissions reporting

Our annual SECR disclosure reports emissions with nine months of actual data and three months of projections. These are restated with a full year's data in the following year's SECR disclosure. We are exploring ways to improve data collection for more effective emissions reduction actions and data enhancement.

Improving data quality

There are several improvements to our operational emissions data quality and measurement that we are intending to make in the next five years. By improving data quality, we are better placed to reduce our operational emissions through more targeted and data led decision making.

To improve consistency of the data we receive, we are working with our landlords and Property and Facilities Management departments across the Group.

Listed on this page are the other initiatives to improve data for operational emissions.

Electricity

Internationally, we are working with landlords to verify meter readings against their utility invoices to improve accuracy. In Halifax, Canada, we are introducing smart meters to improve the quality and frequency of electricity usage data. In the UK, we have installed improved Building Management Systems (BMS) at our two biggest sites to provide more granular data reporting, enabling targeted energy efficiency controls and initiatives.

Waste

We are working to improve the richness of our data on waste across the Group. Some of the challenges we experience are related to landlords not having the oversight of waste facility usage in our shared buildings, as well as waste being handled differently depending on the region such as by the government in our Spanish offices. We are working with our overseas offices to try to overcome these challenges in support of richer data.

Business travel

We are exploring ways to improve the consistency of data related to business travel across all locations, with a travel review being completed in Q4 2024. These data improvements will help to determine which initiatives will be most effective at reducing business travel emissions.

Employee commuting

We are exploring potential data sources to measure these emissions as part of our travel review in Q4 2024 for our UK, Delhi and Halifax offices. Data sources may include employee travel surveys, our car-sharing platforms, EV car scheme adoption, and car park bookings. We aim to disclose this data in 2025 once we are comfortable with the accuracy of our data sources.

Homeworking

Whilst we do not currently calculate homeworking emissions, we are exploring how we may do so in future for our UK operations, considering new conversion factors produced by DEFRA.

Our operations targets

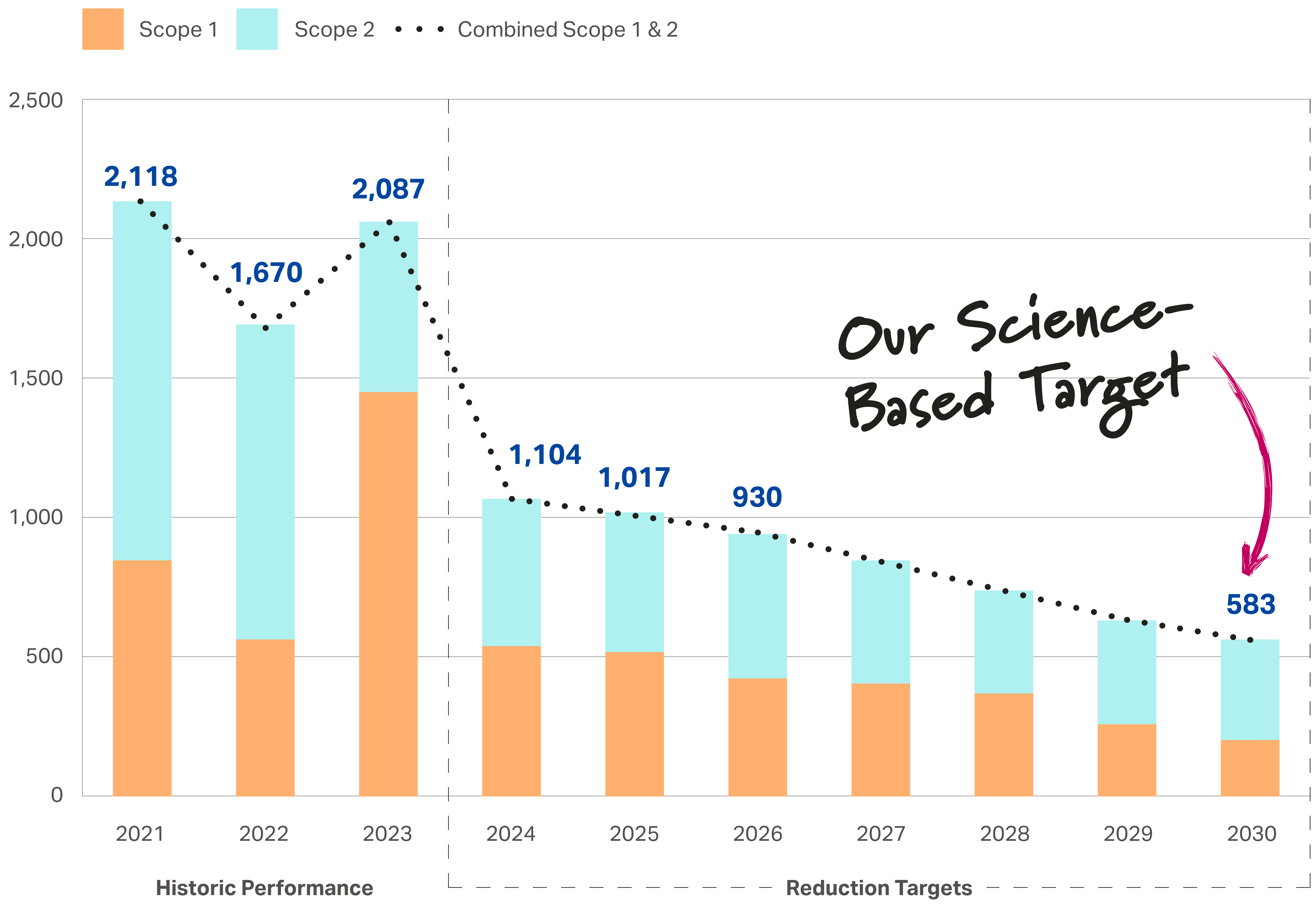
We aim to reduce absolute Scope 1 and 2 GHG emissions 70% by 2030 from a 2021 base year.

In August 2024, Admiral received approval on its Science-Based Target for reduction of Scope 1 and 2 emissions, which are part of our operational emissions. This target sits alongside our overall target of net zero by 2040 and is more ambitious than our overall intermediary 2030 target of reducing GHG emissions by 50% and therefore supersedes it for Scopes 1 and 2.

Setting ambitious science-based interim targets is a key step towards delivering our overall net zero commitment and enables us to monitor our progress in the short- to medium-term. A year-by-year trajectory for our progress towards our 2030 interim target displayed in this graph. As part of a sustainability-linked loan, we also have set annual targets for absolute Scope 1 and 2 emissions reduction through 2026, which aligns with our other operational emissions targets outlined in this section.

In addition to our absolute emissions targets, we have set a target of achieving 100% renewable energy procurement across our European operations by 2025.

Admiral Group Scope 1 and 2 Emissions (tCO_2e)



Our actions

Admiral is aware that the pathway to operational net zero will vary across the markets and geographies in which we operate. We are taking a materiality-led approach, focusing initially on the UK. Our UK operations are the most material in terms of our carbon footprint, where we have the greatest operational control, and where there is a relatively supportive policy environment.

We intend to apply successes from our UK efforts to our other operations to reach Net Zero by 2040 across the Group.

Reducing Scope 1 & 2 emissions in the UK

Following work with external consultants in 2021, we are executing a long-term plan to reduce the Scope 1 and 2 carbon footprint of our UK offices. This work baselined our property and infrastructure across the Group, identifying areas to make emissions reductions. As of 2024, we have achieved the following milestones to reduce our Scope 1 and 2 emissions:

- Purchased electricity from 100% renewable sources at all our UK sites
- A BREAMM excellent rating at our Cardiff headquarters and installing photovoltaics to feed electricity back into the grid
- Refurbished our Cardiff headquarters with LED lighting to reduce electricity usage
- Updated the refrigerant gas system at Admiral Group House in Swansea in response to the 2023 gas leak
- Closed 396,000 sq. ft of office space since 2020 while accommodating our growing employee base

What's next?

Over the next five to ten years, we plan to execute additional measures from this plan to further cut our Scope 1 and 2 emissions, aligning with our 2030 and 2040 goals, including:

- Mechanical and electrical (M&E) changes to plant and building management systems, focusing on more economical use of utilities, water, and waste
- Improving controls of the main M&E plant and associated systems
- End-of-life replacement of M&E plant and machinery where a significant carbon reduction can be achieved

Whilst these improvements will mainly support reductions in our Scope 1 and 2 emissions, they will also impact our operational Scope 3 (Categories 3 and 5) emissions.

For the last point on office closures

We recognise that closing offices can result in increased emissions from employees working from home, and so we are now working to measure home-working emissions as well.

Our actions

Scope 1 & 2 emissions in Canada, India, and Europe

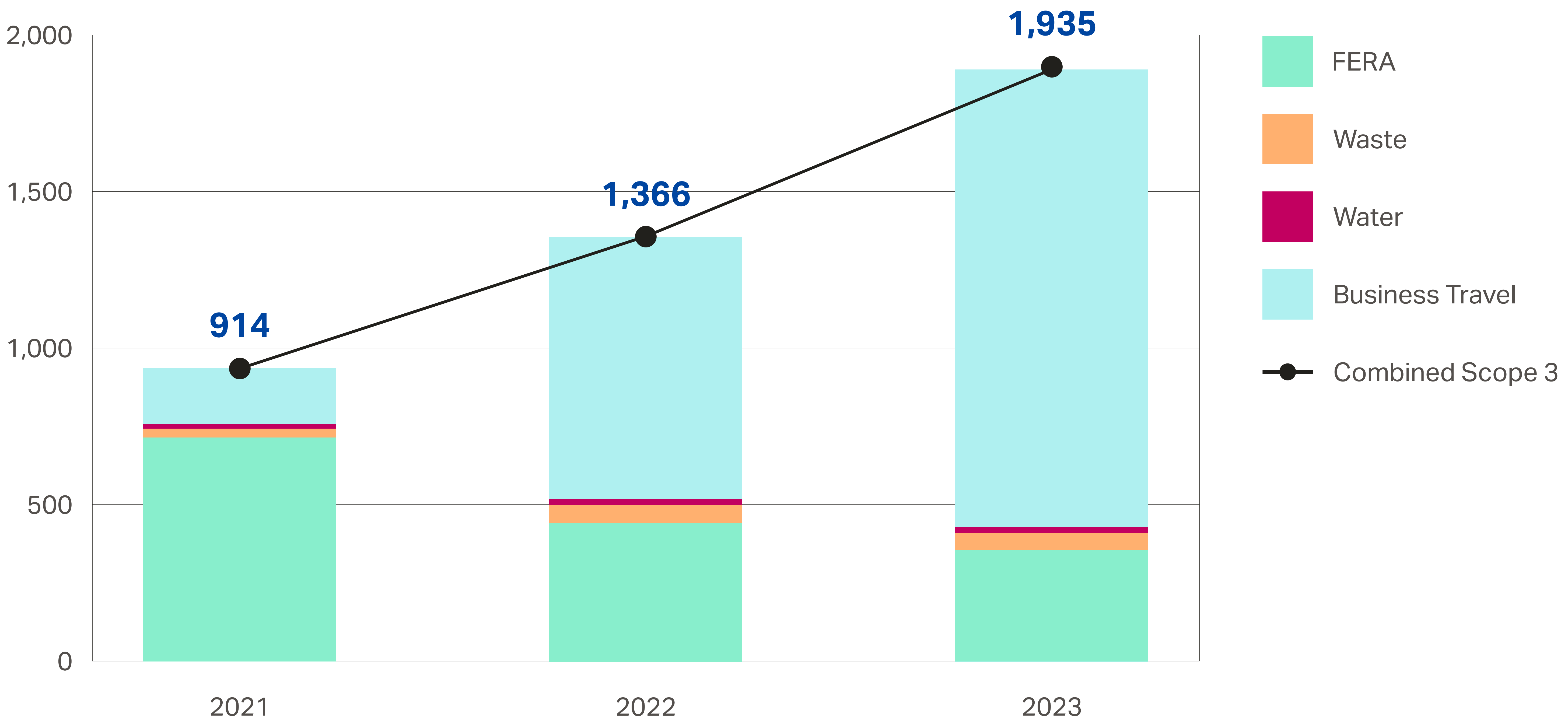
Building on success in our UK offices, we are implementing a renewable energy procurement strategy in our other locations across the Group.

In 2023 we purchased 77% of our electricity across the Group from renewable sources, an increase from 69% in 2022.

We recognise the challenges in procuring renewable energy in India and Canada due to the structure of their energy markets, driven by fragmented regulation, a lack of infrastructure and relative abundance of low-priced fossil fuels. We are also engaging with our Canadian landlord and monitoring government policy with the view to bringing in renewable procurement when available.

We are committed to working towards our target of 50% renewal energy procurement by 2026 for our Delhi office.

Historic Scope 3 operational emissions (tCO_2e)



Admiral's Scope 3 operational emissions rose to 1,935 tCO_2e in 2023, an increase of 112% from our 2021 baseline of 914 tCO_2e. This was largely driven by an increase in emissions from business travel following the easing of the COVID-19 pandemic and lifting of travel restrictions around the world.

Given this growth, business travel is a key area of focus for our operational Net Zero journey.

Our Scope 3 emissions in detail

Business travel (Category 6)

In Q4 2024, we conducted a review of business travel with our Sustainability Working Group, exploring approaches to reducing emissions. Eventual outcomes may include implementing a Group Travel Policy, offering incentives to employees to take greener modes of transport, or setting targets for mode of transport, which could promote use of public transport across the Group.

Employee commuting (Category 7)

Whilst we have yet to baseline emissions from employee commuting, we recognise their likely materiality on our operational emissions and are supporting less carbon-intensive commuting options.

We offer a Bike-to-Work scheme to all UK employees as part of their benefits package, spreading purchase payment costs, and providing large bike storage areas and showers at our UK offices. We also offer on-site bike storage at our locations in Seville, Halifax and Lille.

In April, we introduced a car share scheme for UK staff, connecting colleagues with similar commutes through an online system. In 2024, we began rolling out an EV car scheme available to our UK employees.

During our annual Green Week, we highlight sustainable commuting initiatives to colleagues, emphasising their role in realising Admiral's net zero ambitions. We are continuing to explore options to promote more sustainability commuting.

Admiral's use of carbon credits

Admiral currently offsets all Scope 1 and 2 emissions, as well as all operational Scope 3 emissions that we have measured. As a result we are carbon neutral in these areas and have been since 2021. However, in order to reach the "net zero" status in line with the Net Zero Standard, we are working towards reducing 90-95% of our total operational emissions, and eventually only using carbon credits to offset our residual, non-abatable emissions associated with our operations.

As of 2024, Admiral purchases its carbon credits through United Purpose. Credits are verified by Gold Standard using their proprietary methodology. In 2023 Admiral purchased and retired 4,253 credits to offset its verified 2022 emissions.

Work by our carbon credits

United Purpose is a non-governmental organisation (NGO) operating across Uganda, Rwanda, Kenya, South Africa and India. They conduct carbon offsetting projects based on nature-based and technological carbon removals in the areas of energy efficiency, water access and sanitation, and land restoration.

We selected to partner with United Purpose because of their broader sustainability focus. This encompasses social benefits and empowerment for local communities alongside climate integrity, which aligns with our Group purpose of 'helping more people to look after their future.'

Alongside actual carbon credits, Admiral also sponsors carbon sequestration projects related to our operational emissions. We sequester the equivalent of 50% of our operational emissions volume with the tree-planting charity Stump up for Trees, and 50% with the forest conservation charity Size of Wales. These projects are not intended to offset our emissions but are instead conducted for their broad sustainability benefits, including supporting our local communities and restoring natural habitats, as well as carbon sequestration.

More detail on our work with Stump up for Trees and Size of Wales can be found in our Engagement section of this plan.

Future direction for carbon credits

We recognise carbon offsetting has its limitations and are currently reviewing our carbon credits strategy, focusing on sourcing and quality, to ensure it is aligned to current market guidance. We remain committed to reducing our operational emissions as far as possible, diminishing our need for credits as we progress towards our net zero target.

stump up for trees

United Purpose
Beyond aid

Size of Wales
Maint Cymru

Moving forward

How we'll monitor progress

Our Property and Facilities Management departments monitor environmental impact data from locations across the Group including for electricity and gas usage, waste, water, and business travel. The data feeds into our operational sustainability strategy, enabling refinement of decarbonisation efforts across the Group.

Our efforts to date indicate we are on track to achieve our 2030 interim target of a 70% reduction in Scope 1 and 2 emissions against a 2021 baseline. Whilst we have seen an increase in our operational Scope 3 emissions since our 2021 baseline, we understand that this is due to growth in the business and changes in business travel. We recognise that more work is needed in this area and is a key focus for our operational net zero journey.

We remain committed to implementing the necessary actions to achieve our targets and will continue to review and refine our approach to reflect the latest scientific knowledge, regulatory changes and market developments.

Supply Chain

Supply Chain

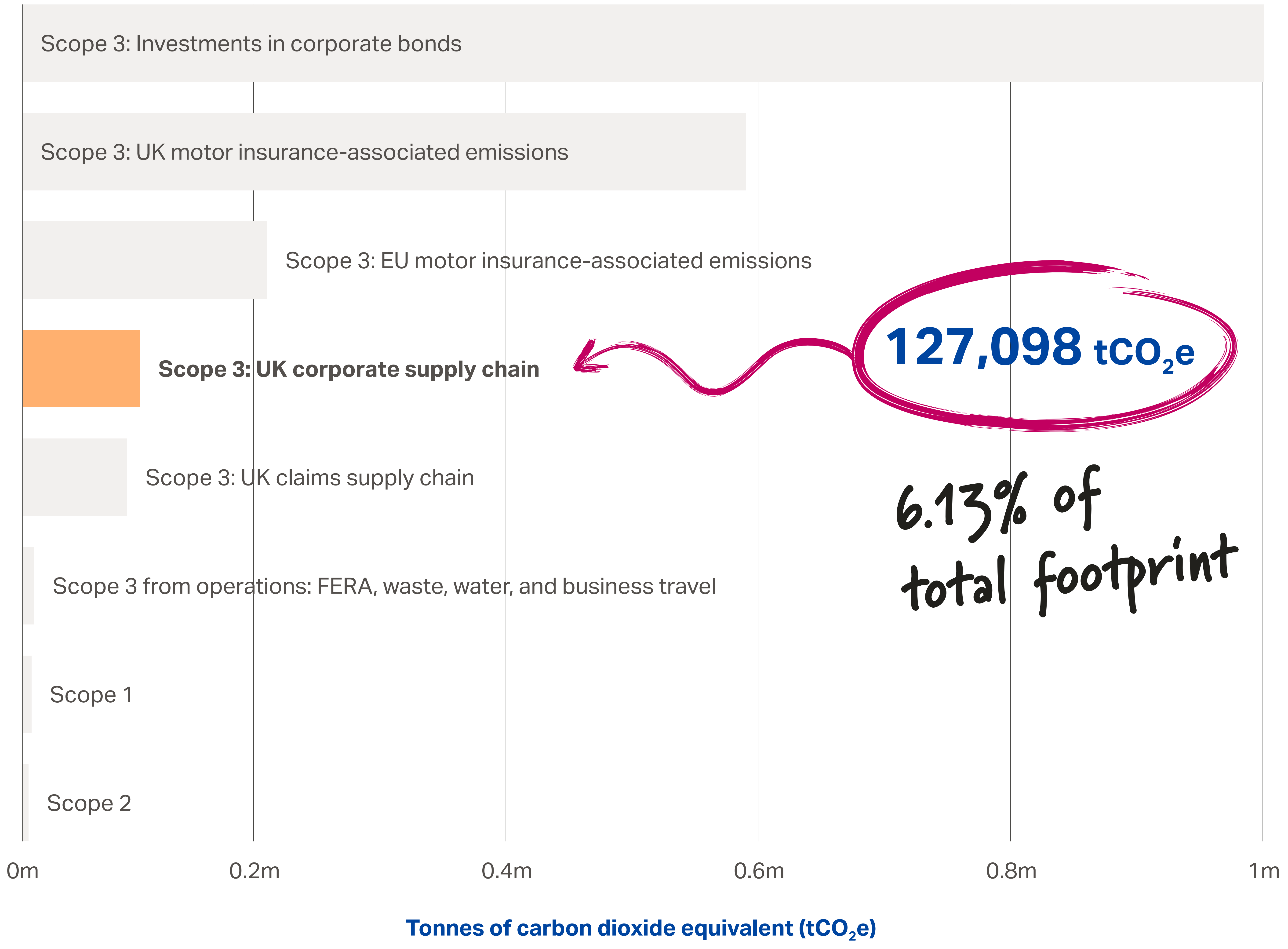
Admiral's operational supply chain is made up of approximately 1,780 suppliers from whom we purchase over one billion pounds worth of goods and services annually.

This section details our decarbonisation efforts for our corporate supply chain, separate from our claims network. Corporate suppliers provide Admiral with technology, data, distribution, marketing, and other fundamentals to the operation of our businesses. We are committed to decarbonising our supply chain and supporting our suppliers in their own sustainability efforts, contributing to broader decarbonisation of the economy while delivering our commitment to achieving Net Zero by 2040.

Our claims suppliers are discussed separately within our Claims section. In the following section, we present our approach to decarbonising our corporate supply chain, detailing our efforts to improve and refine emissions measurement, our engagement targets with suppliers, the actions we are pursuing to support our suppliers, and how we will monitor and track progress.

Our supply chain baseline

Admiral Group 2023 GHG footprint in tCO_2e by Scope



Scope of measured supply chain emissions

Of the emissions we have measured, our UK corporate suppliers' activity represents 6.13% of our overall GHG footprint. This includes emissions in the GHG Protocol Scope 3 categories of Purchased Goods and Services (Category 1) and Capital Goods (Category 2).

Our emissions calculation methodology

In 2023, Admiral worked with a major consultancy to estimate emissions from our corporate supply chain across all Group businesses, aiming to identify suppliers with decarbonisation targets. Analysing 2021 data and spend, we calculated emissions for the full UK insurance supply chain. We then used this to identify our top 200 most emissions-material suppliers and evaluate the status of their decarbonisation targets.

We found that 16 suppliers were responsible for over 50% of our emissions, with 10 already pursuing Science-Based Targets. Following this, we decided to prioritise setting supplier engagement targets for supply chain decarbonisation.

Refining our baseline

In 2024, we sought to build on the work from 2023 by re-baselining our supply chain emissions using improved spend data. We used 2023 data from our UK supply chain only, due to limitations in supplier data from our operations in France, Italy, Spain and the US. The emissions from UK corporate suppliers was measured at 127,098 tCO_2e. The methodology estimates emissions using Admiral's own spend with suppliers multiplied by an average emissions factor based on each supplier's industry. Our calculations used emission factors from Eora Global Supply Chain Database.

A limitation of this approach is that decarbonisation progress by individual suppliers will not be reflected in our estimate. We are therefore working towards using supplier-specific emissions data in the future. In Q3 2024, we engaged with our top 200 most material suppliers across both corporate and claims supply chains to begin collecting this data. A near-term objective for 2025 will also be the inclusion of our non-UK entities in an updated baseline.

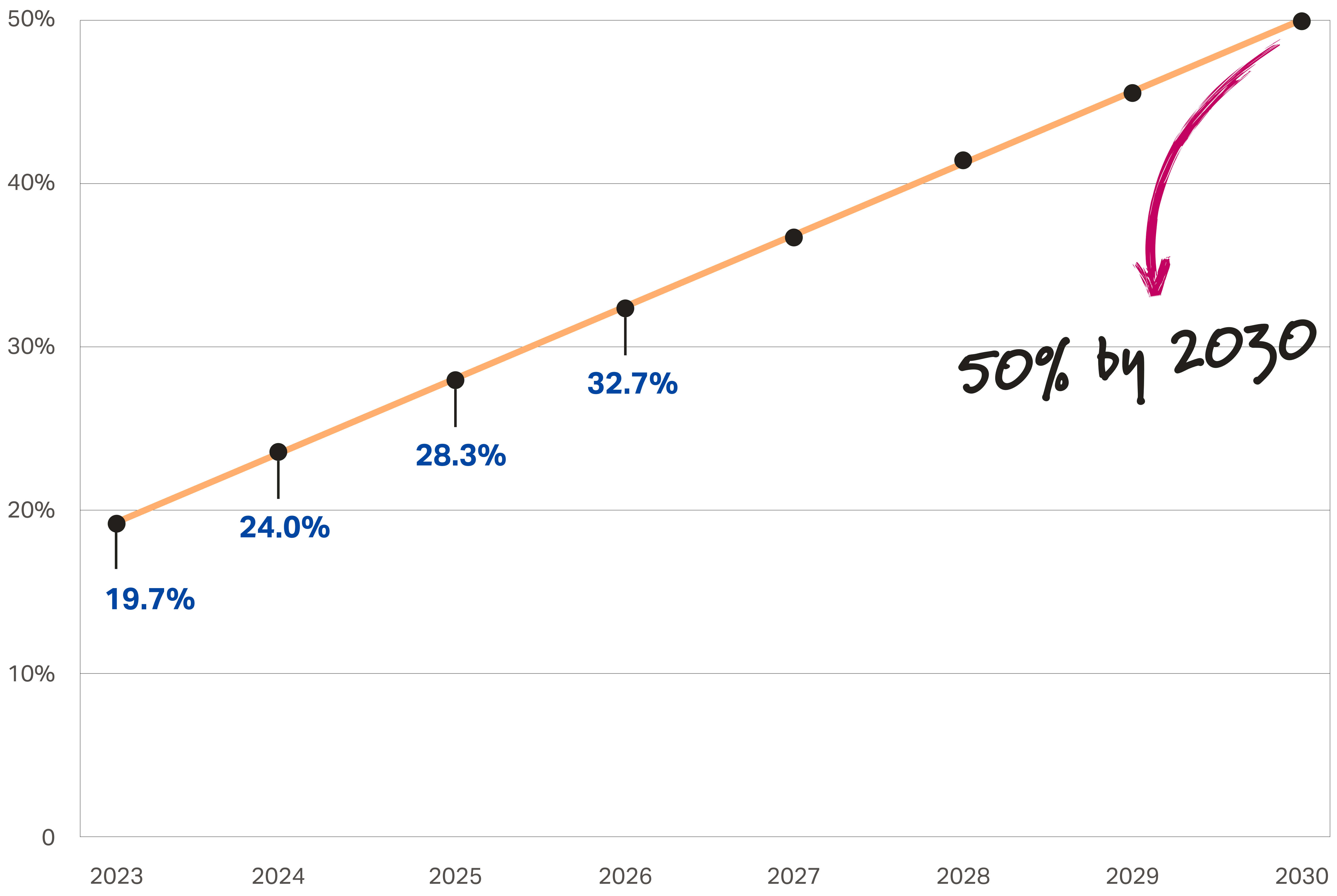
'Activity-based' carbon accounting

We aspire to eventually transition to 'activity-based' carbon accounting, which involves estimating emissions based on the actual goods or services we buy with the supplier. This measurement will reflect a supplier's progress in decarbonising their organisation, and any progress that comes from decisions we make with the supplier about the nature of our partnership.

Our supply chain targets

Admiral Group corporate supply chain commitment to decarbonisation

Percentage of our supply chain emissions from companies committed to SBTs



Trajectory is indicative but unlikely to be linear.

By 2030, we aim to have 50% of our Group corporate supply chain committed to Science-Based Targets.

Decarbonisation of Admiral's supply chain is included within our overall 2040 Net Zero target, and our interim target to halve our emissions by 2030. As part of a sustainability-linked loan, we have also set interim supplier engagement targets for 2024 through 2026.

AI and emissions

The world has seen growing concern over the environmental impact of AI, which requires energy- and water-intensive data centres to function. In recent years, Admiral has expanded its use of AI, including using cloud-based machine learning models for pricing, operations, and strategy. Energy use from Admiral's AI solutions falls into Scope 3, Category 1 'Purchased Goods and Services' emissions, which are part of our corporate supply chain.

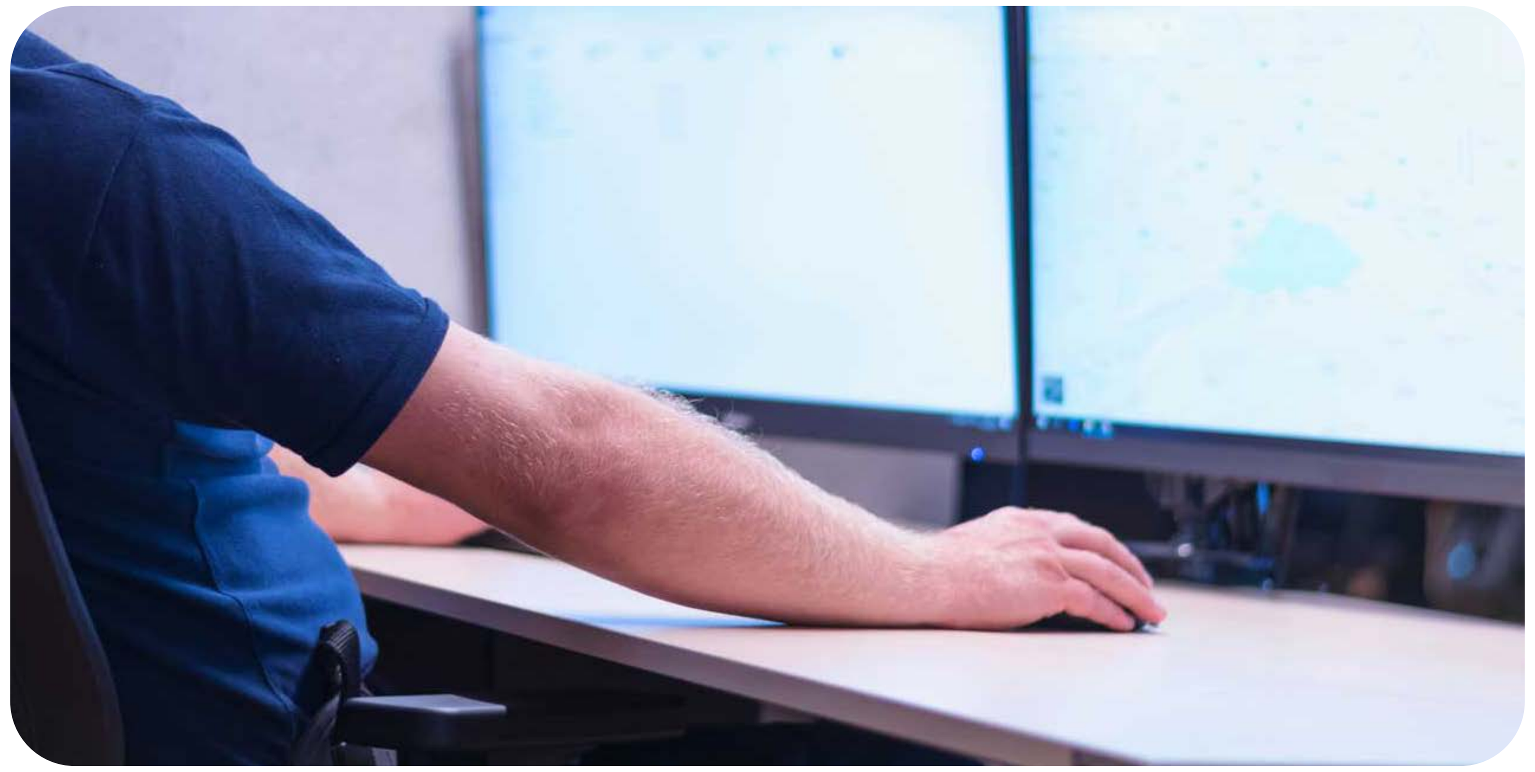
Artificial Intelligence (AI)

Admiral has not yet measured the emissions from AI-related activities separately from the rest of its supply chain. It is likely that these emissions will be less material than those from the rest of our supply chain, and particularly compared to our other Scope 3 emissions such as those associated with our investment and underwriting activities. However, we are exploring ways to monitor emissions from our use of AI, and considering the associated emissions in our wider discussions around AI. We intend to consider these emissions in future iterations of our transition plan as emissions calculation methodologies become available and are enhanced, as well as our use of AI and the likely associated emissions become more material.

Our supply chain actions

Engagement

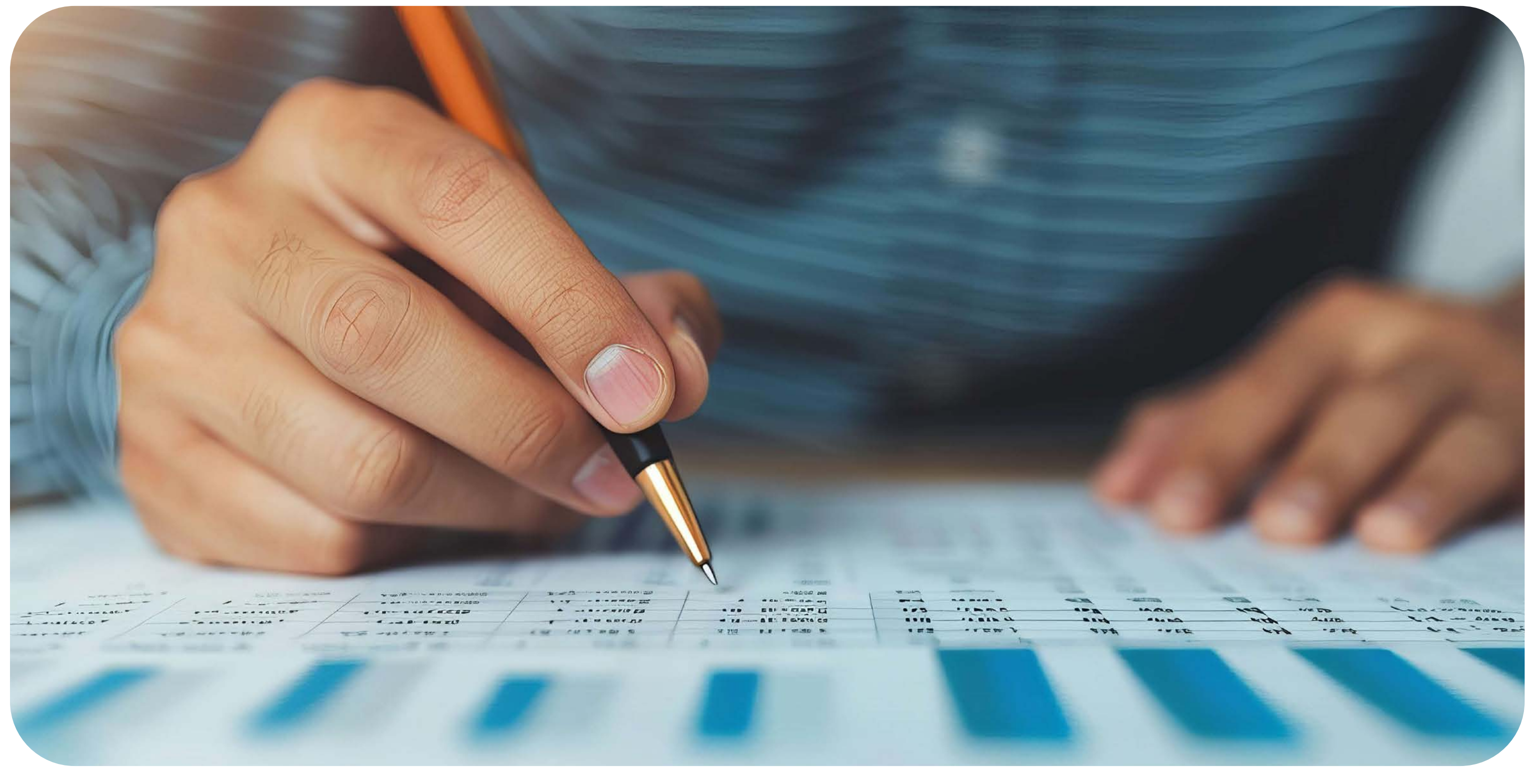
Please see Claims section for full details on our 2024 engagement project with our top 200 suppliers by emissions in our UK, Delhi and Canadian operations, and our efforts to onboard our suppliers onto EcoVadis. This project sought to drive sustainable procurement decisions and better understand the emissions associated with both corporate and claims supply chains in the UK.



Onboarding & monitoring

In 2023 we updated our supplier due diligence questionnaire, including five questions specifically on climate and net zero. The questions ensure that the suppliers we partner with are aligned to our net zero ambition. They enable us to conduct environmental risk assessments throughout the supplier lifecycle. Where no policies or procedures are found, Admiral can issue an assessment for more information and to encourage improvements.

The questionnaire is issued to suppliers prior to Admiral contracting with them, and then annually thereafter for critical and strategic suppliers.



Improving supplier data

We are evolving our contract management system to allow our procurement teams to access ESG data, such as ongoing sustainability credentials, more easily. This work has facilitated more accessible assessments of the procurement category of environmental risk, as well as engagement with key suppliers to encourage emissions reduction. Following this, we will integrate broader ESG KPIs within the contract lifecycle for our UK and European operations. Our target for completion of this work is 2025. We will also support our supplier managers to engage with suppliers on the new indicators.

Efforts to onboard suppliers to EcoVadis will support future improvements to our supply chain data management, enabling targeted engagement with suppliers who do not align with our net zero ambitions.

Next steps

In the short term, we will consider how we can best incorporate ESG data in our procurement decision-making to monitor and reduce carbon emissions.

We are considering the following:

Refining supplier engagement

We may tailor our supplier engagement approach for each organisation, with clearer escalation processes for those companies who do not meet our expectations.

Updating our policies

By updating our Group and other procurement policies, we will better align with and support achievement of our Net Zero targets.

Modifying our procurement processes

This allows us to consider qualitative factors beyond simply cost, including emissions-based and broader ESG indicators.

Moving forward

How we'll monitor progress

At time of writing, our supply chain emissions are not publicly reported, but emissions and engagement are discussed quarterly within Admiral Group's internal sustainability governance structure. We are considering including these emissions in our annual reporting in the future.

Supplier onboarding to ecovadis

We aim to onboard all suppliers to the ESG management system EcoVadis by 2025. We expect this will significantly improve the availability of environmental data for our supply chain. Existing suppliers will be required to refresh their information annually, and new suppliers will need to sign up to the platform as part of the onboarding process. The data received through EcoVadis will be monitored by Admiral throughout the year, in line with business requirements.

We are also monitoring annual performance on our sustainability-linked loan target of corporate supply chain commitment to Science-Based Targets for emissions reduction.

Engagement

Engagement

Net zero can only be fully achieved in a changed world.

Delivering our net zero ambition and targets relies on many external factors, including collaboration with our stakeholders, a favourable policy environment, and decisive action from industries and governments to fulfil the Paris Agreement. It also requires our industry to bring customers along on our decarbonisation journey, supporting them to look after their own futures in a more sustainable way.

We are committed to using our voice and influence to drive the change required for a net-zero economy.

The following section describes how we have begun engaging and will continue to engage with our stakeholders on key sustainability issues. We recognise that while we have made progress, we need to do more to encourage collaborative action.

For engagement work with our asset managers, please see the Investments section of this plan. For supplier engagement, please see the Supply Chain and Claims sections.

Engaging with policymakers

As an established financial services provider, we are committed to using our position to advocate for support of frameworks for the transition to a net zero economy. We engage in key policy discussions where we believe we can support meaningful change.

We have begun an ongoing programme of political engagement, recognising the role we can play in creating a net zero world and acting on our commitment to being a responsible corporate citizen. The right of this page lists examples of areas where we have contributed in recent years to discussions and actions with UK government related to a sustainable and green transition.

As Wales' only FTSE100 business, we have a unique position to engage with the Welsh Government, seeking to contribute to Wales' ambitious climate goals whilst delivering a sustainable future for our business and communities. Our intention is to work with the Welsh government to support this. Where possible, we will collaborate on policy implementation, such as the Well-being of Future Generations Act and Net Zero Wales Plan, exchange industry insights and experiences, and work with government bodies to promote, identify and fund local innovations contributing to decarbonisation efforts. We again recognise the need to balance these efforts with our other sustainability objectives to ensure we continue to support our sustainability holistically.

Electric vehicles

2024

We discussed with then-Shadow Transport Secretary, Bill Esterson, on the challenges of wide-scale EV adoption in the UK.

2023

We discussed with then-Minister of State in the Department for Business and Trade, Lord Dominic Johnson, the need to attract workers into the green repair industry to support customers' transition to electric vehicles.

We submitted a response to the House of Lords Environment and Climate Change Committee inquiry on EVs, outlining the motor and home insurance products we have for customers who have purchased or are considering purchasing EVs and some of the current infrastructure barriers facing customers who want to make the switch.

Flooding

2024

Our Head of UK Household discussed with Floods Minister Emma Hardy the role insurers can play in providing access to insurance for properties in high-flood risk areas. The discussion also touched on the need for the Government to consider how to deliver its commitment to construct 1.5m new homes without increasing the number of people who are living in areas that are vulnerable to the impacts of climate change, such as flooding.

Our Group CEO met with the Secretary of State for Wales to discuss the vital role insurers play in society and how we help our customers and colleagues to look after their future. She also discussed the contribution we have made and continue to make in Wales, and outlined our support for customers, colleagues, and the local community impacted by the flooding caused by Storm Bert. Read more about the support we provided in response to Storm Bert in Wales on page 70.

Engaging with industry

Multiply our impact

Working with our industry peers can multiply our impact in driving the systemic change needed to achieve net zero, by influencing policy and generating approaches and ideas. We have a network of financial institutions with whom we collaborate. Admiral is also a member of several key industry bodies in the UK, detailed below, and is contributing in climate discussions as a participant of the UK Financial Conduct Authority (FCA) Practitioners Panel.

While we currently have limited engagement in Europe, we are considering platforms such as Association of Spanish Insurers (UNESPA) as a means to engage with European Financial Reporting Advisory Group (EFRAG) and other bodies.

Association of British Insurers (ABI)

Admiral is a member of the Board and several working/steering groups at the ABI, detailed below.

- **Full Board Member**
- **Climate Change Working Group**
- **EV Working Group**
- **Property Steering Group**
- **AI Working Group**
- **Chair of CRO Forum**

Flood Re

Admiral participates in the Flood Re government-industry scheme, contributing to plans to reduce flood risk and damage to properties, including the 'Build Back Better' initiative. Please see the Underwriting section for more detail on our activity.

Institutional Investors Group on Climate Change (IIGCC)

Admiral is a member of the IIGCC, a global network of investors working to facilitate the transition to a net zero economy. We have used the IIGCC guidance to support the process of setting our targets.

ABI | FLOODRE | IIGCC

Admiral has participated in various climate-focused discussions on risk management, sustainable investments, property protection, EV battery technology, home charging, and AI initiatives for energy, water, and rare mineral use in chip production.

Engaging with our customers

Our commitments

We are committed to engaging with our customers to understand their priorities and support them to make climate-friendly choices. We appreciate it is impossible for our customers to make every aspect of their lives emissions-free. We acknowledge the nature of 'imperfect environmentalism', whereby we recognise our customers may only be able to make low carbon choices in certain circumstances. However, we will provide customers with information and a range of actions to support them when they make any changes that they feel are right for them.

Spotlight on UK Motor

Our UK business is a market-leading underwriter of electric vehicle insurance, supporting customers with the transition to alternative-fuel vehicles. During 2024 we began featuring electric vehicles prominently in our TV and out-of-home advertising, raising awareness of the accessibility of insurance coverage designed for EV technology. We also sponsored exhibitions organised by Everything Electric, a UK consumer trade show dedicated to electrification and energy efficiency of consumer technology. Finally, we published articles related to EV education, including which EVs are easiest to insure.

More details on our EV product innovation can be found in the Underwriting section.

Spotlight on UK Household

As climate change increases the frequency and severity of extreme weather events, we look to support customer resilience to climate risks. In June 2023, we launched Storm Hub for our UK home insurance customers. Storm Hub notifies customers of weather warnings, shares preventative actions to take ahead of storms, and highlights features in customers' insurance cover, easing any subsequent claims they may need to make. It aims to support our customers' understanding of extreme weather events and keep them and their property safe. It can also result in fewer claims, which could mean reduced claims emissions.

Future engagement

Going forward, we will continue exploring opportunities to engage with customers on climate change. This may include initiatives like targeted communications and incentives to educate customers and encourage them to transition to lower-emission vehicles and practices.

Engaging with wider society

Our partners

As net zero is a global goal, Admiral recognises the importance of engaging with wider society. Innovative solutions often emerge from cross-sector collaboration, and we are committed to exploring use of our resources and expertise to collaborate and drive societal progress on net zero.

In this section we describe our work with related organisations to achieve this worldwide aim. This table describes who we have worked with so far:

Earthwatch

We have partnered with Earthwatch Europe to sponsor the Green Earth Schools and Tiny Forest programmes in Wales. Our donation has supported the creation of Wales' first two Green Earth Schools, transforming school grounds into nature-rich spaces where pupils can learn and thrive.

The partnership will also provide for the planting and maintenance of two new Tiny Forests in Wales. The Tiny Forest programme is a community-driven initiative which involves the planting of 600 native trees in a tennis-court sized patch within an urban area.

ACAP Cape Breton

Atlantic Coastal Action Program (ACAP) of Cape Breton is a non-profit organisation dedicated to environmental action and education. Their work focuses on habitat restoration, environmental monitoring, education, and waste diversion.

Our partnership with ACAP will help fund aquatic habitat restoration and watershed reforestation in the Unama'ki Cape Breton region of Canada.

We are also seeking to introduce a minimum of 10,000 new trees suited to local ecosystems, to promote environmental sustainability and biodiversity.

Stump Up For Trees

Stump Up For Trees is a community-based charity dedicated to broadleaf woodland creation, and is aiming to boost the biodiversity and ecology of Bannau Brycheiniog (the Brecon Beacons) area of south-east Wales. They target the planting of one million trees on non-agricultural land through public funding and local collaboration, often restoring land to its original state.

In 2024, we have planted 1,125 trees and are funding their nurture and maintenance for 12 years. These trees will continue to remove carbon from the environment for up to 100 years.

Engaging with wider society

Our partners continued...

Size of Wales

Size of Wales is an organisation committed to supporting local communities in sustaining and protecting against deforestation in endangered areas. Our funding is helping to protect the Bore Forest Project in Kenya, where we contributed to the planting and monitoring of 37,000 trees/forests. A key element was engagement with local unemployed youth who in the past would harvest timber for charcoal. Our support also contributes to the local community through providing fruit trees for the community to harvest and sell.

SEED Madagascar

This organisation works towards sustainable, environment, education, and development goals across southeast Madagascar. Admiral has funded a project to help more women become breadwinners in their families. This is centred around using the reeds grown locally to make things such as placemats, bags etc. Part of the investment is to ensure the reeds are managed sustainably, to maintain the natural carbon sinks.

Sustrans

Sustrans works with communities to encourage walking, wheeling, and cycling to create healthier, less polluted places, and happier lives for everyone. This includes looking after the 12,000-miles of signed paths and routes for pedestrians and cyclists, as part of the National Cycle Network.

Admiral's partnership with Sustrans is focused on promoting sustainable transportation through encouraging the use of cycle paths.

Global Emergency Fund

Helping communities around the world

In 2021 we set up our Global Emergency Fund to support devastated communities around the world. We have considered the impacts that climate disruption brings, and have distributed funds to four climate-related disasters:

Canada

The wildfires in Nova Scotia brought devastation to its communities with over 200 homes and structures lost or damaged, and over 16,000 residents having to evacuate. To support the recovery, we donated CAN 50,000 through our Global Emergency Fund and created an emergency colleague support fund to provide immediate assistance to employees affected by the fires.

Italy

The region of Emilia-Romagna suffered severe flooding in May, resulting in more than 36,000 people displaced across 100 cities and towns. Through the Global Emergency Fund, we donated €25,000 to the Civil Protection Department that supported relief efforts on the ground.

Spain

In October 2024, Eastern Spain and in particular the province of Valencia was hit with intense rainfall which produced destructive flash floods resulting in the deaths of over 200 people and the displacement of thousands. We donated €56,980, 10 times the money collected by our Spanish colleagues in the days following the floods. Part of this was donated to the City Council of Chiva in a show of solidarity with one of our colleagues, who lives in this significantly affected area.

Wales

The UK was also hit with severe weather in October 2024 from Storm Bert which caused widespread flooding across the UK and particularly in the South Wales valleys. This greatly impacted our customers, colleagues, and their friends and families. We donated £15,000 to the Pontypridd Flood Response, and dedicated a further £25,000 to a Colleague Flood Response Fund which empowered our colleagues to nominate causes impacted by the floods they have a direct connection to.

Green Fund Initiative

In our commitment to protecting the environment we have also initiated a Green Fund, which sets aside funds each year for supporting environmentally-focused projects and climate mitigation. During 2025, we plan to look at how our Green Fund can support our net zero transition plan. This might include funding solutions to alleviate the impact of the industries we operate in, such as transport.

Moving forward

In recent years, Admiral has worked to evolve our public engagement approach. The various strands of engagement activity already undertaken and outlined in this section will contribute to a wider strategy which is being developed. In doing this, we aim to achieve greater progress towards our shared net zero ambition.

Governance and Transformation

Governance and Transformation

Board-Level oversight

Admiral Group's Board has oversight of the Group's overall strategy, including our approach to sustainability. The board has a responsibility to ensure sustainability is embedded within the strategy, including oversight of the transition plan. Ultimate responsibility for the execution and amendments to the transition plan lies with Admiral Group CEO, Milena Mondini, the accountable Sustainability representative for the Group. Our Group CRCO, Keith Davies, has been designated climate risk SMCR, and has the day-to-day responsibilities to understand and manage risks to the business created by climate change and our transition to net zero.

Building expertise

The establishment of a robust governance structure is crucial to the execution of our net zero ambition and the management of the risks and opportunities associated with climate change. During 2023 we strengthened our approach to sustainability through the appointment of our first Chief Sustainability Officer, Michelle Leavesley. Under her leadership we have also built our Group Sustainability Team to coordinate activities across the group, creating dedicated sustainability roles and expertise to deliver on our 2040 ambition.

Building new governance structures

Sustainability Working Groups

Backed by the Board, the Group Sustainability Team has formalised a sustainability governance structure which includes the Sustainability Steering Committee (SSC) and five supporting Working Groups, as illustrated in the diagram to the right. The Working Groups have been established to support and oversee the embedding of sustainability across all areas of the business, and to identify key sustainability initiatives for the SSC to consider.

The SSC meets quarterly, with the aim of ensuring a cohesive approach to sustainability across the Group, including to our net zero objectives. It has a mandate to act as the decision maker on initiatives identified by the sustainability working groups. It is Chaired by Admiral's Chief Risk and Compliance Officer (CRCO), who is the Executive Sponsor for sustainability, and attended by Admiral Group's Chief Executive Officer (CEO), Admiral Europe Compañía de Seguros's (AECS) CEO, Chief Sustainability Officer, Admiral Group's Director of Finance, and the Chairs of our sustainability Working Groups. Chief Sustainability Officer regularly reports to the Group and entity Board's and Committees, as required.

The Sustainability Working Groups provide support to the SSC in reviewing relevant sustainability related matters and recommending approval to the committee.

Oversight of Net Zero Transition Plan

In 2024 a key focus of these working groups has been to provide check and challenge through development of the Net Zero transition plan:

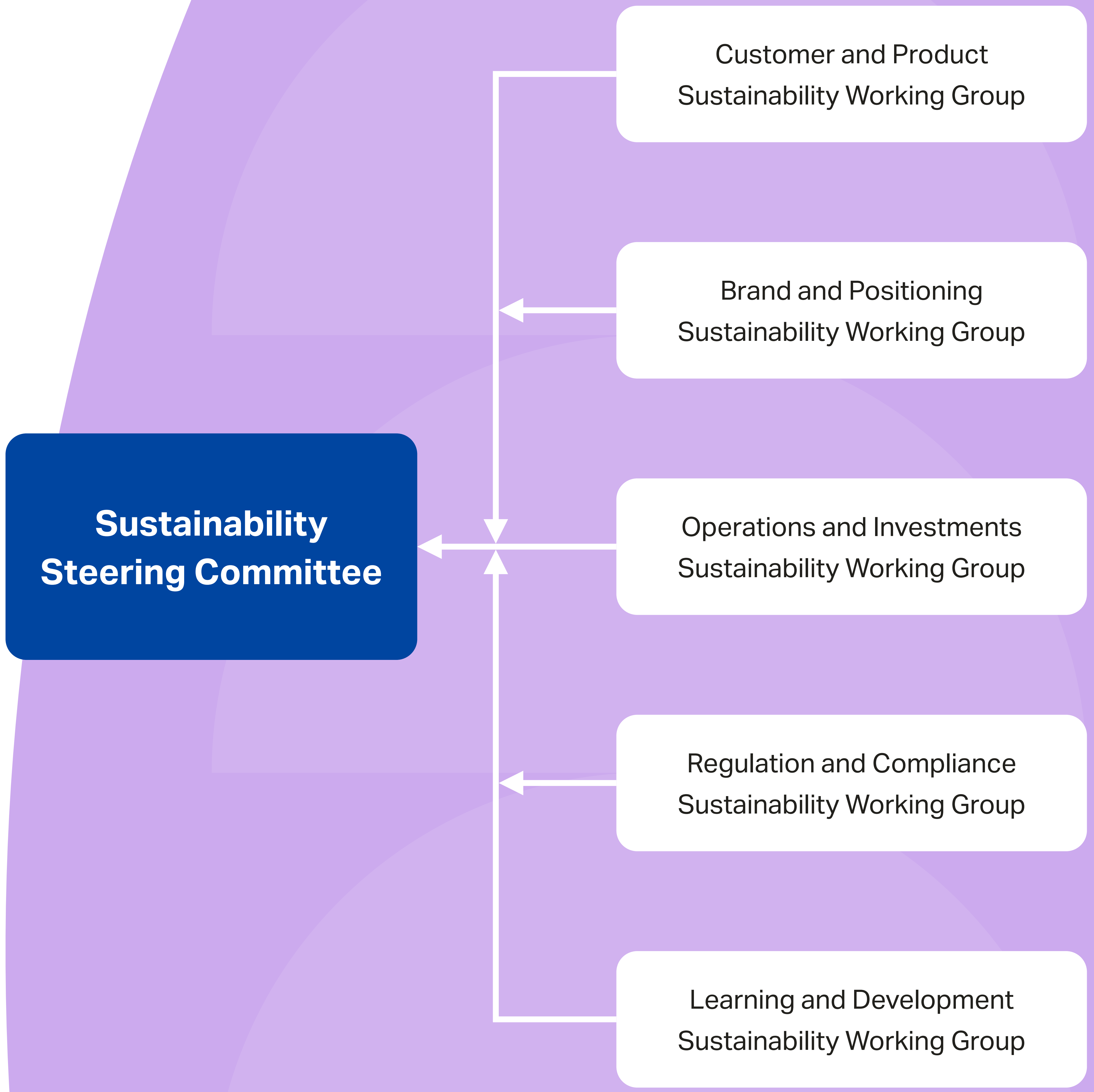
In Q2 of 2024

The Operations and Investments working group conducted a thorough review of the transition plan scope, approach, and deliverables.

In Q3 2024

All five Sustainability Working Groups were presented tailored overviews of transition engagement activities, ensuring appropriate review was fed in from the respective areas of the business impacted by the transition plan.

Following the reviews, the Working Groups approved submission to the SSC for ratification of the strategy, and subsequently for approval of the strategy, respectively. The SSC ultimately provided ratification and approval of the Net Zero transition plan, completing the sustainability-specific governance process in development of the plan.



Risk identification and governance

Our framework

During 2024, we created a revised climate risk framework. This will allow us to better understand the climate risks that Admiral faces over the coming years. Broadly these risks fit into two distinct categories: physical risk and transition risk. Physical risk results from changes to the environment such as increased severe weather events. Transition risk is the risk that occurs from moving towards a low-carbon economy, such as shifts in the returns on energy companies in our investment portfolio or supply chain challenges from an increase in electric vehicles.

To implement our revised framework, we have completed a firm-wide risk identification exercise across Admiral Group. This has involved developing a climate risk assessment tool that we have used to identify and assess climate risks. This involved senior leadership across the business, which has given us greater insight in the range of risks we face.

In parallel to this project, we have extended the climate scenarios included in our regulatory reporting to include transition risk arising from investments and litigation risk alongside our existing physical risk scenario. Our scenario baseline was the widely-published NGFS scenarios, which have been tailored to our business by, for example, including elements on the transition to electric vehicles.

In 2025, we will continue to focus on understanding those risks which are most material to Admiral, both in terms of the potential impacts and likelihoods. This will allow us to prioritise resources in managing the most material risks as well as improving risk reporting to the relevant committees. We will also continue to improve our scenario analysis, aiming to create short term scenarios tailored to Admiral's business.

More detail on our approach to climate risks is provided in the TCFD section of our Annual Report.

Aligning responsibilities and incentives

We recognise the impact that reward structures will have on our ability to achieve our net zero ambition. Non-financial measures have been built into the reward structure to ensure that we consider progress towards goals that are not immediately profit-based, including decarbonisation.

Over 4,000 of our colleagues receive an annual Discretionary Free Share Scheme (DFSS) award and up to 50% of this award is based on such non-financial measures.

Our 2024 and future years awards for all DFSS participants include NFMs in the form of decarbonisation targets for reducing Scope 1 and 2 emissions. These carbon emissions targets, which support meeting our strategic net zero objectives, are worth 4.13% of the overall DFSS award for the Executive Directors. There are differences between how the awards are structured for discrete populations, with a higher percentage of reward for senior leaders and executive directors being subject to climate-related performance.

For Executive Directors, a portion of their 2024 DFSS award is also subject to an assessment of progress towards strategy, of which our net zero objective is also an element. However, full embedding of sustainability into our Group strategy is still in progress as of December 2024. We plan to complete the process through our 2025 Group strategy refresh.

In recognition that Scope 3 emissions are our most material source of emissions, we aim to incorporate Scope 3 emissions reduction targets into these structures from 2026. However, we recognise that there are barriers to this change, including the difficulties with baselining our Scope 3 emissions referenced throughout this document. As a result, exact timelines, categories and targets are currently uncertain, but we are continuing to progress towards a solution.

Strategic assessment

Description

The Board's assessment of progress towards strategic aims.

Executive Director Weighting

8.25%

Carbon emissions

Description

Scope 1 & 2 reductions.

Executive Director weighting

4.13%

Senior Leader weighting

8.34%

Colleague weighting

6.25%

Strengthening our culture

The importance of culture

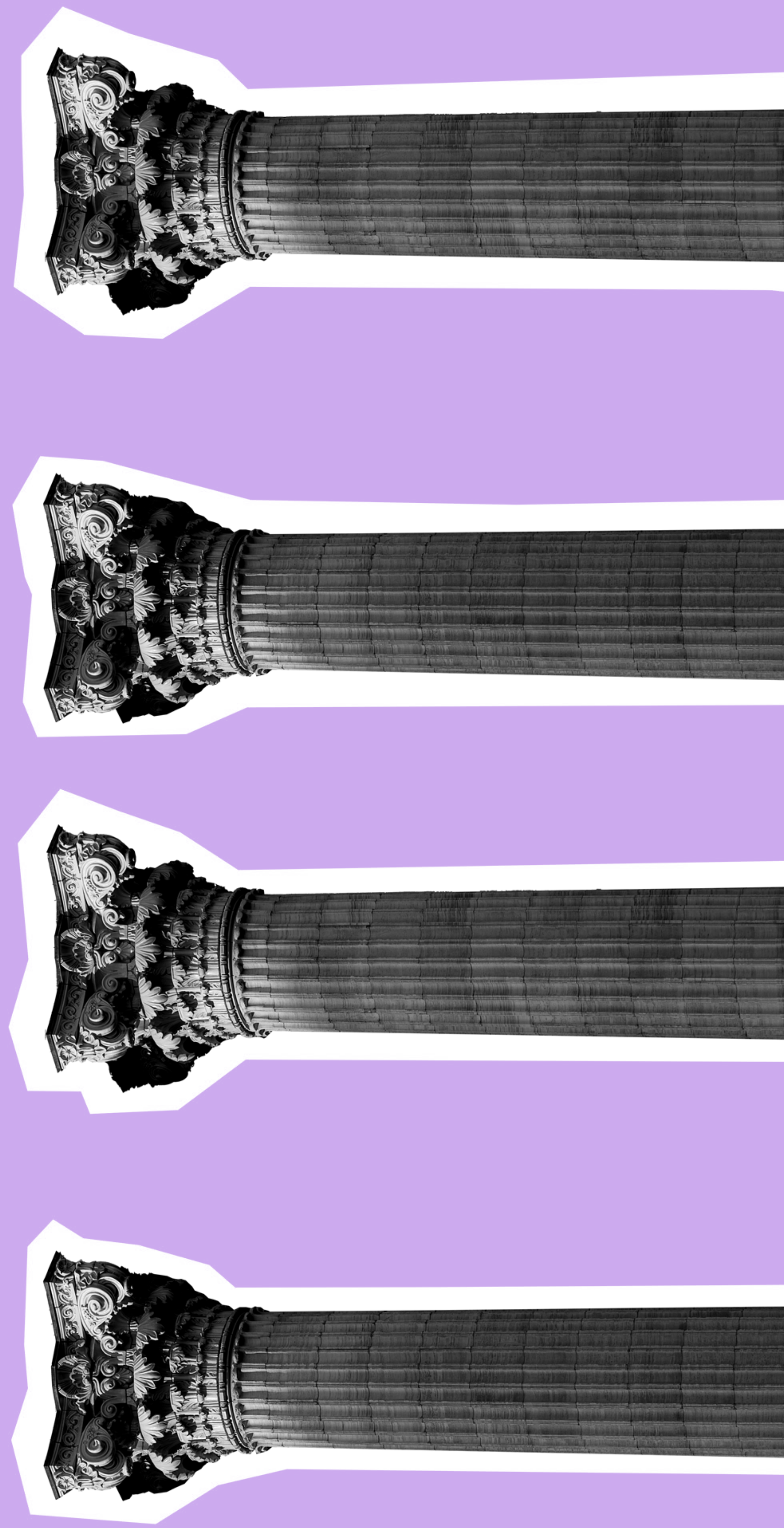
Since our inception in 1993, we have met key milestones that have shaped us into a global, diverse business. Our co-founder and former CEO, Henry Engelhardt, recognised the importance of culture to our success and reputation as a place of work.

At the heart of our success are our people, who have championed our culture from day one.

Moving towards 2040

As we take on the challenge of net zero, we recognise the need for our culture to evolve in step with the world while maintaining its foundations, which are our four 'culture pillars' shown to the right. While our culture is largely driven by our colleagues, we acknowledge there are top-down actions we can take to shape our culture and ensure it supports our people as we implement our transition plan. The following pages of this section outline actions that aim to align our culture with our strategic ambition.

Admiral's four pillars of culture



Communication

Fun

Reward & Recognition

Equality

Current actions

Overview of ongoing actions

We have outlined the initiatives we are taking that build our colleagues' readiness for delivering a net zero world.

Integrating sustainability

Our purpose

Admiral Group's purpose, 'to help more people look after their future, while always striving for better, together,' also describes our ambition for sustainability and net zero, as well as aligning with the United Nation's definition of sustainability. For more details, please see p.57 of our 2023 Annual Report.

Embedding sustainability Group-wide

In 2024, we initiated a project to integrate sustainability throughout Admiral Group strategy, aiming to empower all colleagues to become sustainability champions and tackle the challenges of achieving net zero.

Investment in Group Sustainability

In 2023 we hired our first Chief Sustainability Officer and created our Group Sustainability Team through internal hires. The team is comprised of three sub-teams which cover the three pillars of Environmental, Social, and Governance.

Formal training

Cambridge Institute for Sustainability Leadership training

Leaders of these sub-teams have successfully completed the training programme, which works with leaders and innovators across business, finance and government to accelerate action for a sustainable future.

Supply chain upskilling

We are working to address skills shortages of mechanics in the automotive industry, with a focus on women. This supports our efforts to address an EV skill gap, aligned to our net zero ambition.

Informal training

Atlas

Specific pages on our internal website, Atlas, are dedicated to informing our staff about the science and global impact of climate change. This includes links to external podcasts, videos and books, which are available free to our staff.

Climate-specific training course

We created voluntary training about the science and impact of climate change, Admiral's climate related work, and information for staff wishing to get involved. We intend to expand this training.

LinkedIn Learning

In 2023, we made over 150 LinkedIn Learning courses focused on sustainability topics available to colleagues in an effort to provide our staff with access to the skills that will be crucial to our transition.

Colleague engagement

Our Sustainability Team have begun engaging across the business to educate colleagues on our sustainability ambition. This has included new colleague onboarding and sessions with groups such as our Early Careers Graduate Scheme, product and pricing departments suppliers engagement forum, and work experience groups.

Colleague-led engagement and initiatives

Green Team

The Green Team is a long-standing internal colleague-led group that reviews initiatives on environmental topics and organises events with environmental partners. The Green Team organises Admiral's annual Green Week, where in 2024 an overview of our transition plan was shared with all our colleagues, detailing how they might contribute.

Impact Hours

In 2023, we volunteered over 14,000 hours to a range of philanthropic activities, including climate-related initiatives such as Stump Up For Trees, across our Group. In 2024, we exceeded our ambitious target of 25,000 volunteer hours.

Viva Engage

Viva Engage is an internal forum for employees to create groups of interests. One of these, Climate Positive, provides news, updates, and general discussions on the science and global impact of climate change and how we might rapidly decarbonise.

Current actions (continued)

External verification and assurance

While the transition plan as a whole has not been subject to assurance, several elements of it have been assured or externally verified, as detailed below.

Operational carbon accounting

External assurance or verification

Our Scope 1, Scope 2, and operational Scope 3 emissions have been independently verified by Accenture. They will also be subject to assurance by our external auditors, Deloitte.

Sustainability-Linked Loan targets

External assurance or verification

Performance on targets associated with Admiral's sustainability-linked loan will be subject to Limited Assurance during 2025. These include Scope 1 and 2 emissions reduction and corporate supply chain engagement targets discussed in previous sections of this Transition Plan.

Attracting future talent

We recognise the importance of engaging the future talent needed to deliver our net zero ambition. Admiral's employee value proposition (EVP) ensures we continue to attract the right people for our future. Our purpose is at the heart of the EVP, aiming to attract people who share the same morals and values, including around decarbonisation.

Proposed future actions

While the actions and initiatives outlined go a long way to building the culture and skillsets required to achieve our 2040 ambition, we recognise that there is more we can do to foster a culture that supports our transition to net zero and equips our people with the right skills.

We aim to begin setting targets to assess organisational readiness, creating a baseline measure of success. This includes continuing to integrate climate and net zero questions in our periodic Group-wide surveys to gauge employee engagement with our goals, their roles, and the necessary skills required. Within the last two Great Place to Work annual surveys we decided to include the following question aimed at doing just that: "this workplace cares about its impact on the environment". We are tracking our responses to these questions and will monitor future responses to assess the impact our transition plan has had on our colleagues. Working with our Learning and Development team, we are also enhancing the training resources available to support our net zero transition, including potential development of a mandatory sustainability training.

This will be designed to provide a grounding in sustainability, how we embed it across the business, and details on our net zero targets. We will explore ways to monitor impact upon our colleagues.

For our sustainability-specific governance structure, we are also planning formal sustainability training for the chairs of our five sustainability working groups and other key leaders across our business. By doing so, we would equip these champions of sustainability with the necessary skills to successfully embed sustainability in these critical areas of our business.

Our inaugural transition plan provides a strong starting point for our business. However, we recognise it will need to be continually updated to reflect its relevancy to our customers, business, and wider society, as well as account for the rapid progression of technology, data and methodological approaches we anticipate. We will routinely review and amend our transition plan, re-publishing at least every three years. We will in due course consider defining necessary components for continuous formal monitoring and oversight of the transition plan by the Board, Management Committees, and other key committees, along with the targets to achieve it.

Appendix

Mapping of Transition Plan against TPT guidance

Principle	Element	Recommendation	Mapping to our Transition Plan
Ambition	Foundation	1.1 Objectives and priorities	Our net zero ambition, p. 07 Our strategic approach, p. 08
		1.2 Business model implications	Our net zero ambition, p. 07 Our strategic approach, p. 08
		1.3 Key Assumptions	Appendix – Limitations and Assumptions, p. 82
Action	Implementation Strategy	2.1 Business planning and operations	Own Operations, p. 43 Supply Chain, p. 55
		2.2 Products and services	Our underwriting actions, p. 19 Our claims actions, p. 28
		2.3 Policies and conditions	Our investment actions > Investment processes and policies, p.39
		2.4 Financial Planning	Scope and key considerations, p. 11
	Engagement Strategy	3.1 Engagement with Value Chain	Our claims actions, p. 28 Our investments actions, p. 39- p. 40 Our supply chain actions, p. 60 Engaging with wider society, p. 68
		3.2 Engagement with industry	Engaging with industry, p. 66
		3.3 Engagement with government	Engaging with policymakers, p. 65

Mapping of Transition Plan against TPT guidance (continued)

Principle	Element	Recommendation	Mapping to our Transition Plan
Accountability	Metrics & Targets	4.1 Governance	Governance and transformation, p. 71
		4.2 Financial metrics and targets	Our investment targets, p. 37
		4.3 GHG emission metrics and targets	Underwriting – Our underwriting baseline, p. 16; Our underwriting targets, p. 18 Claims – Our claims baseline, p. 26; our claims targets, p. 27 Investments – Our investments baseline, p. 32; Our investment targets, p. 36 Own Operations – Our operations baseline, p. 45; Own Operations targets, p. 49 Supply Chain – Our supply chain baseline, p. 57; our supply chain targets, p. 59
		4.4 Carbon Credits	Admiral's use of carbon credits, p. 53
	Governance	5.1 Board oversight and reporting	Governance and Transformation p. 71
		5.2 Roles, Responsibility and accountability	Governance and Transformation p. 71
		5.3 Culture	Strengthening our culture, p. 76 - p. 77
		5.4 Incentives and renumeration	Aligning responsibilities and incentives, p. 75
		5.5 Skills, competencies, and training	Strengthening our culture and net zero capabilities, p. 76 - p. 77 Proposed future actions, p. 78

Limitations and assumptions

Acknowledgment

As we present Admiral's climate transition plan, it is crucial to acknowledge that any strategic framework of this nature is developed within a context of inherent uncertainties and constraints. The limitations listed here delineate the boundaries and potential impediments that may influence the plan's execution and success, while the assumptions detail the foundational premises upon which the plan is based. These caveats reflect the pragmatic approach taken to accommodate the complex and dynamic nature of climate-related challenges.

It is important to recognise that these assumptions are based on the best available information and current conditions, which are subject to change over time. The plan is designed to be adaptive, allowing for modifications in response to new data, emerging technologies, shifting regulatory landscapes, and evolving market trends.

Limitations

1. Data Availability: The plan is based on the best available data at the time of drafting, which may be incomplete or subject to future revision.
2. Technological Constraints: The feasibility of certain initiatives is contingent upon current technology, and the plan does not account for unforeseen technological advancements or setbacks.
3. Regulatory Changes: The plan assumes the continuation of current climate and environmental regulations and does not account for potential future legislative changes that could impact the plan's implementation.
4. Financial Constraints: The plan is subject to budgetary limitations and assumes a certain level of financial investment that may not be sustained over the long term.
5. Market Dynamics: The plan may be affected by unpredictable market forces, including fluctuations in the cost of raw materials, energy prices, and the availability of sustainable alternatives.
6. Stakeholder Engagement: The successful implementation of the plan is dependent on the buy-in and active participation of various stakeholders, whose level of engagement cannot be guaranteed.
7. Operational Disruptions: The plan may be impacted by unforeseen operational disruptions, such as natural disasters, pandemics, or supply chain interruptions.
8. Measurement and Verification: There may be limitations in accurately measuring and verifying emissions reductions and other environmental impacts due to methodological constraints.
9. Asset Class Considerations: Certain asset classes are more difficult to decarbonise, such as government debt and derivatives, where there are fewer opportunities to engage. The largest asset class by value within Admiral's investments is corporate debt securities, where we have no vote at AGMs and limited influence other than at initial investment or refinancing.

Limitations and assumptions (continued)

Assumptions:

1. Emission Baselines: The plan assumes that the emission baselines are accurate and reflect the organisation's true environmental footprint. However, as noted in the limitations, the data on which our baselines are based is imperfect, and therefore we may decide to re-baseline in due course as data quality and availability improves.
2. Policy Stability: The plan is based on the assumption that existing government climate policies and incentives will remain stable and supportive of the transition efforts, providing necessary signals to the market enabling long term commitments and activities that support the transition.
3. Technological Progress: The plan assumes a certain rate of technological progress in areas such as renewable energy, energy efficiency, and carbon capture and storage.
4. Cost Projections: The financial aspects of the plan are based on current cost projections for implementing sustainable technologies and practices, which may change over time.
5. Organisational Growth: The plan assumes a certain trajectory of organisational growth and scaling, which will influence emissions and resource use.
6. Collaboration: The plan assumes that there will be opportunities for collaboration with industry partners, governments, and other stakeholders to facilitate the transition.
7. Consumer Behaviour: The plan is based on assumptions about consumer behaviour and demand for sustainable products and services.
8. Employee Adaptation: The plan assumes that employees will adapt to new processes and technologies in line with the transition strategy.
9. Carbon Pricing: The plan includes assumptions about the future cost of carbon and the impact of carbon pricing mechanisms on the organization's operations.
10. Voluntary Carbon Markets: Scaling of the voluntary carbon markets is essential to achievement of Admiral's net zero targets as they will be required to support a flow of credible carbon offsets for residual investee emissions.
11. Climate Scenarios: The plan is based on certain climate scenarios and projections, which are subject to change as new scientific information becomes available.
12. Commitment from Investee companies: Admiral is dependent on investee companies developing and following through on their own Transition Plans, particularly for sectors with high emissions intensity.

It will be important to review and update these limitations and assumptions regularly as conditions change and more information becomes available. This will help ensure that the climate transition plan remains relevant and effective.

Categorising GHG measures

Items in Admiral's GHG inventory and Net Zero 2040 target

The below table lists all the GHG emissions categories which contribute to our total Group-wide footprint at the time of writing. Included is a view of whether these categories are currently measured, have the potential to be measured, and whether each was in-scope at the time of setting our 2040 net zero target.

GHG item	Real footprint in all areas	Areas that are currently potentially measurable	Areas that we currently measure	Areas included in our original Net Zero 2040 target
Scope 1	✓	✓	✓	✓
Scope 2 (Market-Based)	✓	✓	✓	✓
Scope 3 UK corporate supply chain	✓	✓	✓	✓
Scope 3 EU corporate supply chain	✓	✓	✓	✓
Scope 3 UK claims supply chain	✓	✓	✓	✓
Scope 3 EU claims supply chain	✓	✓		✓
Scope 3 Admiral Money supply chain	✓	✓		✓
Scope 3 Admiral Pioneer supply chain	✓	✓		
Scope 3 Operational: FERA, Waste, Water, and Business Travel	✓	✓	✓	✓
Scope 3 Upstream transport & distribution	✓	✓		✓
Scope 3 Employee commuting	✓	✓		✓

Categorising GHG measures

GHG item	Real footprint in all areas	Areas that are currently potentially measurable	Areas that we currently measure	Areas included in our original Net Zero 2040 target
Scope 3 Upstream leased assets	✓	✓		✓
Scope 3 Downstream transport & distribution	✓	✓		✓
Scope 3 Investments - Corporate Bonds	✓	✓	✓	✓
Scope 3 Investments - All other asset classes	✓	✓		✓
Scope 3 UK Motor insurance-associated emissions	✓	✓	✓	
Scope 3 EU Motor insurance-associated emissions	✓	✓	✓	
Veygo motor insurance-associated emissions	✓	✓		
Admiral Pioneer fleet insurance-associated emissions	✓	✓		
Scope 3 UK Household insurance-associated emissions	✓			
Scope 3 EU Household insurance-associated emissions	✓			
Scope 3 UK and EU Pet insurance-associated emissions	✓			
Scope 3 UK Travel insurance-associated emissions	✓			
Admiral Business insurance-associated emissions	✓	✓		
Scope 3 UK Unsecured Loans financed emissions	✓			
Scope 3 UK Car Loans financed emissions	✓	✓		

Scoping and boundary setting

Prioritising areas where we can make the biggest difference

We have followed the control approach to determining the scope of our sustainability reporting. This means that we include those businesses where we have operational or financial control. This includes our UK Insurance, International Insurance, Pioneer and Admiral Money businesses.

In order to better prioritise resource, we have undertaken a boundary setting exercise to define the scope of businesses included in the transition plan. This allows us to target resource onto those actions which will have the biggest impact.

To do this we used a two-step approach, the first step using a quantitative materiality assessment and the second a qualitative overlay.

Materiality assessment

We identified all major lines of business across all geographies and used turnover to generate a financial materiality score. To this we then added a sectoral overlay, where high impact sectors (motor and home) were awarded higher scores than low-impact sectors such as Pet. We combined these scores to create a final materiality score for each line of business.

Qualitative overlay

We assessed each line of business against whether PCAF guidance was available. While the availability of measurement guidance does not impact our ability to influence the emissions of a line of business, being able to understand the impact of our actions greatly improves our effectiveness.

We also overlayed a strategic view of our ability to influence emissions in that area. We mapped out key business areas where we felt that we could have the biggest impact to create. This overlay allowed us to come up with an initial in scope group of business, and we hope to include other lines of business in future iterations of the transition plan.

UK & EU car and van insurance

UK & EU home insurance

UK travel insurance

Veygo (UK pay-as-you-go motor insurance)

Insurance-associated emissions baseline

In order to calculate our insurance-associated emissions we have implemented the PCAF developed methodology for calculating a re/insurers contribution to personal vehicle emissions. This methodology will allow Admiral to monitor our insurance-associated emissions of our UK motor portfolios.

We are aware that PCAF has also designed a methodology for commercial insurance. This would apply to Admiral Business and Admiral's Flock partnership. Given the size of these businesses, additional complexity of calculating the attribution factor, and our limited experience in calculating underwritten emissions, we have chosen not to pursue underwritten emissions figures for our commercial insurance.

In this section we share in detail our approach to calculating underwritten emissions for our motor portfolio, in the hope it will provide others in the industry an example to follow.

We have split our book by geography and by engine type as this reflects the different data sources used in our calculations.

UK motor combustion vehicles

UK motor electric vehicles

EU motor combustion and electric vehicles

UK motor combustion vehicles

The PCAF methodology states that insurance-associated emissions for personal motor vehicles in scope include cars, vans (excluding minibuses) and motorcycles.

To calculate emissions per vehicle we multiply vehicle emissions factors by the distance travelled by that vehicle:

- We work with our partner CarWeb to source vehicle specific emission factors of CO_2e per mile driven for our entire UK motor insurance book.
- We use customer-declared expected distance travelled as the miles used. In line with PCAF guidance, as this data is used for pricing, it is sufficiently high quality to be used in underwritten emissions calculations. We aim to refine this approach over the next year to allow for estimated discrepancy between customer-declared distance travelled and actual driven miles.

This allows us to calculate an output with a data quality score 1 (as per PCAF definitions).

UK motor electric vehicles

As with UK motor combustion vehicles, we multiply vehicle emissions factors with distance driven:

- As we are still in the progress of sourcing vehicle specific factors for EVs, we have chosen to use emissions factors for electric vehicles are sourced from national averages provided by the UK's Department for Business, Energy & Industrial Strategy (BEIS).
- As with UK combustion vehicles, we use customer-declared expected distance travelled.

This allows us to calculate an output with a data quality score 4 (as per PCAF definitions).

Note that emissions from hybrid vehicles have been calculated in the same way as combustion vehicles. Plug-in hybrid emissions calculations have been considered by splitting the combustion and electric components, and working out with the same respective methodologies as above.

Insurance-associated emissions baseline (continued)

EU motor combustion and electric vehicles

Our European data source is currently less mature than our UK data source and, while the approach remains the same, we have to make more assumptions to estimate the size of our insurance-associated emissions. Furthermore, while we expect to calculate combustion and electric vehicles separately in future calculations, the current approximation allows us calculate them at the same time. The data sources are as follows:

- The vehicle specific emissions factors have been aligned to those provided by BEIS as per UK motor (electric vehicles). This creates an inherent assumption that the vehicle mix in the UK is in line with that in Europe. There is a further assumption for electric vehicles that the grid energy mix is the same in the UK and Europe. We are looking to improve data sources over the coming year in order to replace both assumptions with Europe-specific data.
- As per UK data, we have used customer-declared expected distance travelled.

This allows us to calculate an output with a data quality score 4 (as per PCAF definitions).

Attribution factor

As with UK motor combustion vehicles, we multiply vehicle emissions factors with distance driven:

Underwritten emissions = emissions per vehicle x attribution factor

We have detailed our calculations for emissions per vehicle above. For the attribution factor we use the worldwide figure published by PCAF of 6.99%. This reflects our multi-national Group structure. It also allows us to include prudence in our calculations when compared to the UK figure of 2.47% also calculated by PCAF.

Mileage data considerations

Where we have used customer-declared expected distance travelled in our 2023 calculations we have included all policies sold and renewed in calendar year 2023 with the following exclusions:

- We have excluded any 'add-ins' i.e. if additional cars were added to policies mid-way through the contract, and,
- We have excluded any 'cancellations' i.e. where a policy is cancelled mid-way through the contract.

These two cohorts are similar in magnitude and in opposite direction. The net effect of this simplification is not material on the total emissions figure. We will continue to work to refine our calculation with the aim of allowing for these complexities in future iterations of the transition plan.

Given this simplification, the customer-declared expected distance travelled is that initially used for pricing the contract and does not allow for any mid-year amendments

Own Operations calculation methodologies

The following table describes the methods by which we calculate Group-wide operational emissions we currently report. Emissions or conversion factors applied to our UK operations are produced by the UK Government's Department for Environment, Food and Rural Affairs (DEFRA). For our international operations, we use those from the International Energy Agency (IEA). All disclosures are subject to external verification and assurance.

Scope 1

Calculations

Direct emissions from business activities are calculated by using source-specific emissions factors applied to utility data sourced by ourselves or third parties, such as our landlords. Office natural gas combustion is the most material Scope 1 emissions source.

Emission sources

- Natural gas combustion (kWh)
- Fugitive and refrigerant gas (kg)
- Diesel vehicle combustion* (miles)

*Diesel vehicle combustion not reported after 2021 as vehicles no longer owned.

Scope 2

Calculations

We calculate emissions from purchased electricity using emissions factors on invoiced kWh. The market-based method is used to reflect choices made, such as procuring electricity from renewable sources, and is used to set emissions reduction targets. Scope 2 emissions are calculated via the location-based method and reported in our SECR disclosure.

Emission sources

- Purchased standard electricity (kWh)
- Purchased renewable electricity (kWh)

Scope 3 – Fuel and Energy-Related Activities (FERA)

Calculations

Calculated via invoiced kWh on purchased natural gas, standard and renewable electricity. We use the location-based method for our electricity, based on emissions associated with the local energy mix. Country-specific conversion factors are applied to determine the well-to-tank emissions for our natural gas, and transportation and distribution emissions of our electricity.

Emission sources

- Well-to-tank transportation of our natural gas supply (kWh)
- Transport and distribution of our electricity supply (kWh)

Own Operations calculation methodologies (continued)

Scope 3 – Waste

Calculations

We apply conversion factors to the weight of waste per waste category in our UK offices, supplied by Biffa, a UK waste management company. Our approach to non-UK entities is similar, but unique challenges impact data quality, including shared office spaces, and the Government handling all waste in Spain.

Emission sources

- Mix Recycling (tonne)
- Confidential Shredding (tonne)
- Food Waste (tonne)
- Energy from waste (EfW) (tonne)
- Landfill (tonne)

Scope 3 – Water

Calculations

Emissions are calculated based on volumes invoiced, applying conversion factors. In our UK offices, we measure the treatment of water whereas others are just water supply only. For UK offices, we measure water treatment emissions, while for non-UK entities, we estimate these using a conversion factor. There is contention around which Scope 3 category water should be reported under, either as a purchased good, or waste. We currently do not specify in our SECR disclosure.

Emission sources

- Water supply (m^3)
- Water treatment (m^3)

Scope 3 – Business travel

Calculations

Entities calculate their business travel individually and report mileage to our UK Property and Facilities Management department. We then apply country-specific conversion factors per method of travel to calculate the Group's overall business travel emissions. Due to each entity calculating these emissions separately, there are some limitations in consistency of this data.

Emission sources

- Domestic & short haul flights (miles)
- Average car (miles) diesel/petrol/hire car (electric) (miles)
- Taxi (miles)
- National rail (miles) & international rail
- Light rail and tram

Glossary of terms

Term	Definition
Absolute emissions	The total quantity of greenhouse gases emitted by an entity, without any adjustments for production volume or activity levels. It is a measure of the actual impact on the climate. (Source: Greenhouse Gas Protocol)
Attribution factor	A factor used to determine the share of emissions from a joint activity or multi-tenant asset that can be attributed to a specific entity, based on its level of involvement or benefit derived from the activity. (Source: GHG Protocol Corporate Value Chain (Scope 3) Standard)
Baseline	A quantified level of emissions, energy use, or other environmental impact, serving as a reference point for measuring performance or progress. Baselines are often set in a historical year and used to compare against current performance. (Source: GHG Protocol)
Carbon credits	Units created through a regulatory system or voluntary program that represent the removal of one metric ton of carbon dioxide equivalent (tCO_2e) from the atmosphere or the prevention of one metric ton of emissions from being released. (Source: UNFCCC)
Carbon equivalent emissions (CO_2e)	The release of greenhouse gases (GHGs) into the atmosphere using the universal unit of measurement to indicate the global warming potential (GWP) of each of the seven greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. (Source: GHG Protocol)
Carbon footprint	The sum of all emissions of CO_2, which were induced by the activities of an individual or organisation. It is usually measured in tons of CO_2-equivalent (tCO_2e) per year, covering all greenhouse gases and including full life cycle assessments.

Term	Definition
Carbon neutrality	Carbon neutral means an organisation has offset its emissions via activities like carbon credits. 'Carbon neutral' does not necessarily involve emissions reduction. (Source: UNFCCC)
Climate-resilient economy	An economy that is structured to anticipate, prepare for, and adapt to both current and future climate-related disruptions, ensuring sustainability and protecting economic growth. (Source: European Commission)
Climate solution investment	Investments in projects, companies, or technologies that are directly contributing to the reduction of greenhouse gas emissions or are enabling the adaptation to the impacts of climate change.
Decarbonising	The action of reducing or eliminating the carbon emissions associated with a process, activity or organisation.
Direct emissions	Emissions from sources that are owned or controlled by the reporting entity, such as emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc., also known as Scope 1 emissions. (Source: GHG Protocol)
Divestment	The action or process of selling off subsidiary business interests or investments, often as an ethical decision to forgo profits from fossil fuels, tobacco, weapons, and other sectors considered to be harmful.
Energy Performance Certificates (EPC)	Certificates that provide information about the energy efficiency of buildings, including ratings from A (most efficient) to G (least efficient), along with recommendations for improving efficiency. (Source: European Union Energy Performance of Buildings Directive)

Term	Definition
Engagement	The strategic use of an investor's influence to engage with companies on environmental, social, and governance issues, with the goal of improving performance and long-term shareholder value. (Source: Principles for Responsible Investment)
Environment, Social and Governance (ESG)	Criteria used to evaluate corporate behaviour and to screen investments based on corporate policies and practices in areas such as environmental performance, labour relations, diversity, and corporate governance. (Source: Global Reporting Initiative)
Exclusion list	A list of specific sectors, companies, or practices that are excluded from investment due to not meeting predefined ESG criteria, often including industries such as fossil fuels, tobacco, and weapons. (Source: Sustainable Investment Forum)
Fiduciary duty	The obligation that a fiduciary (such as a trustee, financial advisor, or corporate board member) has to act in the best interests of the beneficiary or client, including the careful management of assets and the avoidance of conflicts of interest. (Source: US Securities and Exchange Commission)
Financed emissions	The greenhouse gas emissions attributed to an investment portfolio, based on the emissions produced by the companies or projects in which the portfolio is invested. (Source: Partnership for Carbon Accounting Financials)
FloodRe	A reinsurance scheme that enables insurers to insure homes at high risk of flooding in the UK by capping the premiums and excesses charged to those homes and providing a fund to cover flood claims.
Green bond	A bond specifically earmarked to raise money for climate and environmental projects. The proceeds of these bonds are typically used to fund projects like renewable energy, energy efficiency, sustainable waste management, and clean transportation. (Source: Climate Bonds Initiative)

Term	Definition
Greenhouse gas emissions	Emissions of the gases that contribute to the greenhouse effect by absorbing infrared radiation. The seven gases included in the GHG Protocol are carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3). (Source: GHG Protocol)
Greenhouse Gas Protocol	A comprehensive global standardised framework to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains, and mitigation actions. (Source: GHG Protocol)
Institutional Investors Group on Climate Change	A forum for collaboration among pension funds and other institutional investors to address the risks and opportunities associated with climate change, and to encourage public policies that ensure a swift transition to a low-carbon economy.
Implied temperature rise	A measure used to estimate the global mean surface temperature increase that would result if all sectors of the economy were to follow the same emissions pathway as the entity being assessed. (Source: SBTi)
Interim target	A target set at a specified date before the final target year, which is used to ensure that an entity is on track to meet its long-term emission reduction goals. (Source: GHG Protocol)
Low-carbon economy	An economy that causes low levels of GHG emissions compared with the carbon intensive economies of today. Transitioning to a low-carbon economy is imperative to limiting global warming and to protect our planet.

Term	Definition
Paris Agreement	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in December 2015. Its overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. (Source: UNFCCC)
Net zero emissions	Net zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. (Source: IPCC)
Net-zero target	A publicly stated commitment to achieve net-zero greenhouse gas emissions by a specific date, which typically involves a combination of reducing emissions and investing in projects that remove carbon from the atmosphere.
Net Zero Investment Framework (NZIF)	NZIF is a guidance document for investors who have set voluntary net zero commitments. It provides revised target criteria, updated asset class guidance, best practices and supplementary resources to support real economy emissions reduction (Source: IIGCC)
Offsetting emissions	The act of compensating for emissions by investing in environmental projects that reduce emissions elsewhere, such as planting trees or investing in renewable energy projects, to balance out the emissions produced.
Partnership for Carbon Accounting Financials (PCAF)	An industry-led partnership to standardise carbon accounting for the financial sector, enabling financial institutions to assess and disclose the greenhouse gas emissions of their loans and investments.

Term	Definition
Physical risk	The risk to businesses and investments from the physical impacts of climate change, such as extreme weather events, sea-level rise, and changing climate patterns, which can cause direct and indirect financial losses. (Source: TCFD)
Portfolio carbon intensity	A metric that measures the average emission rate of a portfolio's investments, typically expressed as greenhouse gas emissions per million dollars of revenue. (Source: GHG Protocol)
Portfolio emissions	Emissions from the companies in which we invest, i.e. Scope 1, Scope 2 and Scope 3 emissions of the investee companies represented within our asset portfolio.
Real emissions reduction	The actual decrease in emissions achieved through direct actions such as improving energy efficiency, switching to renewable energy sources, and enhancing sustainable practices, as opposed to relying on offsets. (Source: GHG Protocol)
Science-based targets	Targets adopted by companies to reduce greenhouse gas emissions that are in line with the level of decarbonisation required to keep global temperature increase well below 2°C compared to pre-industrial temperatures, as described in the Paris Agreement. (Source: Science Based Targets initiative (SBTi))
Scope 1 emissions	Direct GHG emissions from sources that are owned or controlled by the reporting company. (Source: GHG Protocol)
Scope 2 emissions	Indirect GHG emissions from the generation of purchased electricity, heat, or steam used by the company. (Source: GHG Protocol)

Term	Definition
Scope 3 emissions	All other indirect emissions that occur in the company's value chain, including both upstream and downstream emissions. (Source: GHG Protocol)
Social solutions	Initiatives and investments aimed at addressing social challenges such as poverty, inequality, education, health, and community development, often with the goal of achieving positive social outcomes alongside financial returns. (Source: Global Impact Investing Network)
Stewardship	The responsible management and oversight of capital across the institutional investment community, leading to sustainable value for beneficiaries, the economy and society.
Sustainability-linked loans	Loan instruments and financial products that incentivise borrowers' achievement of predetermined sustainability performance targets, with the loan terms (such as interest rates) linked to the borrower's performance against these targets. (Source: Loan Market Association)
Taskforce on Climate-Related Financial Disclosures (TCFD)	An industry-led initiative created to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream annual financial filings, to provide information to investors, lenders, insurers, and other stakeholders. (Source: TCFD)
Transition Plan	A climate-related transition plan is an aspect of an entity's overall strategy that lays out the entity's targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions. (Source: IFRS S2 Standard)
Value chain	The full range of activities that are required to bring a product or service from conception, through the different phases of production, to delivery to consumers. (Source: GHG Protocol)

Term	Definition
Transition Plan Taskforce (TPT)	The Transition Plan Taskforce (TPT) is a global initiative launched in March 2022 to develop the gold standard for private sector climate transition plans. It brings together leaders from industry, academia, and regulators to develop good practice for transition plan disclosures for finance and the real economy. The TPT engages with non-UK governments and regulatory networks to facilitate discussions on building common baselines and principles for transition planning.
Transition risk	The financial risks that result from the process of adjustment towards a low-carbon economy, including policy and legal risks, technology risks, market risks, and reputational risks, which can affect asset values and profitability. (Source: TCFD)
Weighted average carbon intensity (WACI)	A measure of the carbon intensity of an investment portfolio, calculated by weighting the emissions intensity of each holding by its market value in our portfolio. This provides a single figure that reflects the portfolio's exposure to carbon-intensive companies. (Source: TCFD)