

2013
Corporate
Responsibility
Report



Introduction from David Stevens, CBE, CR Board Representative

As one of the UK's largest providers of car insurance, Admiral Group serves a real social purpose – our business is to protect people, as much as we can, from the adverse consequences of crashing their car. As well as providing protection for our customers, we aim to contribute positively to the wider communities in which we operate.

You may be wondering why you couldn't find this report in our Annual Report 2013. Well, that's because this year, we've integrated our significant CR disclosures throughout the Annual Report to reflect how our role as a responsible business aligns with our business aims. The full CR Report is intended to supplement this information. We will consider stakeholder feedback on this approach and change it if many of you don't like it when preparing next year's CR Report. Our CR strategy is centred upon four of our significant stakeholders: our customers, our people, our community and our environment.

Admiral plays a role in the lives of 3.7 million customers, globally. We help to limit the risks faced by each and every one of our customers, often at key moments of their lives - when they learn to drive, when they pass their driving test, when their children learn to drive... and so on. With a culture of innovation, we're always looking for new ways to improve the service we offer to our customers. In 2000 we were one of the first to introduce the UK to online car insurance with elephant.co.uk, two years later we launched the UK's first ever car insurance price comparison website, Confused.com, and then in 2005 we became the first car insurer to offer a multi-car policy.

You only have to look at our business model to understand that our people are one of the most important factors in our success. Our market-leading UK expense ratio has a lot to do with the 7,000 people who work for us, globally. People who like what they do, do it better, so

**With a culture of innovation,
we're always looking for new
ways to improve the service
we offer to our customers**

we strive to ensure our staff enjoy coming to work. This year, we were proud to be named 2nd Best Large Workplace in the UK and 2nd Best Multinational Workplace, by the Great Place to Work Institute.

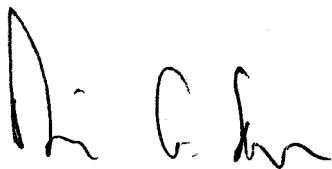
We support our local community through charitable giving and community partnerships. This year we donated £182,000 (2012: £141,000) to local and national charities and £231,000 (2012: £285,000) to sponsor events and organisations. Our people love helping out a good cause and we love hearing their thoughts on which local organisations and charities we should support. In fact, the 90% of staff who told us in the annual Staff Survey that they were proud of our partnership with the Welsh Rugby Union (WRU) played a big part in our decision to extend our sponsorship agreement until 2015.

Last, but certainly not least, as we grow as a business we remain committed to minimising our environmental impact. Our Annual Report 2013 now includes disclosure on annual carbon emissions (please see p.65), in line with new requirements from the Department for Environment, Food and Rural Affairs (DEFRA) in partnership with the Department for Energy and Climate Change (DECC). We welcome these changes and the potential they have to help in reducing the impact of climate change; an issue which could have a profound effect on the insurance industry in the not-so-distant future.

The coming year will mark a major milestone for us, as we move our head office from a multi-occupancy, twenty-three-floor building erected in 1967, to newly-built premises in Cardiff city centre. Our Newport office will also be moving to a new site, within the Newport city centre. Both buildings are being built to a BREEAM (BRE Environmental Assessment Method) standard of 'excellent', the leading environmental assessment method for buildings, and will reflect best practice in sustainable design. We are all very much looking forward to moving into our new homes and the new opportunities this will bring for us to minimise our environmental impact.

This report summarises Admiral Group's ongoing CR strategy and how this relates to our business model and strategic objectives, in addition to explaining how we have engaged with our four major stakeholders throughout 2013: our customers, our people, our community and our environment.

Enjoy the read!



David Stevens, CBE

Chief Operating Officer

4 March 2014



Admiral Group's Corporate Responsibility (CR) strategy is vital to the sustainable growth of our business, with employee engagement and customer satisfaction both assuming core roles in our business model and strategy (p.12-13, Admiral Group Annual Report 2013). Our CR strategy encompasses four of our major stakeholders:

1 Our Customers

2 Our People

3 Our Community

4 Our Environment

1 Our Customers



This year, we were delighted to win two UK industry awards

Providing an excellent service for our customers is essential to the future growth of Admiral Group, both in the UK and overseas. All of our employee incentive schemes have to be designed in line with our Incentive Policy, which ensures that appropriate emphasis is placed on the quality of service provided to our customers. In 2013, we won Direct UK Insurer of the Year at the Insurance Times Awards and Best Motor Insurance Provider at the Personal Finance Awards, based on consumer opinion.

We operate within the regulatory framework of the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) in the UK.

We employ several initiatives in order to measure the quality of our customer service. Every department has its own set of customer-focused measures to gauge performance. All of our contact centres measure complaint volumes, external monitoring and complaint monitoring as core measures and each department then selects two relevant additional measures, usually involving comment form and/or SMS analysis and breach monitoring. The measures are reviewed annually to challenge departments to make continual improvements. The programme is reported every month on our staff intranet, Atlas, and the best departments are rewarded at our prestigious Central Quality Awards.

We run monthly competitions to encourage our people to provide excellent customer service, such as:

- **The Initiative King/Queen Award** - encourages our people to take ownership of a customer's problem and provide a solution that differentiates us from our competitors
- **The WOW Factor** - presented by our Head of Service, Stuart Morgan, to a staff member who consistently produces excellent work and deserves recognition throughout the whole of the Group

- **Comment of the Month** - chosen by David Stevens (COO) in recognition of a staff member who has provided outstanding service, based on written feedback from our customers

Conduct Risk

As part of our ongoing examination and improvement of internal processes and customer experience, in 2013 we implemented a new framework for the monitoring and reporting of conduct issues. Our UK Compliance team and department managers identified the most meaningful metrics used to evaluate each department's performance in relation to customer conduct, and combined them to build a Management Information (MI) database which is populated monthly by each department. Over 150 individual Conduct Risk measures have now been adopted.

This information is used by our UK Risk team, together with complaints data, to produce a monthly Conduct Risk Management Information (CRMI) Report which identifies issues by means of Red and Amber grading and includes recommendations for remedial actions. The CRMI Report is used to monitor performance and the impact of remedial actions and is reviewed by senior management, our UK Risk Management Committee (RMC), Group Risk Committee and finally our Board, on a regular basis. If either a Red or Amber grade occurs the department manager investigates the issues and provides information on the reason for the score, along with a plan to improve the results. This new framework was put into place in April, replacing TCF Reporting, and is currently being rolled out across the Group.

The improvements to our monitoring and reporting of conduct issues have resulted in minor changes to the calculation of the key measures disclosed overleaf:

Conduct Risk Measure	2012	2013	Target
% customers who would renew following a claim	90%	91%	>85%
Customer Services, New Business and Renewals call answer rates*1	n/a	92%	>90%
Customer Services first call resolution*1	n/a	78%	>75%
Claims call answer rates	94%	95%	>90%
Complaints per 1,000 vehicles	1.2	1.2	<1.4

Notes

*1 2012 data is unavailable due to changes in reporting as described above. Customer Services first call resolution refers to the % of inbound Customer Services calls that are resolved during the initial call.

We encourage our customers to provide feedback on our products and services. The main feedback method is our Customer Comment Form, which is a key measure of the CRMI Report. Our Customer Comment Form enables our customers to rate the service of our contact centre staff on a scale of one to ten in four key areas including 'helpfulness', 'efficiency', 'communication' or 'knowledge', and 'politeness'.

The feedback gained from our Customer Comment Form analysis and SMS feedback allows us to pinpoint areas in need of improvement, and to identify employees who could benefit from further training. This enables us to continue to provide excellent customer service as our business continues to grow.

Our CCS team was formed to improve customer service



Improving customer communications

In 2013, we set up a Customer Contact Strategy (CCS) team in order to create a consistently excellent experience for our customers throughout their policy lifetime. We are keen to better understand how our customers feel at each stage of their journey and there are plans to set up additional feedback channels and initiatives, in addition to perfecting existing ones. A dedicated forum has been created to encourage our people to share their thoughts on improving customer service.

Some of the recent initiatives that our CCS team has introduced to Admiral include an SMS campaign, whereby customers who have purchased breakdown cover receive a free text containing a contact number to save to their phone, and a live chat facility on brand websites.

Our CCS team also manages the Customer Portal, with over 65% of our customers now registered. Here, policyholders can access their certificate of motor insurance and other personal documentation. In 2014, our CCS team will be tasked with improving the layout and content of emails sent from the Portal. In the longer term, we hope to more closely align these emails with the wider Portal aim of revolutionising the way our customers interact with their Admiral insurance policy, by providing an online home for their needs.

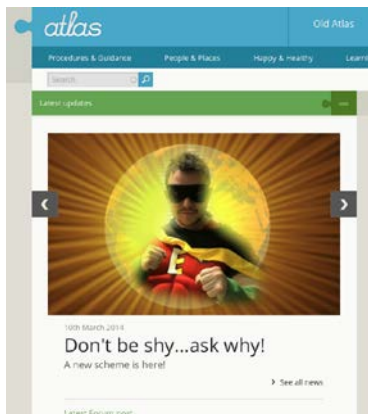
2 Our People

People who like what they do, do it better.

Simple yet strong, this philosophy runs throughout the whole of Admiral Group and according to the Great Place to Work Institute, this has helped us to become one of the best employers in both the UK and Europe. In order to understand why we are rated as such a good employer, it becomes useful to understand the four pillars upholding working culture at Admiral – **communication, equality, reward and recognition and fun.**

Communication at Admiral is open, transparent and two-way. Our senior managers and Directors sit amongst their teams rather than in their own offices, encouraging dialogue between staff of all levels of seniority and across all areas of our business. Furthermore, our Chief Executive Officer (CEO) operates an open door policy and if any member of our staff wants to ask him a question, they can email him directly through our, 'Ask Henry' intranet initiative. Our senior managers and Directors also participate in regular online chats with staff. This year we have held two online chats with our CEO, Henry Engelhardt and one featuring our COO, David Stevens, in addition to several online chats with other senior managers.

Our employees benefit from a wide range of communication tools to assist in understanding business goals and objectives, including the annual Staff General Meeting (SGM), internal newsletters, videos, team briefings, suggestion schemes and staff forums. In the 2013 annual Staff Survey, 85% of staff felt that we do enough to communicate information about the business (2012: 86%).



Our new Atlas introduces innovative tools for employee engagement

Transforming employee communications

This year we re-launched our staff intranet, Atlas. Atlas plays a pivotal role in how we communicate with our employees, featuring our staff handbook, internal news stories, discussion forums, in-house TV channel, staff benefits and discounts, online learning resources and various tools to assist employees in their roles. The newly launched system is much faster, easier to navigate and more visually appealing. In addition it introduces new opportunities for employee engagement such as a company events calendar, increased detail on company background and history, a dedicated environmental impact section and a share price calculator.

Training and development

Employee training and development plays a key role in our internal communications strategy, enabling us to convey important business information such as system or procedural changes, to our staff.

New starters in our contact centres receive induction training for up to six weeks, dependent upon department, whereas new starters in our support departments also receive training relevant to their role. When a manager joins us, they are subject to a six month probationary period and in order to complete this they must attend several management training courses.

But our commitment to staff development doesn't end when a new member of staff becomes fully trained. All of our people can benefit from further learning and development throughout their career with us. Our contact centre staff are continuously supported by departmental trainers and our central training team, Admiral Academy, provides a range of classroom-based training sessions suitable for as many employees as possible. Courses cover topics such as presentation skills, leadership and motivation. Admiral Academy also administers iLearn, our staff e-learning portal, accessible via Atlas. iLearn features short online training courses, a personal training record, training request forms and application forms for the sponsorship of further education.

In 2013, we provided over 7,100 hours of training for our people (2012: over 6,800 hours). This includes training provided for specific UK departments and any training that has been provided by our UK trainers in any of our overseas offices, in addition to courses provided in the UK by Admiral Academy. This total does not include all instances of training provided by our overseas employees in our overseas offices, because such data is not yet recorded centrally.

In order to measure how our people feel about training and development, we ask them to complete evaluation forms after training courses and our annual Staff Survey features several related questions. In 2013, 83% of our people were happy with the training that they received (2012: 86%), and 88% said that their immediate manager showed enough interest in their development (2012: 89%).



Our people love getting stuck into a good book

Buy a Book

Admiral Academy runs Henry's Buy a Book scheme, whereby our people can submit a request for us to purchase a book that will help with their development. Staff can request up to three books per month. Last year, a record amount of over £65,000 was spent on the 3,500+ books purchased via the scheme.

By ordering the books online from Amazon via the Royal Institute for the Blind Website (RNIB), Amazon donates 5% of the total order cost to RNIB. We have donated over £1,000 to the charity in this way since September, and in the future we will be fundraising for a number of charities using this method.

We have a really simple approach to **Equality**. Our people are our greatest asset and we respect and value the individuality and diversity of all of our people. Our Equality, Diversity and Dignity at Work policy ensures that every employee is treated equally and fairly and that all employees are aware of their obligations. The Group is fully committed to the health and safety and the human rights of its employees, regardless of their background. In addition, we maintain a number of employee codes of conduct regarding appropriate ethical standards in the workplace.

Our Equality, Diversity and Dignity at Work policy includes guidance for our management on how to promote diversity, alongside advice for our people on how to identify and report any instances of unfair discrimination. To further promote diversity, this year Admiral Academy has trained over 100 managers in handling workplace diversity.

Gender diversity

The table below provides a breakdown of the gender of Company Directors and employees at the end of the financial year:

	Male	Female
Company Directors*¹	9	4
Other senior managers*²	21	13
All employees	3,454	3,531

Notes

*1 Company Directors consists of the Board of Directors, as detailed on p.38-39 of the Admiral Group Annual Report 2013.

*2 'Other senior managers' is as defined in the Companies Act 2006 (Strategic Report and Directors' Report) and includes: persons responsible for planning, directing or controlling the activities of the Company, or a strategically significant part of the Company, other than Company Directors. Any other Directors of undertakings included in the consolidated accounts that are not considered strategically significant have not been included.



The Two Ticks symbol shows our support for disabled people in the workplace

Recognising ability in disability

We give full and fair consideration to applications for employment made by those with disabilities, having regard to their particular aptitudes and abilities. In 2013, we were accredited with the Two Ticks symbol by Jobcentre Plus for committing to meet five key standards of conduct regarding the recruitment, training, retention, consultation and career development of disabled employees. During the year, we also attended the UK's first national Disability Employment Conference, organised by the government as part of its bid to support businesses in becoming more confident in recruiting disabled people over the next two years.

In 2014 we are running a two-week voluntary work experience scheme for disabled people, in our UK head office. The first five participants, who between them have a range of disabilities, will begin the course in January. The aim is to equip the participants with both the knowledge and confidence required to secure a job. Dependent on the success of this pilot, we hope to run at least one more session during 2014. Next year, we also welcome the first participant to our new work experience scheme for people with autism. After working with the National Autistic Society, we have agreed to provide eight-week supported work experience placements for people with autism. The first participant joins us in January 2014.

The Group's principles of respect for human rights, diversity, health and safety and workplace ethical standards not only apply to staff directly employed by Admiral, but also to staff employed by the Group's outsourced partner in Bangalore, India. To meet this commitment, Admiral Group maintains regular contact with its outsourcer's management team and the Group's senior managers pay visits to the outsourcer, whilst the Group also provides training and development to ensure that the team uphold these principles. In addition, Admiral Group has appointed a manager based permanently at the outsourced

operation, who is responsible for ensuring that the Group's principles are adhered to by the outsourced partner, and that the wellbeing of outsourced staff is monitored.



The Corporate Health Standard (CHS) Gold award recognises workplace health and wellbeing

Happy and healthy

This year we received a Corporate Health Standard (CHS) Gold award, the Welsh Government's stamp of approval for workplace health and wellbeing. We originally applied for the Silver award, having held the Bronze award for three years, but after the CHS panel met with staff and senior managers it was announced that we met the criteria for Gold.

Richard Lewis, Workplace Health Specialist for the Welsh Government, said:

Many congratulations on achieving the Gold Corporate Health Standard, and in some style; [the assessor] said that Admiral is one of the best, if not the best, organisations he has assessed in terms of a corporate approach to well-being.

Fundamental to equality, and also important for **Reward and Recognition**, is our performance-related pay structure and share ownership scheme. We like to reward and recognise our people for both their own personal achievement, and the overall performance of the Group. All employees are rewarded for the overall success of the Group through the share ownership scheme, a key feature of employee remuneration.

As of 31 December 2013 an employee who joined us on 1 January 2005 would have received a total of 2,607 shares, of which 2,041 would now be matured and 1,509 could be sold free of income tax and national insurance. If none of the matured shares had been sold, these shares would be worth £26,737 (based on the share price of £13.10 on 31 December 2013). In addition to our approved Free Share Incentive Plan (SIP), we also operate an unapproved Discretionary Free Share Scheme (DFSS) to reward managers and 'star performers' – employees who have excelled in their role, regardless of business location or level of seniority.

The total value of shares, dividends and bonuses paid in lieu of dividends on non-vested shares received by staff since the company floated is over £380 million, based on the share price at 31 December 2013. Further details of our salary structure and our share schemes are available in the Directors' Remuneration Report on p.54.67 of our Annual Report 2013.

Our Board firmly believes that share ownership motivates employees, decreases attrition and makes it easier to recruit successfully. According to our annual Staff Survey, 81% of our people are more likely to stay with us because of our staff share schemes (2012: 79%). Details of our attrition rates can be found at the end of this section.



David Stevens presents his Award to Claire Charlton of Admiral Law

Celebrating excellent performance

We host a series of annual award ceremonies to reward and recognise our people, both for their own individual achievements and for the collective performance of their team, department or site. Our award ceremonies include:

The Managers' Awards – Back in 1992, before the first Admiral policy had even been sold, Henry Engelhardt (CEO) gave each senior manager an award to present in their name, to a deserving member of staff. Eighteen awards are now available, such as David Stevens' 'Large Volume of High Quality Work' Award and Kevin Chidwick's 'Impact on the Bottom Line' Award. The names of the award winners are permanently inscribed in Admiral's history on plaques displayed in the reception area of our headquarters in Cardiff, South Wales.

**The Central Quality team
enjoy hosting their annual
awards ceremony**



The Central Quality Awards - Highlighting achievements from across the Group in our customer-focused measures programme, the Central Quality Awards drive our people to meet and exceed quality measures throughout the year, to increase both their own individual quality score and that of their department. This helps us to ensure that we remain compliant with Financial Conduct Authority (FCA) requirements and that all of our customers receive excellent service.

**The winners of this year's
Top 10 Department Awards
pose for a photo**



The Top 10 Department Awards – A celebration of our unique culture, the Top 10 Department Awards are based on anonymous department surveys on staff engagement and a department presentation on a given topic, which all staff are encouraged to be involved in the planning and performance of. Held at Cardiff's City Hall, the award ceremony is attended by hundreds of our people from both our UK and international operations. We share the feedback with each department to allow them to understand what steps they need to take to match the standards of the winning departments.

Fun plays a vital role in helping us to ensure that our people enjoy their work, encouraging and motivating each and every individual to produce excellent results.



A team from Admiral Household become superheroes for the day

Work-hard, play-hard

The Ministry of Fun (MOF) operates throughout Admiral, organising exciting events for all of our people to take part in. A different department takes responsibility for organising games and competitions each month to ensure that the programme remains fresh and to give everyone the opportunity to take ownership. In 2013 our people have enjoyed taking part in a payroll lottery, wearing their clothes back-to-front and dressing up as superheroes. What will 2014 bring?

So how do we know that this approach works?

Our staff tell us. One of the most important tools that we use to measure employee satisfaction is our anonymous annual Staff Survey, which collects views on what it is like to work for us. The survey results are analysed by department and each department manager shares the findings with their team, exploring any issues and concerns before making improvements.

The most significant results are provided in the table below. There are no specific targets with respect to the survey results as our Executive team use the data to identify trends in employee perception, rather than absolute values. The results reflect a slight decrease in most of the areas listed below. However, this is attributable to the exceptionally positive set of results attained in our 2012 Staff Survey and this is an area that we will continue to monitor closely.




Staff Survey results

Survey question	2007	2008	2009	2010	2011	2012	2013
Morale is good within Admiral	89%	90%	93%	89%	90%	93%	89%
Morale is good within my department	82%	90%	86%	84%	85%	87%	75%
I am happy at Admiral	87%	90%	91%	88%	89%	91%	88%
Every effort is made to understand the thoughts and opinions of employees	73%	86%	87%	88%	88%	91%	85%
I am proud to be associated with Admiral	91%	94%	96%	95%	95%	96%	94%
I would recommend Admiral as a good place to work	90%	94%	95%	94%	95%	96%	93%
I am more likely to stay at Admiral because of the share schemes	71%	71%	79%	78%	79%	79%	81%
Admiral is truly customer-orientated	88%	90%	90%	86%	87%	90%	90%
Admiral treats its customers fairly	84%	87%	88%	86%	86%	88%	87%

As a Group we participate in a number of independently managed surveys, including The Sunday Times 100 Best Companies to Work For and the Great Place to Work Institute's Best Workplaces in the UK and Best Workplaces in Europe.

Again this year we have continued to win awards for employee satisfaction, adding to those achieved previously. Notably, Admiral was named 2nd Best Large Workplace in the UK and 2nd Best Multinational Workplace in Europe by the Great Place to Work Institute. The table below shows how we have performed in these surveys historically:

External survey results

Name of award			
2001	32nd	32nd	
2002	42nd	42nd	
2003	46th	7th	
2004	60th	16th	
2005	20th	17th	
2006	20th	8th	
2007	21st	Top 10	
2008	57th	10th	
2009	37th	6th	16th
2010	16th	10th	26th
2011	9th	9th	21st
2012	6th	1st	4th
2013	11th	2nd	2nd

In addition to participating in both internal and external staff surveys, we measure employee satisfaction using a number of key performance indicators (KPIs), including our average employee attrition and absence rates.

Over the past decade UK employee attrition trends have generally improved, and we have also witnessed an improvement in this area. At the end of 2013 our average attrition rate stood at 13.3% (2012:13.6%), an improvement of 0.3% year-on-year. An annual improvement is good news in itself but when considered alongside the UK national average attrition rate of 17%, and the UK average for financial private-sector services of 18.4% (as quoted by Xpert HR's 2013 Labour Turnover Rates Report), it becomes an even better story. We are 3.7% ahead of the UK average attrition rate for all sectors and 5.1% ahead of the UK average attrition rate for the private financial services sector. This implies that we present a more attractive career option for employees than the UK private financial services industry in general.

We also monitor the average percentage of working time lost each year due to employee absence. UK employee absence trends have generally increased over the last two years, whilst our absence rates have remained stable over the same period, but still remain higher than the national averages. In 2013, our average employee absence rate was 4.5% (2012: 5.4%), representing an annual improvement of 0.9% but falling short of the 3.8% UK average for all sectors, by 0.7%. Similarly, we are 0.8% behind the average for non-manual workers in the private sector, which currently stands at 3.9%.

However, this doesn't present us with a cause of concern because there are vast differences in absence trends between sectors, and private sector call centres have traditionally reported higher absence rates. According to the Chartered Institute of Professional Development's (CIPD) 2013 Absence Management Report, the average percentage of working time lost during 2013 in UK contact centres was 5.5%, so we are currently performing at 1% above average in this area. We are pleased that our employee attrition and absence rates have improved year-on-year, but we will continue to monitor these areas closely in order to identify potential areas for improvement.

In further support of our reputation as a good employer within the local community we received 16 applications per job advertised, on average during 2013 (2012: 11). We are proud to see an increase in this area and will continue to track this data to help us to maintain our appeal to the local workforce.

3 Our Community

We play a positive role in the community through charitable giving and sponsorship of local community partnerships. As an employer, we promote payroll giving and provide matched funding for eligible staff initiatives. In 2013, the Group donated £182,000 to various local and national charities (2012: £141,000) and £231,000 (2012: £285,000) to support local events and organisations. The amount we donate fluctuates annually due to changes in sponsorship initiatives and employee demand for matched funding.

Our strategy on charitable giving and community sponsorship aims to:

- Contribute to the local communities surrounding our offices
- Support events that are likely to appeal to our people
- Reflect our culture of vibrancy and fun
- Raise our profile as a good employer within the local community

Our strategy provides further opportunities for employee engagement by providing opportunities for our people to participate in charity fundraising or community projects and by enabling us to secure additional employee benefits, such as free event tickets and local discounts. It also helps us to attract new staff and to minimise recruitment costs, reinforcing our strategy of focusing on profit and controlling costs in order to maintain our market-leading expense ratio.

Our people celebrate our success at the Million Makers award ceremony.



Winner of Princes Trust Million Makers Challenge

Since 2008 we've enjoyed a close relationship with the Prince's Trust, the UK's leading youth charity dedicated to helping disadvantaged young people to enter into work, education or training. In April, we won the Prince's Trust National Million Makers

Challenge by raising over £100,000 for the charity. The Million Makers is an annual competition which sees organisations from across the country setting up mini enterprises in order to raise as much money as possible for the Prince's Trust, over a six month period.

Our People Services department manager, Richard Thorne, commented:

The competition has got bigger and bigger every year and is something that our staff always look forward to taking part in.

We consider employee feedback when deciding which local events to sponsor. Our annual Staff Survey revealed that 59% of our employees believe we are already doing enough to help our local community (2012: 62%). We are delighted that the majority of our staff believe we are already contributing enough to the community but the feedback has shown there is still more work to be done, as indicated by the 41% of employees who think that we could still be putting more back into the community. This feedback will help to inform our sponsorship activity for 2014.

Our WRU sponsorship gives our people the opportunity to train with the Welsh national rugby team.



Supporting the national sport of Wales

In February, we extended our sponsorship deal with the Welsh Rugby Union (WRU) for a further two years after 90% of staff told us they were proud of our partnership (2013: 89%). The Admiral logo will now remain on the national team jersey until the next Rugby World Cup in 2015. The agreement also enables us to secure staff benefits such as free rugby tickets, kit discounts and opportunities to attend team training sessions and meet players.

Arts & Business Cymru

The Awards celebrate partnerships between businesses and cultural organisations

Our people enjoy exclusive benefits when they visit the Chapter Arts Centre

Photo: Mark Robson

Valuing Arts, Business and Employees

This year we won the Art, Business and Employees' Award at the Arts and Business Cymru Awards, in honour of our work in supporting local South Wales organisations, Chapter Arts Centre and NoFit State Circus.



We have sponsored the **Chapter Arts Centre** in Cardiff, South Wales, since 2010. Established over 40 years ago Chapter is an ambitious, multi-artform cultural space that presents and produces international art, performance and film alongside a dynamic social space. The sponsorship provides our people with the opportunity to take part in various workshops, including video-making and photography, as well as giving them the chance to win free tickets to Chapter's weekly cinema screenings. Our people also benefit from an exclusive discount card which entitles them to 10% off food and drink, event tickets and gift shop purchases. Last year, our staff spent £13,000 at the Chapter Arts Centre.

Since 2010 we have has been proud to sponsor the **NoFit State Circus**, a world-famous contemporary circus based in Cardiff. Celebrating its 25th anniversary this year, the Circus produces professional touring productions at all scales alongside a wide range of community, training, and education projects to suit all ages. As a partner of NoFit State Circus, we offer various opportunities for our people to visit and take part in circus skills workshops, whether as a team or at a staff-exclusive evening workshop.



NoFit State Circus is known for its breathtakingly beautiful performance art

Photo: Mark Robson



When it comes to volunteering, our people are great sports

Festival of Sport

For the past six years we have supported the Neath Port Talbot Festival of Sport for children with varying physical ability, which takes place in Margam Park, South Wales.

In addition to providing financial support, we encourage our people to volunteer to attend the week-long event to support and encourage children participating in the activities. All staff receive specialist training to ensure that they have the skills required to take part.

Disability Sport Wales Development Officer for Neath Port Talbot Council, Victoria Radmore, commented that the Festival of Sport is "indebted to Admiral for providing such fantastic staff."

Admiral Community Chest

Admiral Community Chest is a fund set up to provide funding for charities and local organisations which our people and their families are involved with. The Chest has been running for over seven years and in that time we have been able to contribute to over 500 charities and organisations. In 2013, we donated £112,000 to over 190 charities and organisations through the Chest (2012: £83,000). We saved a premier division baseball team from having to disband mid-season due to a lack of funds, replaced a broken window at a lunch club for the elderly and bought a new training kit for a women's rugby team, amongst other achievements.



The Llanrumney United Ladies baseball team used our donation to pay their pitch fees for the season

4 Our Environment



We continue to report our environmental performance to the CDP

Our Environmental Policy is aligned with our vision for sustainable growth and our focus on profitability, as outlined by our Group business model and strategy on p.12-13 of our Annual Report 2013. By monitoring and reporting on our annual carbon emissions, we can identify areas of the business where energy usage could be reduced, leading to the potential for cost-savings. Furthermore, by improving our buildings to drive energy efficiency we are able to create a better working environment for our people. We continue to report to and engage with, the Carbon Disclosure Project (CDP), the leading international environmental rating organisation. Every year, we discuss our environmental strategy and performance with the CDP to identify areas for improvement. Last year our disclosure rating, which is based upon the level of detail we disclose to the CDP, increased from 42% to 60%.

We are committed to:

- Raising and maintaining employee awareness of, and ensuring that all of our people are actively engaged in, activities to reduce our environmental impact
- Measuring and monitoring key aspects of our environmental performance and regularly reviewing progress to reduce the amount of resources consumed per employee
- Complying with the requirement, effective from 30 September 2013, to report annual levels of greenhouse gas emissions in line with guidance provided by the Department for Environment, Food and Rural Affairs (Defra) in partnership with the Department for Energy and Climate Change (DECC). We have never been subject to prosecution or fines as a result of non-compliance with environmental reporting regulations

We have a cross-functional team in place to monitor and report on our annual greenhouse gas emissions, including employees from our Finance and Facilities departments. One of the major responsibilities of our Facilities team is to continuously reduce our environmental impact. The reporting process is centralised at our UK head office and

our international businesses send their data to the team each month. This way, our people can be engaged in recording and monitoring their environmental impact and we hope that this will encourage each of our sites to make continual improvements. The data is reviewed annually and reported to David Stevens, our CR Board representative.

We uphold a structured consultation process to gauge stakeholder views on our environmental performance. In 2013, the Staff Survey revealed that 75% of our people think we are working to reduce our environmental impact (2012: 74%). Each department manager feeds back the results to their employees, encouraging a forum for positive discussion to gain employee ideas on what more we can be doing to limit our environmental impact.



**Our customers receive
a discount when they
insure selected electric cars
with us**

Insurance discounts for electric cars

With no vehicle tax to be paid and a subsidy from the government when you buy one, electric cars have never been so appealing. Now, we are adding to the benefits of owning an electric car by offering a discount when insuring them.

We are offering insurance discounts of up to 10% for policyholders who have purchased electric cars such as the Nissan Leaf and the Peugeot iOn*, which can be applied to either new or used models, for all new customers. The discount will be automatically applied and included in the price the customer receives, either directly from Admiral or from a price comparison site.

Our UK Customer Services Director, Sue Longthorn, commented: *Electric cars are becoming more popular, with new models being launched all the time. The government is boosting the growth in their popularity with grants towards purchasing electric cars and covering part of the cost of installing charging points for electric vehicles in garages and driveways, so we wanted to help encourage people to drive them by offering this discount.*

2013 Performance Data

	GHG Emissions (CO ₂ e Tonnes*1)	% Of Group Total
Scope 1		
Owned transport	36	0.4%
Total Scope 1	36	0.4%
Scope 2		
Purchased electricity (including green energy)	6795	83.3%
Total Scope 2	6795	83.3%
Significant Scope 3		
T & D*2 Electricity	581	7.1%
Business travel	751	9.2%
Total Significant Scope 3	1332	16.3%
Total CO₂e Emissions	8163	

*1 'Tonnes' refers to metric tonnes

*2 'T&D' refers to the transport and distribution of electricity.

Intensity Ratio

We have used average employees as the measure for our intensity ratio as this is the most relevant indication of our growth and provides for the best comparative measure over time.

CO₂e per employee*2	1.26 tonnes
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*2 Average employee number excludes employees from three offices, for which data could not be collected.

Baseline for 2013 Targets

The current year data forms the baseline data for subsequent periods. Although the Group has previously reported on emissions, it is not appropriate to use these reports as baseline years due to differing methodologies applied.

Methodology

Reporting period

1 January 2013 – 31 December 2013

Measuring and reporting approach

We have followed UK government guidance on how to measure and report greenhouse gas emissions. In particular, the data has been prepared with reference to the WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and in accordance with the guidance for corporate reporting issued by Defra. Data for the first three quarters of 2013 has been collected and extrapolated to calculate the full-year emissions figure.

Greenhouse gases

All GHG emissions figures are in tonnes of carbon dioxide equivalents (CO₂e) and include all six GHGs covered by the Kyoto Protocol.

Organisational boundary

We have chosen to use the operational control approach because we maintain the ability to direct the operating policies of each of our organisations, with a view to achieving economic benefits.

Specifically excluded from the organisational boundary is our outsourced contact centre in Bangalore, India, which we do not have control over.

Operational scopes

All Scope 1 (direct GHG emissions), Scope 2 (indirect GHG emissions) and significant Scope 3 emissions have been reported for operations within the organisational boundary, with the exception of exclusions listed overleaf.

Where appropriate, emissions from multi-occupancy offices are determined on the basis of the recharge statement provided to the Group by the relevant managing agents.

Exclusions to operational scopes

We have excluded our call centre in Gurgaon, New Delhi, from our Scope 1, 2 and 3 emissions because this operation was not able to provide us with the data requested, and average headcount was just 52 over the reporting period. Both of our operations in France (L'olivier Assurances and LeLynx) are also excluded from all of our emissions scopes. These three offices together total less than 1.5% of our Group headcount and are, therefore, considered immaterial.

Excluded from our Scope 1 emissions are air conditioning emissions produced by all of our operations. We were unable to obtain data from any sites for this reporting period because our building managing agents are responsible for air conditioning at the majority of sites and they were unable to provide us with emissions data in the timescale required. Gas has also been excluded in this reporting period. Only three of our sites have gas usage and the managing agent does not provide us a breakdown of the gas element of the service charge we pay and therefore this data was not available to collect for inclusion in our reported emissions figures.

Operational scopes – calculation approach, conversion tools and emission factors

The carbon emissions linked to the activities listed above have been determined on the basis of measured or estimated energy and fuel use, multiplied by relevant carbon conversion factors.

The large majority of our fuel and energy consumption is based on actual mileage data, purchase invoices and information supplied by the managing agents of our leased buildings. However it has been necessary to make estimations in some circumstances, where this form of evidence has not been available. In particular we have made estimations when monthly invoices have not been available for the full reporting period. Where this was the case, an average of available invoices was applied to the months for which invoices were unavailable. This process of estimation represents only between 1% and 5% of data.

We have calculated emissions using the 2013 carbon conversion factors downloaded from the Defra website, which are valid until 31 May 2014.

Geographical breakdown

2013		Tonnes of CO2e		
	Scope 1	Scope 2	Scope 3	Total
Total global	36	6795	1332	8163
UK	36	4532	1138	5706
Italy	0	71	6	77
Spain	0	148	13	161
India	0	41	4	45
US	0	729	62	791
Canada	0	1273	109	1383

Carbon offsetting

We are not a carbon-intensive business and as such, we don't see any significant need to offset our Scope 1 and Scope 2 carbon emissions at present. However, this will continue to be monitored in line with future business growth.

Green tariffs

Last year, we announced plans to switch to 100% green tariffs in several offices. In 2013, we moved onto green tariffs for all of our UK offices; a total of 10 buildings. In offices that we manage ourselves we have set up our own green tariffs, whereas in our leased offices we have encouraged our building managing agents to make this change on our behalf. Our international offices either select their own tariffs or use those selected by the managing agents of the buildings they reside within. However, international procurement is not yet centralised at our UK head office so there is no record of the number of international sites using green tariffs.

Annual achievements

In 2013, there were a number of initiatives in place to help in reducing our carbon emissions:

- In order to raise employee awareness of our environmental impact our staff intranet, Atlas, now features a category called 'Help Us Go Green', including our Environmental Policy and our annual Greenhouse Gas (GHG Report)
- All of our photocopiers and printers continue to be stocked with recycled paper.
- We have an online Customer Portal through which our UK customers can choose to receive electronic copies of their insurance policy documents, instead of having paper copies sent via post. By actively encouraging our customers to use this facility, we have significantly reduced paper usage. As of 31 December 2013, 60% of our policyholders were registered on our Portal
- Wherever possible, we use SMS to contact our customers in order to provide a convenient service and to further reduce paper usage

Targets for 2014

Currently, we do not set carbon emission reduction targets. Although we appreciate the potential for such targets to lead to valuable cost-savings and environmental benefits, it would be difficult to set realistic targets at present. This is because we currently lease buildings rather than owning them outright, so we are largely dependent upon property managing agents to act to reduce the consumption of electricity and gas and the use of air conditioning. As these sources combined account for the majority of our emissions, it would be very challenging to reduce consumption in these areas whilst lacking the authority to directly impact upon them.

Another reason why we would struggle to set realistic targets at present is because we are going to be moving both our UK head office and our office in Newport, South Wales, to newly built offices in 2014. Although these moves are likely to result in carbon emission reductions



An artist's impression of our new Cardiff head office, by day and night



An artist's impression of our new Newport office

because both of our new buildings will be more energy efficient, at present we have no way of predicting how significant these reductions may be. This is an area that we will revisit once we have moved into our new offices and we hope to begin to set emissions reductions targets in our 2014 Environmental Report. One area in which we hope to begin setting targets is that of recycling. We will be using dry-mixed recycling (DMR) in both of our new buildings, which will allow us to recycle at least 80% of waste produced by these buildings.

Whilst we do not set emissions reductions targets at present, we remain fully committed to monitoring and reducing our environmental impact.

A green future

In 2014 we will be moving our head office from a multi-occupancy, 23-floor building erected in 1967, to a brand new, high density building in Cardiff city centre. Our Newport office will also be moving to a new site, within Newport city centre.

Both buildings are due for completion in 2014 and will provide capacity for 4,200 staff. The Cardiff building has been built to a BREEAM*² standard of "Excellent" and the Newport building to a 'Very Good' standard. Both buildings will encompass thoughtful design features, such as high efficiency glazing and recessed windows to reduce heat solar gain and the reduction of electrical loads to reduce electricity consumption. Features such as electricity generating photo-voltaic panels and high-efficiency, energy saving lighting with sensor controls, will significantly reduce the impact on the environment.

*² BREEAM (BRE Environmental Assessment Method) is the leading and most widely used environmental assessment method for buildings. It sets the standard for best practice in sustainable design and has become the de facto measure used to describe a building's environmental performance.

Assurance statement

We have not received external assurance of our carbon emissions data for the 2013 reporting year. However, as a Group we have completed an internal audit to assess the reasonableness, accuracy and completeness of the data presented. This included: recalculation of formulae, checking conversion factors applied, agreement of data to detailed breakdowns and sample checks to source data. The process did not highlight any uncorrected deficiencies in the reported data and will help us to improve the efficiency and accuracy of our data collection in future years, through tighter control procedures.



**We are a constituent of the
FTSE4Good Index**

A FTSE4Good Index member

FTSE Group confirms that Admiral Group has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.

Conclusion

This report summarises our ongoing CR strategy and how this relates to the Group business model and strategic objectives, in addition to outlining the progress we have made during 2013 in relation to our four key stakeholders: our customers, our people, our community and our environment.