Our approved SBTi plans

We have now stepped up our ambitions. In November 2022, we were delighted to become one of the first personal lines general insurers in the UK to have our Science-Based Targets approved by the SBTi, meaning we now have ambitious carbon reduction plans on which we will publicly report our progress each year.

We have greater understanding of our carbon footprint. A proportion of our Scope 1 and 2 carbon emissions comes from our offices and accident repair centres, where we have the largest insurer-owned garage network in the UK supporting motor customers.

We have five Science-Based Targets – one target covers our operational emissions and a further four targets cover our investment portfolio. The five Science-Based Targets approved by the SBTi and which we are targeting are:

Our Science-Based Targets

	Covering	Target	How we do it
Operational emissions (Scope 1 and 2)	**Our buildings and garage network** Including our 22 accident repair centres, the largest insurer-owned network in the UK.	1. Reduce emissions 46% across our office estate and accident repair centres by 2030[1]	– Electrifying heating and cooling systems using renewable energy. – Replacing diesel with hydrogenated vegetable oil in recovery trucks. – Removing gas consumption in spray paint booths by moving to renewable electricity.
Investment portfolio (Scope 3)[2]	**Corporate Bonds** The largest asset class in our investment portfolio and typically short duration holdings.	2. Align our scope 1 + 2 portfolio temperature rating to 2.08°C by 2027[3,4] 3. Align our scope 1, 2 + 3 portfolio temperature rating to 2.31°C by 2027[3,4]	– Tilt reinvestment towards companies taking serious action to reduce emissions. – Work with our external investment managers to engage with investees to encourage ambitious emission reduction target setting.
	Commercial Property A relatively small allocation within the investment portfolio consisting of prime UK commercial properties. **Real Estate Loans** A small allocation within the investment portfolio consisting of short dated loans backed by UK commercial properties.	4. Reduce emissions from our commercial property portfolio 58% per square metre by 2030[1,5] 5. Reduce emissions from our real estate loans portfolio 58% per square metre by 2030[1,5]	– For commercial property, our external asset manager aims to improve the energy efficiency of buildings, engage with tenants to disclose energy use data (implementing green lease clauses where possible), encourage tenants to set emissions reduction targets, including Science-Based Targets. – For real estate loans, our external managers will encourage borrowers to improve the energy efficiency of buildings, and to take energy efficiency of buildings into account when originating loans, and the ability of the borrower to share tenant energy use data.

For more information on the five Science-Based Targets approved by the SBTi which we are targeting, see pages 84 and 85.

Taking action with our supply chain

In 2021, we launched our Supply Chain Sustainability Programme, outlining our plan between now and 2030 to engage and influence suppliers so we can make the transition to a pathway consistent with a 1.5°C scenario. This programme includes our Sustainable Sourcing Approach, encouraging our principal suppliers within our direct control to sign up to SBTi targets or an equivalent. We are also requesting information on what efforts firms have made to measure their carbon footprint across scopes 1, 2 and 3 and their plans to reduce emissions, including targets, so we can evaluate whether it is viable to change our sourcing approach on appropriate contracts.

We have also chosen to set an internal emissions reduction target while we wait for the publication of the Science-Based Net Zero Targets for Financial Institutions from the SBTi, which is expected later in 2023.

Notes:
1. Compared to a 2019 baseline.
2. Covering 75% of our investment and lending activities by monetary value as of 2019.
3. Using a Temperature rating method, we've targeted to align our scope 1 + 2 portfolio temperature score from 2.44°C in 2019 to 2.08°C by 2027 and our scope 1 + 2 + 3 portfolio temperature score from 2.80°C in 2019 to 2.31°C by 2027.
4. The temperature score for corporate bonds is the implied level of warming above pre-industrial levels to which our corporate bond portfolio is aligned based on the CDP's temperature rating methodology.
5. Commercial real estate targets were set using the SBTi sectoral decarbonisation approach for real estate which uses the IEA ETP 2017 Beyond 2°C scenario.