

**Protect our business from the impact of  
climate change and give back more to the  
planet than we take out.**

Planet



# Supporting a greener future

### Our long-term aim is to achieve carbon neutrality without offsetting by focusing on our three biggest impact areas:

- our estate and our repairs network
- our supply chain, and
- our investments

Through our 'Greener, Cleaner Action Plan' we aim to mitigate our impact on climate change and lead by example with our customers because we are a business that wants to lead change and be a force for good.

### Offices: Reimagining the way we work

- Energy-efficient features and equipment in our sites
- Enabling and encouraging flexible working
- Reducing business travel
- 100% renewable electricity
- Hybrid and electric-only company cars
- Empowering our Environmental Champions to make change happen
- Improving office recycling rate from our current 75%
- 100% of office waste diverted from landfill

### Accident Repair Centres: Be the most energy-efficient repair network in the UK

- Upgrade the compressors to a model which is 25% more efficient
- Install new LED lighting in our workshops.
- New energy-efficient paint spray booths to reduce energy by up to 40%
- Repair instead of replace parts policy where appropriate
- Increase from 97% to 99% waste that is diverted from landfill
- Investigating gas appliances electrification
- Exploring alternative fuels for our fleet of trucks
- Integrating electric vehicles into our fleet of courtesy cars
- Exploring the possibility of generating renewable energy

**99%**

of waste that is diverted from landfill

Enabling and encouraging flexible working

**100%**

of office waste diverted from landfill

Integrating electric vehicles into our fleet of courtesy cars

**100%**

renewable electricity



## Planet *continued*

### **Green Flag: Reduce mileage, prevent breakdowns, support sustainable transport**

- Optimising our roadside fix rate to reduce our mileage and tow fewer vehicles
- Help more and more customers fix cars over the phone
- Prevention first approach for customer communications with a free car health check
- Exploring a specific electric vehicle product for customers
- Trialling our first fully electric recovery vehicle



Help more and more customers fix cars over the phone

### **Our supply chain: Extending our reach**

- Calculate and disclose our Scope 3, purchased goods and services emissions
- Create a programme for suppliers to sign up to Science-Based Targets (SBTs)
- Explore how we can work with individual suppliers to drive lower emissions

### **Our customers: Supporting green choices**

- Conduct customer market research to explore attitudes to insurance



Explore how we can work with individual suppliers to drive lower emissions.

### **Our investments: Moving climate and society up the agenda**

- 100% of portfolio will be net carbon neutral by 2050
- Corporate bond portfolios are committed to a 50% reduction in weighted average green house gas emission intensity by 2030<sup>1</sup>
- Not buying bonds issued by companies generating more than 5% of their income through mining or burning coal
- Encouraging our investment managers to invest in green bonds when attractive
- Ensuring all of our investment-grade corporate bond portfolios maintain an average ESG rating of 'A'
- Not buying bonds issued by companies manufacturing controversial weapons<sup>2</sup>
- Working with external asset management companies who have signed up to the UN Principles for Responsible Investment (PRI)

**100%**  
of portfolio will be net carbon neutral by 2050

**50%**  
reduction in weighted average green house gas emission intensity by 2030

1. Versus end 2020.  
2. Investment & Treasury recommend expanding the list of controversial weapons to exclude manufacturers of landmine systems or components, biological or chemical weapon systems as well as cluster munitions components or delivery platforms (based on MSCI ESG research).

## Planet *continued*

**The impact of climate change has far reaching implications for economies and societies around the world. If left unchecked, it will have significant detrimental global impacts and the insurance industry as a whole is not immune. We know that as a General Insurer with over 14 million customers, we have specific risks that we need to protect ourselves against as well as opportunities for us to give back more to the planet than we take out.**

We are determined to contribute to a long-term sustainable future and know that through our actions as a business we can contribute to climate risk mitigation. We also understand that our products and services can help to accelerate the transition to a low-carbon future.

### Step one: Disclose to track progress

We have challenged ourselves to reduce emissions and energy consumption across the business. We have exceeded our 2020 targets set in 2017 against a 2013 baseline.

Being transparent about our emissions is a fundamental part of our plan. We have previously published our Scope 1 and 2 emissions, but this year we wanted to go further. For the first time we broke down our emissions across our offices and our Accident Repair Centres to help us to focus our plans on where we can have the most impact. We also began the process of evaluating our Scope 3 emissions starting with those under our direct control and purchased goods and services. Plans are underway to evaluate the Scope 3 emissions, arising out of our investment portfolio.

	Office sites	Auto services	Total tonnes CO <sub>2</sub> e
<b>Total</b>	<b>6,397</b>	<b>9,611</b>	<b>16,008</b>
<b>Scope 1&amp;2</b>			
			Total tonnes CO <sub>2</sub> e
<b>Scope 3 under our direct control</b>			
Fuel and energy related activities			2,465
Waste generated in operations			1,245
Business travel – air travel			928
Business travel – hotel night stays			469
Business travel – rail			410
Employee commuting <sup>2</sup>			4,599
Upstream leased assets <sup>3</sup>			513
Upstream transportation and distribution of auctioned vehicles			912
<b>Total Scope 3 under our direct control</b>			<b>11,541</b>
<b>Total emissions under our direct control</b>			<b>27,549</b>

# 57%

57% Reduction in carbon emissions (Scope 1 and 2): Exceeded 67%<sup>1</sup>

# 30%

30% Reduction in energy consumption: Met 30%

### Task Force on Climate-related Financial Disclosures

This year we issued our first comprehensive climate disclosure which outlines the way we think about governance, risk, strategy and ultimately the targets and metrics which guide our approach. Using the Task Force on Climate-related Financial Disclosures framework has enhanced our reporting and we are confident it will continue to do so as we strengthen our strategic response to one of the biggest challenges facing the world today.



For more information please see our published 2020 TCFD Report on the Group's website at [www.directlinegroup.co.uk/2020\\_TCFD\\_Report](http://www.directlinegroup.co.uk/2020_TCFD_Report)

1. As of 30 June 2020. Full -year performance to be disclosed in 2021 Annual Report & Accounts



Planet continued

Step two: Commit to tangible actions

This year we committed to set Science-based Targets for Scope 1, 2 and 3 and aim to submit ours to the Science Based Targets Initiative (“SBTi”) for approval within the two-year timeframe set out by the SBTi. On Scope 1 and 2 we intend to set a target which means we can play our part in seeking to hold off some of the worst climate impacts, and avoid irreversible damage, by holding the global temperature rise to 1.5°C above pre-industrial levels. For more information on our actions please see pages 22 and 23.

Step three: Offset whilst we reduce

We know that we cannot make change happen overnight and that it will take time to reduce our emissions. That is why this year we set a long-term target to be a 100% carbon neutral business by offsetting Scope 1 and 2 as well as the elements of our Scope 3 emissions which are under our control.

Water filters, Kenya

Fewer than half of Kenyans have access to safe drinking water, collecting it from open rivers, streams and other unsafe sources, leaving families vulnerable to disease. Our funding will support the distribution of safe water filters for families. As well as delivering health impacts, the project also reduces the need for people to boil water to make it safe to drink, which requires the burning of unsustainable energy sources such as wood or charcoal. This reduced reliance on fuel reduces family expenditure and reduces pressure on forests, as well as cutting carbon emissions. The team at Aqua Clara provides education and maintenance services to ensure that the filters are used correctly and remain operational.



Rainforest protection, Brazil

Deforestation continues to affect the Amazon, which produces more than 20% of the world's oxygen and contains 44,000 plant and animal species. Our funding will support efforts to prevent unplanned deforestation across 350,000 hectares of the Portel micro region, through training and educating local communities in alternative agroforestry methods. By opening up new economic opportunities, the project is reducing slash and burn agriculture, which has been one of the largest contributors to deforestation. The project is also providing access to official land titles for native families and is protecting more than 30 vulnerable species.



## Planet *continued*

### Supporting communities and clean energy

Whilst our ambition is to significantly reduce our carbon footprint, this year we achieved carbon neutrality by working with ClimateCare who has over 22 years of experience in project development, carbon asset development, and delivery of corporate carbon programmes. Over the next three years we are funding three High Social Impact Projects in three countries. These projects are leaders in their fields and in addition to bringing environmental benefits, they also deliver tangible benefits to the local communities in which they are based.

#### Clean cookstoves, Bangladesh

Less than 20% of Bangladeshi households have access to clean cooking, instead using traditional “three-stone” fires, contributing to 49,000 premature deaths a year. Our funding will support entrepreneurs to produce, manufacture and distribute the Bondhu Chula - a clean cookstove designed for an efficient burn to reduce fuel use. The initiative removes harmful pollutants, particularly for women who are predominantly affected in the home, bringing numerous benefits for health, wealth, gender equality, as well as forest protection.

