



*A force for good!*

## Introduction

Being a force for good  
for our stakeholders

**At the heart of our strategy is our vision to create a world where insurance is personal, inclusive and a force for good.**

We are embracing sustainable practices because we believe they create a better corporate culture, more reliable products and greater long-term sustainability for our shareholders.

We are aiming for a triple win:

- **win for the customer** by sharing real value with them;
- **win for DLG** and those invested in its success, our people and our shareholders; and
- **win for society and the planet** because we know that our long-term success is intrinsically linked to the success of the community and the environment around us.

For more information please visit  
[www.directlinegroup.co.uk](http://www.directlinegroup.co.uk)

## Contents

CEO Statement	3
2020 A Year Like No Other	4
Our Approach	5
Maximising our impact for all our stakeholders	6
Contributing to the UN Sustainable Development Goals	7

Customers

8

People

11

Society

16

Planet

21

Governance

27

# Doing The right Thing



**Penny James**  
Chief Executive Officer

**Twelve months ago, we launched our Group vision and strategy which has at its heart our desire to be personal, inclusive and a force for good. As a business leader I am acutely conscious of the impact Direct Line Group's decisions can have on all our stakeholders.**

During 2020, more than ever, we have focused on supporting our customers and the wellbeing of our people while additionally doing all we can to contribute to the national effort. The global drive to tackle the Covid-19 virus has served as a reminder that we need to act together for the wider social good. We also need to accelerate the steps we are taking to protect our planet from the impact of climate change.

We have learnt a great deal from the unexpected events of 2020 and, as a result of some of the short-term decisions we took out of necessity, we have discovered new ways of working that we intend to adopt for the long term. With over 9,000 of our people successfully delivering from

home we have the opportunity to reimagine the way we work. Less time spent physically in the office can have significant positive knock-on effects: more flexible working which we know is better for gender equality; lower carbon emissions through reduced travel and a smaller office footprint; and increased social mobility as our recruitment pool is less geographically restricted.

When it comes to serving customers our ongoing commitment to drive additional value by providing flexibility and personalised insurance has never been more appropriate and beneficial. I am proud also that we set up our first ever Community Fund. Initially the Fund's purpose was to provide much needed support to organisations dealing with the immediate crisis but we now intend to build on this. In 2021 we will continue to work with our chosen charities to build a lasting legacy.

This year has also accelerated our plans to reduce our emissions so that we can give back more to the planet than we take out.

Fundamentally we believe that embracing sustainable practices leads to a better corporate culture, better-quality products and greater long-term sustainability for all our stakeholders. We are aiming for a triple win: win for the customer by sharing real value with them, win for our people and shareholders who are invested in our success, and a win for society and the planet because we know that our long-term success is intrinsically linked to the success of the community and the environment around us.

2020 has been a difficult year. It has touched individuals, organisations and societies around the world in ways we could never have imagined. For some of our stakeholders there will have been a personal impact we could sadly do nothing about. But we have tried at all times to deliver on our ambition of doing the right thing by our customers, our people and our stakeholders. We are determined to build on this platform as we strive to be a more sustainable business for the future.

## 2020 A Year Like No Other

### Supporting our customers

**300k+**

Over 300,000 customers supported through payment deferrals, waiving cancellation fees and Mileage Moneyback

**10k+**

More than 10,000 travel insurance customers given refunds and nearly 800 customers repatriated

**Free**

Free Rescue cover, fast track claims and free home emergencies cover for NHS staff

### Supporting our people

**9,000**

Moved 9,000 people to home working and supported our motor accident repair centres to open safely to keep Britain moving

**Protected**

Protected roles and salaries during initial lockdown, whilst declining government support

**Flexibility**

Offered maximum flexibility to help our people manage home and work

### Supporting our communities

**£3.5m**

Established our first Community Fund which distributed £3.5m to 250 charities, helping over 200,000 people

**£1.5m**

Extended our Community Fund into 2021 with £1.5million to support charities dealing with the impact of Covid-19

**£3.6m**

Contributed £3.6m to the Association of British Insurers Covid Support Fund

### Supporting a greener future

**Reduce**

Committed to setting Science Based Targets for Scope 1, 2 and 3 to help the Group reduce its carbon footprint.

**Carbon neutral**

Became a 100% carbon neutral business by investing in high social impact projects to offset our Scope 1, 2 and 3\* emissions

**Report**

Published our first Task Force on Climate-related Financial Disclosures (TCFD). 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)

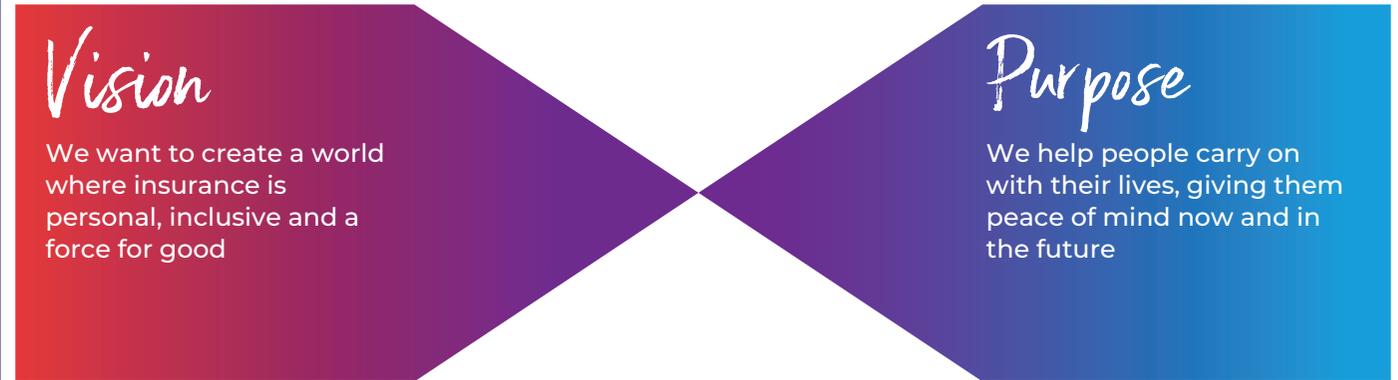
\* Scope 3 emissions which are under our control

# Our Approach

As we navigated the challenges that 2020 presented, we focused on the wellbeing of our people, supporting our customers, contributing to society and stepping up our plans to tackle climate change.

All in pursuit of our strategic objectives of delivering more for our customers at speed by becoming a tech-driven business which can adapt quickly to the changing world around us.

## Our Vision and Purpose



## Sustainability pillars

Customers	People	Society	Planet	Governance
Earn our customers' trust by demonstrating how we are acting in their best interests.	Encourage a culture that celebrates difference and empowers people so that they can thrive.	Use our expertise to improve outcomes for society and the communities we serve.	Protect our business from the impact of climate change and give back more to the planet than we take out.	Look to the long term for our stakeholders, build a reputation for high standards of business conduct and a sustainable business.
<i>See page 08</i>	<i>See page 11</i>	<i>See page 16</i>	<i>See page 21</i>	<i>See page 27</i>

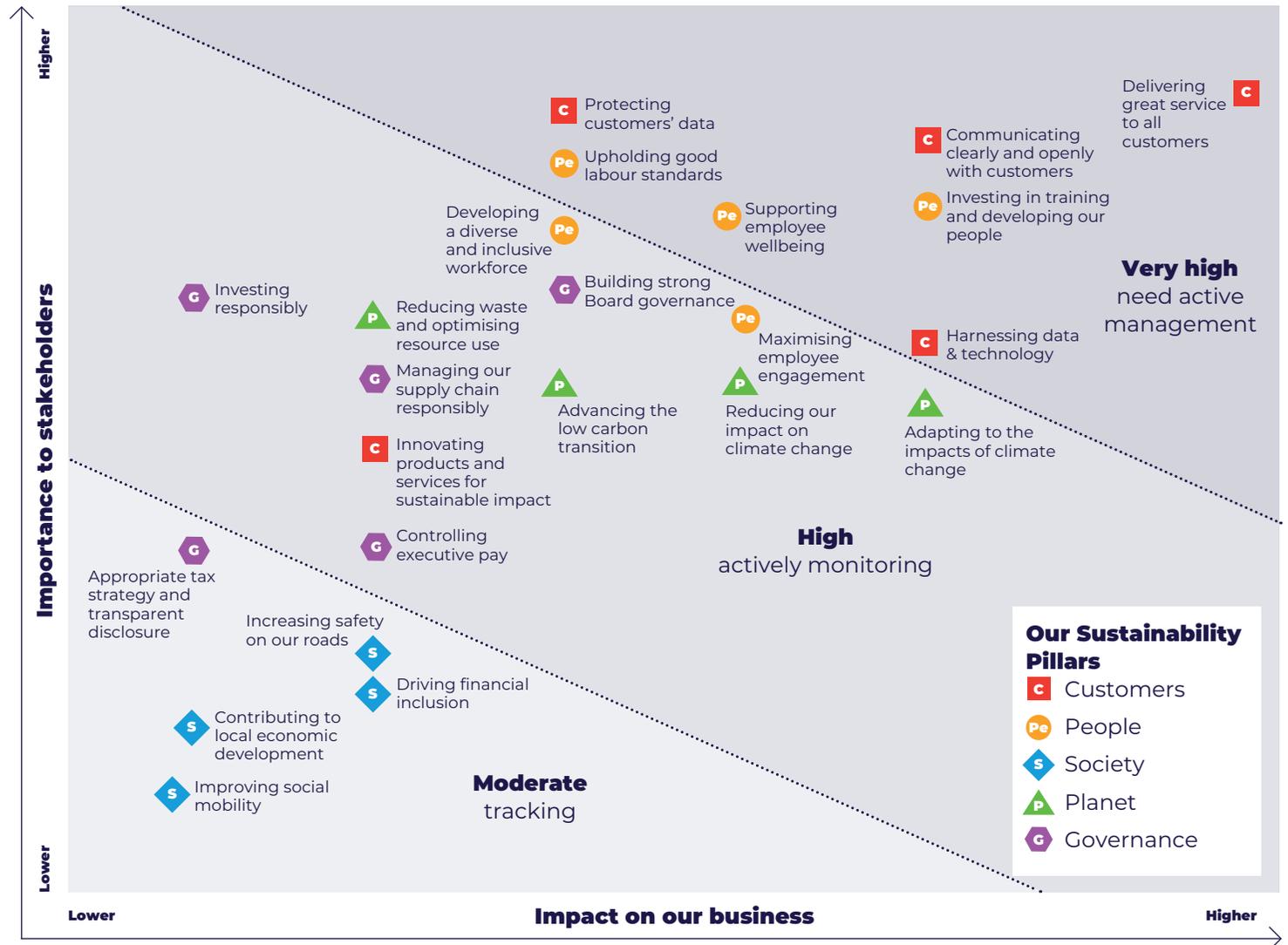
# Maximising our impact for all our stakeholders

In 2019 we conducted our first in-depth Materiality Assessment to evaluate what issues our stakeholders prioritised. It is likely that if the same exercise was conducted today, we would see a different ranking of issues across the three categories. This year we chose to actively prioritise social mobility, which our stakeholders placed in the moderate category, as well as developing a diverse and inclusive workforce and reducing our impact on climate change which our stakeholders place in the high category. We did this because each of these issues is an integral part of living up to our vision of a world where insurance is personal, inclusive and a force for good. These build on the four priorities which guide our sustainability strategy.

## Priorities

- 1 Meeting customers' needs
- 2 Investing in and supporting our people
- 3 Realising the potential of data and technology
- 4 Understanding and managing the impact of climate change

## Materiality Matrix



# Contributing to the UN Sustainable Development Goals

In 2015 the United Nations launched 17 Sustainable Development Goals to help end poverty, fight inequality and tackle climate change, by 2030. Through our sustainability work, we believe we can contribute to seven of the Goals.

We have mapped our four sustainability priorities (on page 6) to each of the SDGs where we can have the greatest impact.

	Detail	The Group Activity	Pillars	Sustainability Priorities
 <b>3 Good Health and Well-being</b>	Ensure healthy lives and promote well-being for all at all ages.	<ul style="list-style-type: none"> <li>Financial wellbeing</li> <li>Mental Health First Aider Network</li> <li>Supporting Mind</li> <li>Bereavement Team</li> </ul>	<ul style="list-style-type: none"> <li>C</li> <li>P</li> <li>Pe</li> <li>S</li> </ul>	2
 <b>4 Quality Education</b>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> <li>Apprenticeships</li> <li>Graduate Programme</li> <li>Continuous learning</li> <li>Teach First</li> </ul>	<ul style="list-style-type: none"> <li>Pe</li> <li>S</li> <li>P</li> </ul>	2
 <b>5 Gender Equality</b>	Achieve gender equality and empower all women and girls.	<ul style="list-style-type: none"> <li>New D&amp;I Strategy</li> <li>Women in Finance Charter</li> </ul>	<ul style="list-style-type: none"> <li>Pe</li> </ul>	2
 <b>7 Affordable and Clean Energy</b>	Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none"> <li>Carbon Offsetting Project: Clean cookstoves in Bangladesh</li> </ul>	<ul style="list-style-type: none"> <li>P</li> </ul>	4
 <b>8 Decent Work and Economic Growth</b>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<ul style="list-style-type: none"> <li>Continuous learning</li> <li>Social Mobility Pledge</li> <li>Leadership Targets for BAME and Black representation</li> </ul>	<ul style="list-style-type: none"> <li>Pe</li> <li>S</li> <li>P</li> </ul>	2
 <b>9 Industry, Innovation and Infrastructure</b>	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	<ul style="list-style-type: none"> <li>Tech innovations at Accident Repair Centres</li> <li>Encouraging Electric Vehicle use</li> <li>Supporting the adoption of Autonomous Vehicles</li> </ul>	<ul style="list-style-type: none"> <li>P</li> <li>S</li> </ul>	1 3
 <b>13 Climate Action</b>	Take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none"> <li>Commitment to Science Based Targets</li> <li>Socially responsible investing</li> </ul>	<ul style="list-style-type: none"> <li>P</li> <li>S</li> </ul>	4 3

**Earn our customers' trust by demonstrating  
how we are acting in their best interests.**

*Customers*



# Customers

**We always seek to understand customer needs, providing real value across our brands and products. To do so requires a deep appreciation of customer expectations, a determination to provide an exceptional insurance experience and a constant desire to innovate.**

Our competitive edge is built on delivering great service whether a customer is purchasing a product or making a claim. Our flexible mindset has delivered numerous successes, including several initiatives during our response to Covid-19.

## Our Covid-19 response for customers

Our customers are always at the forefront of our minds and throughout 2020, and the Covid-19 pandemic, we adapted quickly to the changing world around us so that we could deliver more for customers.

It is testament to the Group's strategy that we have supported thousands of customers, accelerated how people interact with us digitally and used this experience to further enhance our services and products for the future. This has included:

- Free rescue cover, fast track claims and free home emergencies cover for our NHS customers
- Individualised support for customers in financial difficulty
- Over 300,000 customers received mileage refunds
- Brought home over 800 customers stuck overseas and refunded over 10,000 travel customers
- Retrained over 500 people to support travel customers navigate the pandemic

## Making claims easy

When customers make a claim, they want peace of mind it is being dealt with efficiently and with care. We know that doing this as speedily as possible is critical in providing reassurance.

We're constantly aiming to improve our performance whether it is fixing cars in our Accident Repair Centres or assisting people who have suffered flooding or had their homes hit by storm damage. It was why we created a new claims 'triage' process that has handled claims up to 5 times faster for thousands of our travel customers who had their plans disrupted due to Covid-19. We will now use this experience and see how we can integrate it across our claims teams.

Digital developments have also enabled us to make the claims process easier for customers who wish to claim online. As a result:

- Our new online travel platform launched last year gives our customers the ability to settle small value claims automatically in 4 minutes or less, without any human interaction at all
- We are able to offer digital support for customers seeking medical assistance abroad by recommending the nearest medical facility if they should need it

## Customer Pillars



Expectations

### Expectations

Manage and exceed my expectations



Ease

### Ease

Make it as effortless as possible for me



Personalisation

### Personalisation

Treat me like a real person and not like a process



Fix-it

### Fix-it

Identify the issue, own it and fix it



Trust

### Trust

Earn my trust



Empathy

### Empathy

Understand me and work hard to build a relationship

## Customers *continued*

### **Innovating for customers and the planet**

Successfully delivering over 300,000 mileage refunds for customers has spurred us on to find new ways to offer customers flexible motor products and ones that have an eye on the environment.

We have launched Mileage Moneyback so Direct Line customers can register to receive a refund if they do not drive the number of miles they estimated when taking out a policy. It is one way in which we are exploring how we can use product innovation to benefit customers who don't use their vehicle as frequently.

### **Caring for customers in need**

Losing a loved one is always difficult and taking care of financial matters is the last thing on people's minds. This is why we created a dedicated team with specialist skills to help customers who want everything to be made as simple as possible when they experience a bereavement.

All queries are dealt with in one place by consultants who are experienced in dealing with

the sensitive nature of these conversations. By changing our approach we have helped thousands of customers so they don't need to handle it alone.

### **Taking action on pricing**

The insurance sector operates in a highly competitive market which works well for most customers. We are supportive of change to improve outcomes for longstanding customers and that's why we welcome the FCA's Market Study on General Insurance Pricing Practices. These reforms, that aim to equalise customer prices whether they are renewing or looking for a motor or home new policy, should reduce unnecessary churn and deliver fairer prices to all.

Not all insurance products are equal across the market, with varying levels of services offered. We offer a range of propositions to protect our customers, underpinned by a high-quality claims service for all customers to give them peace of mind.

We want to earn our customers' loyalty and give them a reason to stay with our brands by taking measures such as:

- Actively reviewing customers' renewal price when they reach their five-year anniversary with us and as a result many of our customers have seen their premiums frozen or discounted
- Introducing a facility where a customer can opt out of automatic renewal through our web chat service
- Investing in a major technology upgrade to help us make it easier for our customers to manage their protection, from the moment they think about buying a policy, managing their cover 24/7, all the way through to making a claim

### **Online Home claim**

Our digital capability saw us deliver a first for the Group in 2020 by delivering an end-to-end online claims process for a Home customer – all registered, processed and settled fully online. This is the next step in our digital journey, giving customers the flexibility to handle their insurance matters how they want.



**Build a culture that celebrates difference  
and empowers people so they can thrive.**

*People*



# People

**We aspire to create a nurturing environment where everyone feels free to be themselves and succeed in their careers. That's what our values are designed to achieve, and they underpin who we are and what we stand for.**

## Our Values



### **Do the right thing**

Build sustainable outcomes not processes. Think commercially and choose the right path for our customers, our people and wider stakeholders.



### **Aim higher**

Be ambitious to achieve even better results. Have confidence, innovate and try new things. Embrace change to deliver for each other, our customers and our shareholders.



### **Take ownership**

Own our success by getting things done. Take the initiative and be accountable. Be curious and own your development and performance.



### **Say it like it is**

Challenge drives progress. Your input matters so have the courage to say what you think and the patience to listen to others. Keep it simple and customer focused.



### **Work together**

Nobody has all the answers. Collaborate and draw upon the diverse skills across our business. Trust each other and focus on customer outcomes to beat our competitors.



### **Bring all of yourself to work**

Diversity delivers better outcomes. Be the real you and celebrate difference. Respect others, have fun and make this a great place to be.

## People *continued*

### Looking after our people

As we adjust to the new world of remote working we remain committed to looking after our people. This includes a programme where both financial and mental wellbeing are top priorities.

#### Financial health

Our success is down to the hard work and commitment of our people and we want to reward them for their contribution. Whilst we look for ways to boost the reward proposition for as many of our colleagues as possible, our focus is to ensure that those in our lowest paid roles receive a meaningful pay increase. In March 2020, for the third year running, we raised our DLG minimum salaries benefiting 5,200 of our people.

We know these are worrying times for everyone and we believe that by helping our people to understand and manage their money better, it will relieve worry and stress and positively contribute

#### Raising Minimum Salaries

**£18,200**

35 hours contracts  
(from £17,733  
previously)

**£20,800**

40 hours contracts  
(from £20,267  
previously)

**£19,500**

37.5 hours contracts  
(from £19,000  
previously)

**Free  
shares**

Five free share awards  
since 2012 worth  
approximately £1,740  
plus dividends\*

\* 1st April 2020

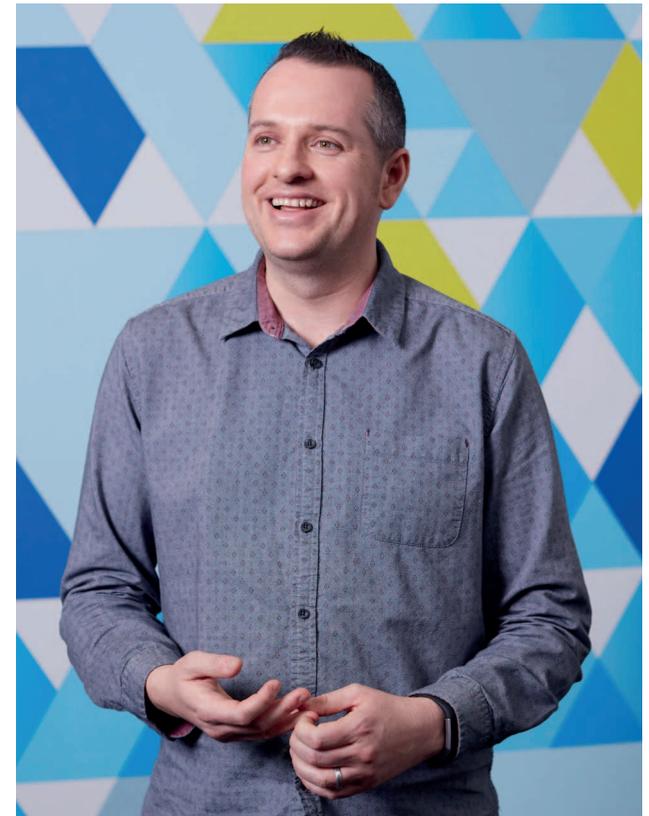
to their overall wellbeing. All our people have access to Salary Finance advice services which provides free and confidential advice to help them manage their personal finances.

#### Mental health

We strongly encourage our people to be open about how they feel both in and out of work so we can best support them. Our mental health programme includes ensuring people managers receive specialist training on dealing with mental health issues. Pre-lockdown we had a network of trained mental health first aiders (MHFA) – one on each floor of each of our sites and we are proud of how quickly our approach adapted to deliver the same support remotely.

#### Being there for each other

We believe a workplace where colleagues can be open about what's going on in their lives both in and out of work is critical to teams being truly successful. Never has this been more important than 2020. To coincide with Mental Health Awareness week, we ran a #WeCare campaign focusing on our Mental Health Heroes, sharing stories and wellbeing tips from our mental health first aiders. This proved hugely popular with our people and led to the introduction of Wellbeing Wednesday communications, covering topics such as financial health, healthy eating, exercising regularly and generally encouraging people to talk more about how they feel. Externally we donated £250,000 to Mind to help them keep their invaluable support line running for people in need.



# People *continued*

## Promoting Diversity and Inclusion

We are on a mission to drive broader equality, opportunity and progression, while building a culture that values difference and authenticity – which is core to our vision to be an inclusive business.



### Diversity Network Alliance – DNA

We have a thriving Diversity Network Alliance run by our people to champion and celebrate diversity and inclusion. These networks play an important part in helping us to develop strategy, policy and drive change as well as advocate for and provide support and a network for our people both internally and externally.

#### Our DNA strands



– BAME (Black, Asian and Minority Ethnic)



– Social Mobility



– Thrive (representing Gender)



– Generations, Families and Carers



– Belief



– Neurodiversity and Disability



– LGBT+

## Supporting race equality

This year we completed an in-depth analysis of our ethnicity data as well as our first ever comprehensive survey on diversity and inclusion to which nearly 6,500 of our people responded.

#### What we found:

- Around one in six (17%) of DLG colleagues is Black, Asian or Minority Ethnic (BAME); Black colleagues make up 3% of this total
- BAME representation is concentrated in our lower and middle grades and reduces with seniority
- If you are Black, mixed ethnicity, or from one of the smaller ethnic groups, it doesn't feel as positive to work at DLG as it does for other colleagues

#### Our response:

We have signed Business in the Community's Race at Work charter and introduced new targets to hold ourselves to account for improving BAME leadership and Black representation by the end of 2022:

**13%**  
**Increasing BAME representation**  
in leadership roles  
from 10% to 13%

**1.5%**  
**Increasing Black representation**  
in leadership roles  
from 0.5% to 1.5%

We have launched an awareness and education programme to encourage greater empathy, supported by our DNA strands; including a reverse mentoring scheme to help our senior leaders build a greater appreciation of issues.

Our senior leaders are completing inclusive leadership training and in 2021 we're launching a programme to help people managers build greater understanding of diversity and inclusion issues and equip them with the skills to better support colleagues.

Most of these initiatives will help enable inclusion for all our people, supporting an environment where colleagues can bring all of themselves to work and where difference is genuinely celebrated and valued.

#### Black History Month

Our BAME strand has impressed on us that we need to Educate, Empower and Elevate. So, as well as the practical steps we are taking, we chose to use Black History Month to raise awareness of the types of discrimination our BAME colleagues have faced in their lives whilst also promoting the benefits of the diversity they bring to our Group.

# Achieving Gender Equality

We are proud to be one of the few companies in the FTSE250 with both a female Chair and CEO.

One of our values is 'bring all of yourself to work' because we know diversity is not only the right thing to do but it delivers better outcomes and makes good business sense. We also recognise that to enable women to fulfil their potential, we need to offer them support throughout their different career stages. Women have a different set of barriers to men and they need to be navigated in a different way.

## Targets

We are a signatory to the Treasury's Women in Finance Charter. We met our target of achieving 30% female representation in senior leadership by 31 December 2019. We are determined to go further and by increasing our target from 30% to 35% female representation in our senior leadership by the end of 2022 we are ensuring that we have a laser focus on progression.

**30%**

female  
representation  
target met



## Pay

While our gender pay gap continues to be low compared to the broader financial services sector; we know there is more to do. After three years of reporting we feel we understand our gender pay gap well, with a large portion of this stemming from the underrepresentation of women at more senior levels across DLG. This is why we've focused on continuing to invest in and support our female talent.



**Danuta Gray**  
Chair of the Board

**35%**

Target for  
female senior  
leaders by  
2022

## Development

We have invested in female leadership programmes for high potential females to support them in progressing into senior leadership roles. This helps our women to think differently and start taking risks, put themselves forward and make a plan to advance more quickly through the organisation.

Additionally, our MY Life policies, offered to all our people, provide flexibility and support at work to do the things that matter to people outside work. We believe it's important that everyone embraces flexibility because that's the only way we'll ever achieve gender equality. We have pushed this policy further over the last 12 months to ensure those with caring or home-schooling responsibilities as a result of Covid-19 aren't disadvantaged.



Female  
leadership  
programmes

**Use our expertise to improve  
outcomes for society and  
the communities we serve.**

*Society*



# Society

**The way we develop our people, give back to our communities and choose what to campaign for, all have a bearing on society and in turn how we remain a force for good. The actions we take are all focused on making a tangible impact which leads to lasting change.**

## **Our commitment to Social Mobility**

Our diversity makes us stronger. We are a business employing thousands of people throughout the UK who all possess a variety of skills, experiences and crucially bring different perspectives to our work.

We pride ourselves on a culture that celebrates difference and authenticity, where colleagues can bring their whole self to work.

Celebrating difference, however, is more than simply catering for a multitude of voices. A person's background should never act as a barrier, but like other companies we know that people still feel held back from making progress.

The reasons can be complex and specific for each individual. That's why we have a renewed sense of purpose in supporting people throughout their career. It's not simply about attracting people into the Direct Line Group family, but also what happens once they have joined so that people can be helped to fulfil their career potential.

That's why "Getting In, Getting On, Getting Ahead" is how we think about social mobility as a company – creating an environment where people feel confident whatever their start in life.

## **SoMo DNA Strand**

Our newly established Social Mobility Employee Network – known across the business as "SoMo" – is a driving force behind how we talk about the issue. What started as a small group is now growing with over 100 active members.

SoMo seeks to raise awareness of social mobility issues, establish role models to inspire others from similar backgrounds, and encourage more open conversations about social mobility in the workplace. It has provided an open forum for people to speak about barriers and inspire confidence, as well as driving some of the Group's outreach activity.



## Society *continued*

### Putting the Social Mobility Pledge into Action

We've backed up our decision to sign the Social Mobility Pledge by looking at practical measures we can now take. We are working towards publishing our own bespoke Social Mobility action plan which will provide an assessment of our current approach, building on some of our existing activity:

- We are exploring how to take advantage of remote working so we can open up new recruitment areas, starting with a pilot of over 20 apprentice home workers
- We are reviewing our recruitment approach to target social mobility 'cold spots' where our main offices are based
- We have surveyed colleagues to understand what our social make-up is across the business because we know that with meaningful data our interventions will have more impact

### Insight Day

This year we partnered with the Social Mobility Business Partnership to run our first virtual Insight Day for students who would like to attend university and hear directly from companies about what they offer graduates. It was a pleasure to add to their knowledge and support their future career aspirations by explaining what life is like at Direct Line Group.



### AutoRaise

We're delighted to have contributed a corporate donation to AutoRaise, a long-standing charity partner that supports youngsters who wish to enter the bodyshop industry and receive relevant qualifications so they become the vehicle repairers of the future.



### Teach First

We've partnered with Teach First to put an end to wasted potential and build a fair education for all. Teach First seek, develop and support teachers and leaders who are determined to make a difference where it's needed the most. Our support has enabled 17 additional inspiring teachers to enter the classroom this year, reaching over 2,000 pupils. Our colleagues will also be hosting work experience placements at our offices, helping pupils to access new opportunities, and coaching trainee teachers as they start in school.



# Our Community Fund

We immediately responded to the Covid-19 crisis by establishing our very own Community Fund, targeting much needed resource to charities and local authorities where our main office sites are based. It was a small way of providing a helping hand to a variety of causes throughout the UK.

**Phase 1: April**

£2m distributed to 13 charities supporting the most vulnerable in society.

**Phase 2: June**

£500,000 distributed to 180 local causes nominated by our people.

**Phase 3: October**

£1m donated to 18 charities focused on four pressing challenges: social mobility, marginalised groups, food poverty and public health.

**£2m**  
distributed to  
13 charities



**£500k**  
180 charities received  
donations of up to  
£5,000

**£1m**  
donated to  
18 charities

**KidsOut**

Following our immediate crisis support to refugees, we have funded 700 laptops for KidsOut to distribute to children to support their education.

**Making it personal**

Colleagues have taken advantage of our popular Community Cashback initiative and nominated charities to receive £250.

**ABI Covid Support Fund**

Donated £3.6m to the ABI's Covid Support Fund which has supported hundred of charities across the UK.

**Community Fund 2021**

We know that Covid-19 will continue to dominate our lives throughout 2021 and we have allocated £1.5million to support charities across the year.



## Society *continued*

### Road Safety Campaigners

As one of the UK's leading motor insurers we have a long tradition of campaigning for improved road safety.

Over the last few years we have collaborated with the Parliamentary Advisory Council on Transport Safety (PACTS) to highlight increased numbers of road deaths and serious injury where people do not wear a seat belt.

The more we look at seat belt-wearing rates, the more concerning the picture is. As a result of commissioning research we have discovered:

- Almost a third (31%) of those who died in vehicles on Britain's roads in 2018 were not wearing a seat belt compared to 26% in Government-recorded road safety data
- Practices vary between police forces, but causes of crashes and injury are not routinely published or used to prevent further deaths and serious injury
- An overwhelming 72% of the British public back the introduction of penalty points for those caught not wearing a seat belt

We believe there is a need to drive up seat belt-wearing rates, to enhance road safety and ultimately prevent unnecessary deaths, by increasing the penalty for failing to do so.

In Northern Ireland the introduction of three penalty points in 2007 made an impact on wearing rates, which is why we believe the time is right to do the same in England, Scotland and Wales.



**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

100%

renewable electricity

Integrating electric vehicles into our fleet of courtesy cars



# 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%

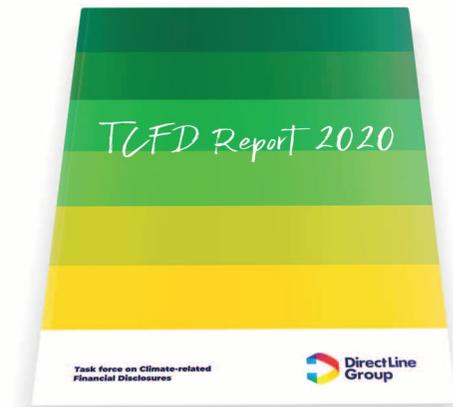
57% Reduction in carbon emissions (Scope 1 and 2): Exceeded 67%<sup>1</sup>

# 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.



**Look to the long-term for our stakeholders,  
build a reputation for high standards of  
business conduct and a sustainable business.**

Governance





## Governance *continued*

### Being a responsible corporate citizen

A key part to being a responsible corporate citizen is ensuring that we comply with all applicable tax laws and regulations and meet our responsibilities as a contributor of corporate taxes and as a collector of taxes on behalf of HMRC.

#### Group's 2019 total tax contribution



### Code of Business Conduct

The Board remains committed to high standards for each and every employee in the Group and sets out its expectations of honest, professional and ethical conduct as well as maintaining effective procedures in our Code of Business Conduct <https://www.directlinegroup.co.uk/en/who-we-are/governance/other-policies.html>.

#### – Dealing with Customers

We are committed to treating customers fairly, openly and honestly and operating an effective complaints process to deal with situations where these standards may be challenged.

#### – Dealing with Shareholders and other Stakeholders

We shall seek to maximise shareholder value over time, recognising that wealth generated also benefits customers and employees as well as the communities within which we operate.

#### – Dealing with Employees

Maintaining a working environment that attracts, motivates and retains employees and intolerant of any type of discrimination, harassment or victimisation.

#### – Dealing with Suppliers of Goods and Services and Business Partnerships

Maintaining the highest possible standards of integrity in business relationships with suppliers and partners by treating them honestly and with respect and avoiding compromising offers of gifts and hospitality.

#### – Dealing with Communities and the Environment

We are committed to contributing to the social and economic wellbeing of those communities where we are an employer and encourage employees to participate in projects and initiatives to strengthen those communities.

#### – Dealing with Competitors

We are committed to ensuring we compete with competitors honestly and in accordance with the relevant Competition Law.

#### – Dealing with Regulators

Maintaining a constructive and open relationship with our regulators to foster mutual trust, respect and understanding.

1. The Group's total tax contribution of 2019, including direct and indirect tax contributions

# Governance *continued*

## External memberships and benchmarks

We actively support various initiatives related to climate change, ESG and sustainability:

**CDP:** The Carbon Disclosure Project is a globally recognised platform measuring reporting performance and for 2018 activity the Group received a CDP rating of B. The ratings for 2019 activity will be available later this year.

**Sustainalytics:** In July 2020, the Group was rated as an ESG leader within insurance, ranking seventh out of 264 companies.

**MSCI:** In June 2020, the Group received an 'A' rating highlighting our Corporate Governance and Human Capital Development as a stretch in the Company's performance.

**RE100:** We are in the process of applying for membership to RE100, a global initiative dedicated to accelerating a global shift in clean energy. Under this initiative, we will continue our commitment to source 100% renewable electricity.

**PRI:** The UN Principles for Responsible Investment, launched in 2006, is a major collective initiative that seeks to promote responsible investment among investors and asset managers. We expect all of our external portfolio managers to be signatories.

**SBTi:** The Science Based Targets Initiative helps companies to determine emission reduction targets in line with climate science. In 2020 we have begun the process of setting new science-based reduction targets for our Scope 1, Scope 2, and Scope 3 emissions. These targets will be submitted for approval within the two-year timeframe set out by the SBTi (August 2022).





**Direct Line Insurance Group plc**®

Registered in England & Wales No. 02280426

Registered Office: Churchill Court, Westmoreland Road, Bromley, BR1 1DP

