

Sustainability continued



Our Business

We strive to build successful businesses with operational resilience and deliver on both financial and non-financial targets.

Our net zero ambition

We strive to help more people look after their future, which includes contributing to global efforts on climate resilience through limiting our impact upon the planet, as best we can.

In 2021, Admiral Group formally committed to achieving net zero greenhouse gas emissions by 2040 and to cut these emissions in half by 2030.¹⁹

By knowing our market-based emissions we gain greater control over our operational footprint. We have demonstrated this via our UK Scope 2 emissions, which we have reduced to zero. This is due to purchasing 100% of our UK energy from renewable sources in 2023. Across the Group, we purchased 77% of our energy from renewable sources in 2023, up 8% from 2022.

Greenhouse gas (GHG) emissions from operations

In 2023 we were on track to reduce our overall Scope 1 and Scope 2 emissions by 33%, continuing the downward trend. However, due to a one-off fugitive gas leak, this was not achieved.

During August 2023, our Admiral Group House office in Swansea experienced a one-off emissions event during building servicing by a third-party vendor. During the event, a fire suppression system designed to protect our data centres was activated, causing a fugitive gas leak of 295kg of gas equalling 988.25 tonnes of carbon dioxide equivalent (tCO₂e). Due to this event, we saw an increase in our combined Scope 1 and 2 emissions of 26% compared to the previous year, despite the 33% fall in other underlying emissions.

This is the last of our office locations to use this type of refrigerant gas in the UK. The refrigerant gas system will be replaced in 2024, as planned. Otherwise, we continue to ensure that changes in operational activities are consistent with our sustainability objectives. This includes our environmental and social targets, and how these are seen by agencies outside of Admiral.

Successes from our internal activities include:

- Offsetting emissions by purchasing Gold Standard carbon offsets since 2019
- Purchasing electricity in the UK from 100% renewable sources at all sites
- Our Cardiff headquarters is BREEAM Excellent rated and has photovoltaics which feed electricity back into the grid

- We have closed 396,000 sq ft of office space in the last 3 years, which has significantly reduced our carbon footprint
- We are installing improved Building Management Systems (BMS) to improve the data reporting and adjust controls accordingly.

Climate impact methodology

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) defined a climate-related risks and opportunities classification. We have used this as our starting point for our qualitative methodology to identify climate risks and opportunities that might impact Admiral Group. We assess these risks using our existing Emerging Risk Matrix.

The output of individual assessments is an "expected magnitude", assessed across three distinct timeframes (0-5 years, 5-10 years, and 10+ years). We apply this methodology to all our current and potential future lines of business, our operations, and our investments. We also consider existing and emerging regulatory requirements related to climate change. Results of this assessment are disclosed in our annual TCFD report (see page 73).

To quantify the impact of climate-related issues, we conducted two climate change scenarios from the Network for Greening the Financial System (NGFS) 2022 phase III. Results of these scenarios are disclosed in our annual ORSA report (see page 109).

We are continually striving for improvement in evaluating our impact on climate change. We consistently aim to improve our methodology by working with third parties to help ensure we are matched to industry developments and standards. In 2023, we submitted our proposal for Science-Based Targets (SBTs) to the Science-Based Targets Initiative after validating past years' emissions with Carbon Intelligence, an external advisory body. Setting SBTs will help us set a clearly defined path to reduce emissions in line with Paris Agreement goals. We will develop further targets and updates once validated.

Therefore, for 2024, we aim to draft and implement our net zero transition plan by leveraging existing work, getting our SBTs independently verified, and including the potential impacts of our identified risks and opportunities on our financial statements.

Responsible investment

Admiral Group has a responsible investment policy in recognition of our duty to protect the interests of our customers, society, and environment when investing the premiums we collect. Our investment portfolio strategy is focused on Net zero by 2040 to achieve real economic carbon emissions reductions. Admiral Group follows the Institutional Investors Group on Climate Change (IIGCC) Net zero Framework. This guides how we decarbonise a range of investments we hold.

In 2023, with the help of third parties, we revamped our Environmental, Social, Governance (ESG) reporting and reviewed our carbon emissions methodology. We monitor progress towards our investment targets by regularly tracking and reviewing ESG figures and statistics and this ensures they remain the most relevant.

We are confident in our approach to sustainable investment as we continue to reposition our portfolio to invest in more assets that reduce carbon emissions and contribute positively to the environment and society. Examples of these include investments in green bonds and renewable energy infrastructure.

[Read more about our responsible investment portfolio in the TCFD report on page 73](#)

Investment portfolio MSCI rating of

AA

Sustainable procurement

Admiral Group has embedded sustainable business practices across all procurement processes. Our due diligence questionnaire asks questions related to the environment, financial crime, data protection, and modern slavery, and ensures suppliers are aligned to our sustainable procurement standards. Suppliers are risk assessed throughout the supplier lifecycle process. Where suppliers' responses demonstrate no policies or procedures, Admiral issues an assessment to the supplier to capture further information and to encourage improvements.

[Read more about Admiral's sustainable procurement processes in the TCFD report on page 73](#)

Admiral Group's contract management system allows our procurement team to better assess the procurement category of the supply chain risks. This allows for increased visibility throughout the supply chain, ensuring we effectively assess the business relationships with suppliers.

In the UK in 2023, we have engaged with our motor supply chain partners through forums on topics such as electric vehicles, carbon emissions reduction, and circular economy.

[Read more about Admiral's stakeholder engagement with our suppliers and partners in our Section 172 on page 95](#)

Regular shareholder engagement

Shareholder engagement fosters an understanding of Admiral Group's strategy and investment case. It allows us to explain the business and strategic decisions and rationale whilst providing opportunities for shareholders to comment and challenge business priorities.

Admiral's management team actively engages with the Group's shareholders to promote open and transparent dialogue. In 2023, we hosted an investor day in our Ty Admiral Cardiff office which allowed investors to meet management and better understand Admiral's culture and the key to its success. One-to-one management meetings, annual Corporate Governance meetings with our Board Chair, IFRS 17 updates, and other meetings continued in 2023.

[Read more about shareholder engagement in the Governance section of the report on page 136](#)



¹⁹ Proposed baseline year for emissions cuts is 2021, still to be verified by SBTi.