esure Group plc
ClimateWise Report 2025

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David McMillan, Chief Executive Officer

Chief Executive's Foreword

I am pleased to share our 2025 ClimateWise report. This is our fourth ClimateWise disclosure and it remains an important part of how we assess our progress and gain invaluable external perspective to help inform future plans.

As an insurer we see the accelerating changes to our climate and the impact that it is having on our customers. We play a vital role in protecting customers from climate risks' impact on their lives. We in turn must do our part to reduce our impacts on the climate and ensure that our business remains resilient to climate risks.

That's why we have put our work on climate at the heart of our purpose to fix insurance for good. We want to be a powerful force for good for our customers, the communities we operate in and for the environment.

We recognise that our customers care about reducing their carbon emissions and protecting nature by shifting to more efficient and electric vehicles and making their homes more sustainable. We can help and support them in this journey and we are working to ensure that we provide them with the best protection to enable their transition to lower carbon lives.

We recognise that there remains a huge amount of work to be done. I would though like to recognise the progress that our team and partners have made in this important journey in 2024. Key highlights included:

- Our ongoing work with our suppliers to establish a low carbon repair network and collaboration with peers to establish new industry standards for repairers.

- Our progress in encouraging use of recycled car parts and work to promote circularity in motor repair.

- Our pilots with suppliers to find new, improved, and lower carbon ways to tackle subsidence claims.

- Further boosting the data quality on emissions associated with our investments.

- Our ongoing work with 20's Plenty for us to highlight the importance of lower speed zones to reducing accidents and vehicle emissions.

- The diligent work underway across the business to build a transition plan that integrates our decarbonisation plans with our business growth ambitions.

We recognise that we can't do this alone and need to work with our business partners, our industry peers and regulators to drive progress. That is one reason that we are particularly proud of our membership of ClimateWise, which is vital to driving aligned action in our industry. There is a need to increase the ambition and pace for driving a UK-wide transition to greener homes and lower carbon transportation. Insurers won't be able to meet our net zero aspirations without clear policy frameworks and coordinated action, both in the UK and in global supply chains and financial markets. We will continue to work with our peers, and through coordinated industry level action, to drive this transition.

For more information on our approach and our work on sustainability, I invite you to visit our website www.esuregroup.com

Andrew Birrell Independent Non-Executive Director
ESG Champion on the Board and Board Director Responsible for Climate Change

Board Climate Lead Foreword

esure Group, as a leading home and motor insurer, is on the front line, protecting customers from the risks they face as a result of climate change. We also have an important role to play in giving our customers the support they need to decarbonise their homes and vehicles. Our role though doesn't stop there – we recognise that we must also ready our business to be resilient to the risks that climate change presents us, and to do our bit to reduce emissions associated with our operations – from our office portfolio, our bodyshop network and home supply chain, to the carbon emissions from our investment portfolio.

ClimateWise provides us, and our industry partners, with an important framework to drive aligned action and to improve performance.

I am delighted to share with you our 2025 ClimateWise report that describes the progress that esure is making in applying the ClimateWise principles.

While we have continued to make strong progress, the need for collaboration to drive action at pace and scale is becoming ever more necessary and urgent. By acting in partnership with our stakeholders we hope to find joint solutions to reduce nature and climate impacts, to ensure that the sector has access to the research, data and tools it needs to deliver, and to shape public policy frameworks and standards to drive decarbonisation and protect nature at the pace and scale required.

ClimateWise gives us a powerful platform to drive this change.

About this Report

This report provides esure Group's annual update on our progress in implementing the ClimateWise Principles.

The ClimateWise Principles provide guidance on how we can most effectively respond to the risks and opportunities presented by climate change. They guide us on how we can contribute to the transition to a low-carbon, climate-resilient economy and improve our response to climate and nature risks across our business.

As a member of ClimateWise we provide this report annually to allow our stakeholders, including our employees, customers and business partners, to evaluate our actions and the progress that we are making. By making this disclosure we are also able to benchmark our progress against our industry peers to identify opportunities to improve our plans.

The report covers the period January 1 2024 to December 31 2024, and also provides updates on activities completed as at the end of June 2025. Where information relates to activities from the year end to the reporting date this is indicated. In order to provide a high quality disclosure, the report provides information on:

- The methodologies followed and identifies where there are material assumptions and uncertainties.
- Material restatements of information from previous years made to improve data quality.
- Year on year comparisons of performance where appropriate and possible.

The report is designed to provide a prudent and neutral view of our performance and provide information that is accurate and useful to our stakeholders. For more information on our disclosure approach see section 4.4.

About esure Group plc

esure Group plc is focused on delivering excellent customer experience and smart products to over 2 million Home and Motor policyholders across the UK.
The Group's key brands are esure and Sheilas' Wheels, which can be bought direct or via the four principal UK price comparison websites, plus a smaller challenger brand, First Alternative.

As of 31 December 2024, we employed 1,087 people spread across our head office in Reigate and our customer centres in Manchester and Glasgow.

Our purpose is to 'Fix Insurance for Good'. This purpose guides our direction, decisions and actions.

Our strategy is called the Game Changer because that's exactly what we have set out to do. It is built on four pillars:

Digital Leadership: We're creating the UK's leading digital insurer, unlocking the benefits of our new digital platform for customers and colleagues

Enhancing Value: We are committed to offering innovative solutions that cater to the evolving needs of our customers, providing a range of competitive products to suit different customer needs.

Exceptional Culture: The continued success of our business is powered by our market-leading platform – both technology and people.

A More Sustainable and Safer World: We take our environmental impact seriously, through our work on multiple internal and external sustainability initiatives.

Our ESG approach

esure Group believes the consideration of Environmental, Social & Governance risks and opportunities are important to deliver sustainable, long-term value creation. We want to be a powerful force for good for our customers, colleagues, the communities we are proud to operate in and for the environment more broadly. We are committed to being a socially responsible and sustainable organisation. We have incorporated this ambition into our Game Changer strategy and it is embodied in our organisation-wide Driving Good initiative. This is our approach to embedding ESG considerations, including climate change and nature, into our business model, decision making, brand and customer propositions.

Our ESG approach is codified in our ESG Policy, which, among other things, aims to:

- Ensure ESG factors are considered in all strategic decisions to ensure the sustainability of the Group's business model.
- Monitor ESG factors in the Group's Risk Appetite Statement to ensure appropriate risk management of ESG factors.
- Promote clear and transparent ESG reporting.
- Consider and assess ESG risks and opportunities that impact customers, colleagues and our wider communities.
- Help to address climate change by reducing our carbon footprint and supporting efforts to preserve nature and biodiversity. Support the integration of ESG factors in the investment of assets under management.
- Link remuneration to climate related factors to ensure accountability.

An overview of our climate and nature strategy

Our Climate Strategy describes our approach to meeting the climate emergency and delivering a net zero business by 2050 and restoring nature. It defines our approach for reducing our carbon emissions in line with the rate of decarbonisation necessary to limit warming to 1.5°C and also the steps we are taking to protect nature through our operations. It describes how we are embedding climate and nature into our governance and management. It also describes how we are incorporating action on climate and nature into our business strategy and motor and home insurance business.

Our approach

There are two key pillars within our Climate Strategy: reducing our impact and inspiring change.

The focus on reducing our impact is informed by a detailed assessment of the carbon footprint of our business activities, including our operations, supply chain and investments together with working to understand our impacts on nature and biodiversity.

Inspiring change relates to the actions we're taking to encourage more sustainable choices and behaviour amongst our Home and Motor customers, and amongst our colleagues.

These pillars are supported by the key foundations of a robust approach to climate and nature risk management, governance and disclosure. We integrate climate into our risk management process and design our strategy to mitigate the risks we identify.

We will continue to measure our carbon footprint and assess and monitor climate and nature risks to track the success of our strategy.

We recognise that tackling climate change and protecting nature require wide collaboration and are working with our peers and partners to drive change through our industry associations and multistakeholder initiatives.

Climate strategy framework
Our ambition is to be a sustainable insurer, decarbonise our business aligned to 1.5°C climate pathway and protect nature.

Our targets:
2025 - Net zero across scope 1 & 2 emissions
2050 - Net zero across Scope 1, 2 & 3 emissions

Reducing our emissions and protecting nature
We are acting across all areas of our business:

- **Operations**
  Reducing the carbon footprint of our office operations
- **Investments**
  Reducing the carbon footprint of our investment portfolio and supporting the transition to a low carbon economy. Working to understand the nature impacts of our portfolio.
- **Supply chain**
  Partnering with our suppliers to reduce carbon emissions, with focus on our most carbon intensive Motor and Home claims activity. Working to understand how our supply chain impacts on nature and seeking opportunities to reduce our impacts.
- **Underwriting**
  Assessing the carbon footprint of our underwriting and exploring opportunities to align our business strategies and emission reduction activities. Exploring how our underwriting activities impact on nature.
- **Partnerships**
  Working with NGO partners to support the implementation of projects that protect our climate, enhance nature and promote biodiversity.

Inspiring change
We will inspire and actively help our customers and colleagues to make more sustainable choices that reduce their impact on our climate and on nature.

- **Motor customers**
  Supporting customers looking to transition to Electric Vehicles (EVs); researching consumer appetite for propositions that encourage customers to consider and offset their emissions; serving customers through our carbon-efficient bodyshop repair network.
- **Home customers**
  Actively encouraging customers to consider how they can reduce their carbon footprint and protect nature through smart, sustainable choices at home.

- **Colleagues**
  Driving awareness and action to combat climate change and protect nature; helping colleagues to switch to EVs.

Through our transition planning process, we are developing rigorous plans to deliver emission reductions in line with the priorities above. For more information see Section 3.5).

Progress against 2024 planned activities:

- *We have continued to improve information relating to the climate and nature impacts and risks associated with our investment portfolio. See section 3.1*
- *We have continued to engage our suppliers on climate issues, including through our annual assessment of climate performance. See section 2.3*
- *We continue to offset 110% of our prior year's scope 1 and 2 carbon emissions. See section 2.1*
- *We continue our work with NGO partners to support decarbonisation, adaption to climate risks and protect nature. See section 2.7*

Planned activities:

- We will continue to improve information relating to the climate and nature impacts and risks associated with our investment portfolio.
- Continue to deepen engagement with our suppliers on climate issues, including extending our annual review of climate performance.
- Continuing to offset 110% of our prior year's scope 1 and 2 carbon emissions.
- Continue our work with NGO partners to support decarbonisation, adaption to climate risks and protect nature
- Continue to work with the wider industry to explore opportunities for EV Battery repair and recycle oppo*rtunities*

esure Group plc was acquired by Blue (BC) Bidco Limited a wholly owned subsidiary of funds advised by Bain Capital Private Equity (Europe), LLP and its affiliates in December 2018. Bain Capital are strong proponents of our focus on ESG. Information on climate change and our progress on ESG matters is shared with Bain Capital on a regular basis at Board, Shareholder and Strategy meetings. esure Group participates in ESG Forum meetings with fellow Bain Capital portfolio firms. These forums enable us to share and learn from others' best practice, across a wide range of industries and geographies. Bain Capital provide external stimulus, insight and facilitate connection and training from a wide range of Sustainability experts. Esure and Bain have a quarterly Decarbonisation meeting where esure updates on progress made across every aspect of our carbon footprint, across the business, with focus on improving data sources and quantification, alongside specific initiatives aimed at driving carbon reductions. Bain provide encouragement, challenge and support within these meetings, which are attended by our Sustainability Lead and our Executive accountable for ESG.

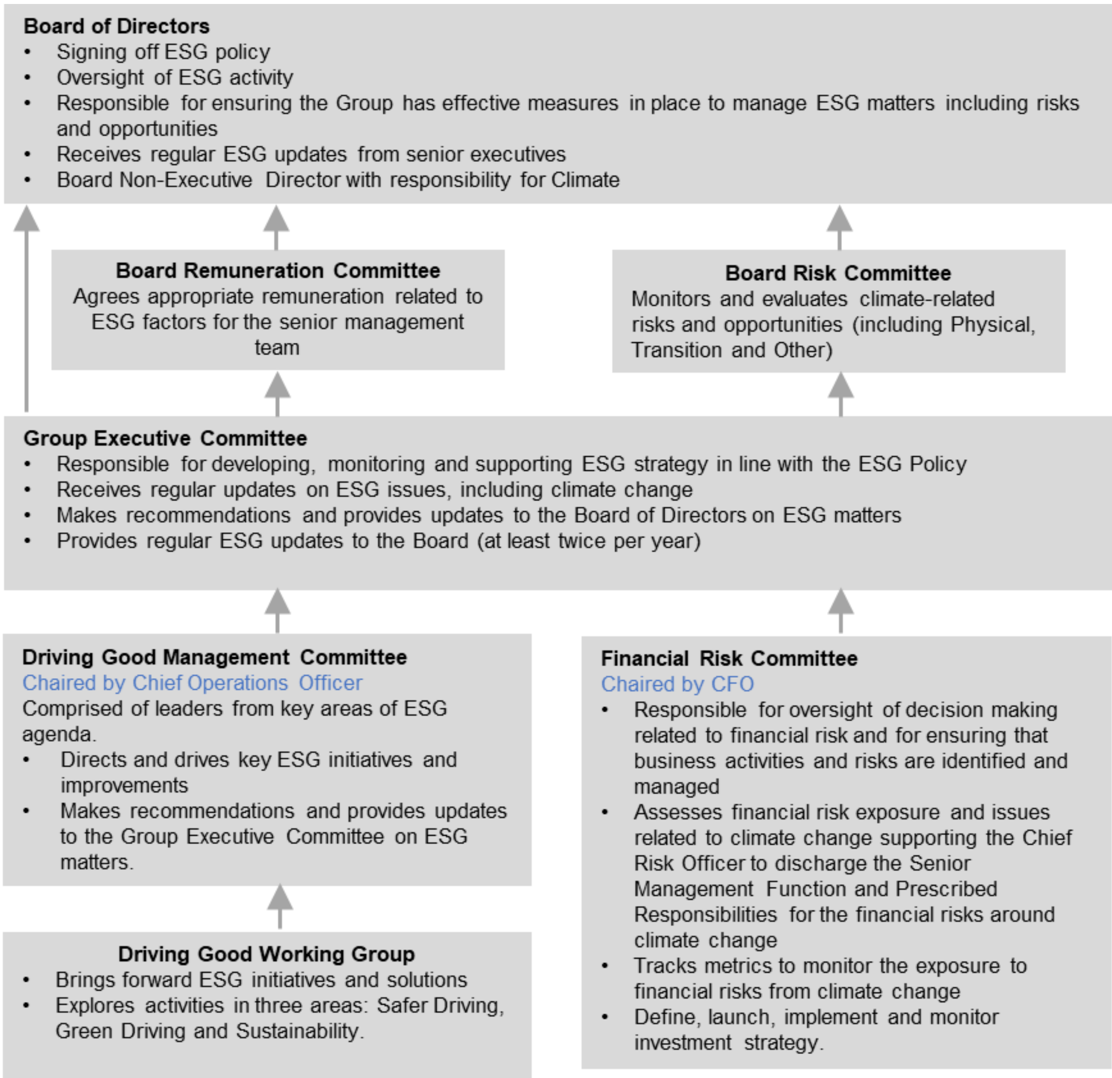
Principle 1: Steering the Transition

Governance

1.1 Ensure that our Board has oversight of climate and nature-related risk and opportunity management, including any transition plans.

Our approach to governance of ESG, climate and nature issues is summarised in the following diagram and described in more detail below.

Overview of ESG and Climate Governance



<u>Board of Directors</u>

The esure Group Board of Directors oversees our ESG activity and has ultimate responsibility for ensuring that the Group has effective measures in place to manage ESG risks. As part of this role, the Board evaluates climate risks and opportunities recommended by the Board Risk Committee.

The Board also receives ESG updates on a regular basis. The Board's 2024 ESG activity included 'deep dive' ESG sessions in May and September providing updates on all ESG initiatives, targets and progress, from our carbon emissions footprint quantification through to key initiatives aimed at driving emissions reductions and our partnerships supporting nature and biodiversity.

In H1 2024 the Board were briefed on the findings of our full scope 1, 2 and 3 carbon footprint, together with the key initiatives in place to drive further reductions. Climate and nature-related topics are formally incorporated into Board matters twice a year. In November 2024, the Board were briefed on our 2024 ClimateWise score, feedback and corresponding recommendations on our 2025 ESG priorities, including our nature partnerships and plans to increase focus on nature impacts across the business.

In May 2025 the Board were briefed on the findings of our full scope 1, 2 and 3 carbon footprint, the rationale behind the movement in emissions levels and the key initiatives in place to drive further reductions.

The Board's climate related duties, together with those of the Board Risk Committee are embedded into terms of reference.

<u>Board Risk Committee</u>
The esure Group Board of Directors has delegated responsibility for ESG risk matters to the Board Risk Committee.

The Board Risk Committee's remit is to consider and advise the Board on the Group's overall risk appetite, risk tolerance, risk limits and risk strategy, taking into account the current and prospective macro-economic and financial environment; and to oversee and advise the Board on the current risk exposures of the Group and future risk strategy. Consideration of climate risk is integrated into this work. The Board Risk Committee provides oversight of the Group's climate risks, and reviews various Climate related risks as part of the ORSA. The Board receives a formal briefing twice a year on ESG related activities and approves the ESG policy on recommendation by the Board Risk Committee.
The Group climate metrics are reviewed at both Board Risk Committee and Financial Risk Committee (see section 1.2 below).

- Board Risk Committee activities include annual approval of the ESG Policy and review of the Climate related risks within the ORSA report.

Our progress on 2024 planned activities:
- *We provided regular ESG updates to Board, sharing findings of our full scope 1,2 and 3 footprint and key initiatives to drive further reductions.*
- *We continued to improve our data quality and reduce the reliance on proxy data. 87% of our Investments AUM is now covered by MSCI analysis and we continued to collect primary data from our top 21 carbon intensive suppliers.*
- *We shared a detailed overview of 2024 ClimateWise score, feedback and corresponding action plan with Board.*

Planned activities:
- Board review of the esure transition plan in H2 2025
- Continue work to understand and quantify climate-related opportunities
- Share detailed overview of 2025 ClimateWise score and feedback at Board
- Seek Board approval of corresponding climate and nature priority focus areas and plans

1.2 Ensure that our senior management has responsibility of climate- and nature-related risk and opportunity management, including any transition plans.

Responsibilities

The Chief Operations Officer is the Accountable Executive for ESG within the esure Group and is responsible for ensuring that the firm's policies and procedures around ESG risks and opportunities, including those relating to climate, meet the requirements of the ESG Policy and our strategic objectives.

The Prudential Regulation Authority (PRA) Supervisory note SS3/19 on managing the financial risks from climate change requires that Boards embed and understand the Climate Change Financial Risk exposures and have clear accountabilities delegated. Under the Senior Managers and Certification Regime (SMCR), the Chief Risk Officer (CRO) holds the Senior Management Function and Prescribed Responsibility for the financial risks around climate change.

Responsibilities for delivery on climate include:
- **Chief Risk Officer**: Responsible for integrating climate risk into the group risk management processes.
- **Company Secretary**: Responsible for integrating ESG into policies and procedures and for integrating climate topics into our governance processes and corporate disclosures.
- **Chief People Officer**: Responsible for ensuring that the business has the appropriate capabilities for delivering climate plans and policies. Responsible for internal communications to engage all colleagues regarding our ambitions, initiatives, progress and future focuses. Also responsible for identifying opportunities to improve ESG performance within our three office locations.
- **Chief Financial Officer**: Responsible for integrating our climate plans into our investment strategy & supplier management.
- **Chief Operating Officer**: Responsible for delivery of the transition plan and leadership of Driving Good Working Group.

We provide climate-related training in order to support our senior management team in delivery of their climate-related responsibilities. The last management training was provided in April 2023.

Group Executive Committee

The Group Executive Committee is attended by all Group Executive members. It receives updates on ESG issues, including climate change and our nature partnerships, before they are escalated to the Board.

In 2024, the Group Executive Committee approved the ESG 2025 plan for recommendation to the Board and the Risk Committee, reviewed the ESG policy and the ClimateWise submission. Group Executive also received training on the ESG regulatory landscape.

Financial Risk Committee

The Financial Risk Committee (FRC) forms a key part of the overall governance framework within esure, ensuring appropriate oversight and challenge to decision making in respect of activities and processes related to financial risk, and helping ensure business activities and risks are identified and managed in accordance with esure risk appetite and esure policies. It meets monthly and is chaired by the Chief Financial Officer.

The FRC is the executive committee that reviews financial risk exposure and issues related to climate change, supporting the Chief Risk Officer as a member of the FRC to discharge the Senior Management Function and Prescribed Responsibilities for the financial risks around climate change. It considers climate-related risks within the key risk themes identified in the table below.

Key Risk Themes

Risk Appetite	Key Risk Themes
Capital and liquidity	Solvency
	Liquidity
	Reinsurance
Earnings	Underwriting
	Investment/Market
	Reserving
	Credit
	Catastrophe

The FRC’s duties with respect to climate-related risk are included in its terms of reference. The FRC routinely reviews our climate related metrics to track our performance trends and provide analysis on the key drivers of current and future performance.

Driving Good Working Group

The Driving Good Working Group is composed of team members from across the business, including Risk, Finance, Claims, Procurement, Operations, Underwriting and Marketing, who are responsible for driving ESG matters within their respective teams. The working group meet every two months.

The Driving Good management committee is made up of Heads of Department representing areas that have the largest impact on our carbon footprint- Finance, Underwriting, Claims and Procurement (supply chain), alongside Marketing and Risk Heads. The Driving Good management committee also meets every two months and shapes the agenda for the wider Working Group meetings. Key updates and any required significant strategic decisions relating to Driving Good initiatives are reviewed with our Group Executive Committee.

Our Chief Operating Officer is the Accountable Executive for our ESG strategy and initiatives, and attends Working Group meetings to review and support progress and define agenda items for the Group Executive Committee.

The Working Group's remit is to bring forward initiatives and solutions that meet the criteria set out by the Group Executive Committee. It explores activities in three areas: Safer Driving, 'Greener' Driving and Sustainability.

As part of our overall Driving Good strategy, the Working Group coordinates with the People team and Inclusion & Diversity working group, working on areas including aligning our charity and volunteering initiatives with esure's climate-related commitments.

In the last year, the Driving Good working group has supported the business's progress in areas including:

- Continuing to improve supply chain emissions data quality, liaising directly with our Top 20 most carbon intensive supplier partners
- Improving the data coverage relating to our financed emissions, enabling better insight as to where our investment choices could have the most positive impact.
- Improving the quality of tracking of our underwritten emissions and our modelling of our underwritten emissions decarbonisation pathway
- Continuing to support partnerships and initiatives to enhance nature and biodiversity
- Nature workshops with key members of the Driving Good Working Group to develop shared understanding of esure's impact on nature, across multiple teams.

Our 2025 Driving Good plan covers the following areas:

- Exploring and enabling circular economy initiatives with suppliers
- Continued support for ESG partnerships
- Ongoing development and approval of our transition plan
- Integrating nature into our supply processes
- Delivering nature training workshops
- Enhancing our EV proposition using customer research
- Industry engagement on green parts and technician training
- Updating climate risk materiality assessments and reviewing climate risk appetite metrics
- Reviewing nature related risks

- Enhancing sovereign debt carbon intensity tracking
- Understanding nature impacts of our investment portfolio with our asset manager
- Exploring opportunities in green investment private asset funds

We monitor the progress of our implementation of our Driving Good plan and embed actions into strategies within our business areas.

Update on 2024 planned activities:

- *We will conclude development of our transition plan, seeking its approval at Board in H2 2025*
- *We will further embed responsibilities for delivery of our transition plan into executive responsibilities.*

Planned activities:

- Develop our inaugural view of nature impact data for our investment portfolio

1.3 Create a clear link between governance and oversight, establishing a robust governance framework and underlying policies and procedures.

The delivery of our climate strategy, our transition plan, and effective governance relies on a robust policy framework that sets out the standards that we work to. The adequacy of our policy framework is reviewed routinely as part of our assessment of our risk controls.

Our policy framework includes:

- **Environmental, Social and Governance policy:** this sets out our approach ensuring focus on ESG matters across our business.
- **Supplier Code of Conduct:** this sets out our ESG targets and our expectation that all suppliers align to and support our ESG ambitions and initiatives.
- **Responsible investment policy**: That describes the standards we use to shape our investment strategy to manage risk and deliver on our climate strategy.
- **Climate Strategy:** outlining the key pillars within our approach to combatting climate change, across our operations and with customers and colleagues. This is published within the Sustainability section of our esure Group website.
- **Responsible investment policy**: That describes the standards we use to shape our investment strategy to manage risk and deliver on our climate strategy.
- ORSA Policy and Statement of Practice: climate risk is a specific section of the ORSA, including an annual materiality assessment.

1.4 Ensure that our Board and Senior Management have the required knowledge and incentives to oversee risks and establish a culture aware of environmental issues.

Incentives

We have reviewed our approach to incentivising our senior leaders based on colleague feedback. Our previous approach meant that many of our senior leadership's bonus measures included ClimateWise target rank, despite many individuals having zero direct contribution to, or involvement with, the matters covered within our disclosure.

Within 2025, we have adopted an approach which embeds relevant sustainability targets within the personal objectives of our Driving Good management team and other key members of the Driving Good working group. For example, the National Repair Network Manager is tasked with improving sustainability of motor repairs and is targeted on driving 'repair over replace' and increased use of recycled parts. The individuals' delivery against these objectives informs their performance rating at the end of the year, and this contributes to their annual salary review and management bonus amounts for those that are eligible.

Knowledge and capabilities

We carefully assess and nurture the knowledge and capabilities of our team. To ensure that we have the knowledge and capabilities we need to deliver effective control of climate risk and drive delivery of our climate and driving good strategies, we undertake capability assessments.

In 2023 we completed a survey to assess of the capabilities of our senior leadership team (c.50 members) in order to understand whether there are any material gaps within the organisation in relation to technical understanding of climate risks and sufficient resources in both the short and long term. The review found opportunities to build knowledge of emerging climate related risks and data.

We make use of external training opportunities to keep up to speed on the fast-evolving sustainability landscape. In 2024 we attended quarterly ESG forums convened by our investor Bain, that explored the evolving climate and sustainability best practices. These provided rich insight into how sustainability and decarbonisation practices were being implemented across a wide range of industries, from food and agricultural to chemical manufacture and aeronautical engineering.

Integrating climate into our culture

Our business strategy - to fix insurance for good - focuses on shaping an exceptional culture, and our work to create a safer, greener world for everyone. We work hard to engage our team and create a culture that supports environmental risk management and action on climate. We describe how we approach this in section 2.2.

Strategy

1.5: Describe the impacts and implications of climate- and nature-related risks and opportunities on our business model and performance, strategy and any decision-making processes.

esure Group undertakes a comprehensive analysis of climate risk and opportunities as part of our Group Risk Management System.

The results of the risk analysis are used to inform our business strategies. Our Climate Strategy is also informed by the results of our carbon footprinting which has helped identify carbon emission hotspots and key action areas.

We review our climate performance, approach and strategy on an annual basis and discuss our approach, and the implications for our business performance, investments, and our stakeholders (including our suppliers) at the Group Executive Committee and Board.

<u>Our Strategy</u>
Our strategy is called the Game Changer because that's exactly what we have set out to do. At its heart is our core purpose: to fix insurance for good and, in doing so, deliver growth, quality customer experience, and long-term return. Climate related issues are reflected in each of its four pillars:

Digital Leadership
We're creating the UK's leading digital insurer, built on industry-beating technology capabilities. esure Group are operating solely on our new cloud-native digital platform, enabling customers to easily and conveniently manage their insurance online; data driven decision making, enabled by the ability to rapidly ingest large quantities of data onto our new platform alongside industry leading use of AI and Machine Learning is driving growth and competitive advantage.
Our use of digital technologies allows us to decarbonise our customer journeys, improving efficiencies and reducing some carbon intensive activities including the need for in person surveys and customer visits. Our digital platform also enables our use of data to understand and adapt to climate related risks in our underwriting.

Enhancing Value
We are committed to offering innovative solutions that cater to the evolving needs of our customers, providing a range of competitive products to suit different customer needs. We listen and respond to customer feedback, to drive continuous improvement and deliver the best customer experience across all customer journeys from managing your policy online, to empathetic end to end claims management, and empathetic colleagues to support when needed.
Our approach enables us to provide customers with solutions that help them adapt to the changing climate and support the adoption of technologies and behaviours that reduce carbon emissions, including the transition to electric vehicles. We carefully assess the climate-related risks that we are underwriting and seek to improve our qualification of risks

on an ongoing basis. Our pricing strategies seek to ensure a fair price of our products that is appropriate to the level of climate-related risk.

Exceptional Culture

The continued success of our business is powered by our market-leading platform – both technology and people. We're committed to supporting all our people to be the best they can be, by creating an environment that fuels growth and values difference. esure Group's fusing of deep-rooted insurance expertise and best in class data science expertise with highly agile ways of working is creating an exceptional culture, and a supportive environment, which enables our colleagues to flourish, and deliver for customers when they need us most.
We know that climate and nature are important to our colleagues. We are helping our team make climate smart decisions, including through our office facilities, benefits, and through volunteering and community engagement activities.

A More Sustainable and Safer World

We take our environmental impact seriously, through our work on multiple internal and external sustainability initiatives. We quantify our emissions footprint, continue to develop our decarbonisation transition plan and disclose our progress via ClimateWise and annual reports. We are developing a low-carbon bodyshop network and are working to reduce the environmental impact of motor repairs through our Greener Parts recycling scheme. We're actively encouraging eco-friendly driving by supporting our customers and colleagues in transitioning to electric vehicles.

Our strategies are actively informed by our ongoing climate risk management. Where material risks or opportunities are identified we establish mitigation approaches and business strategies to adapt to available opportunities. This has included:

- making adjustments to our reinsurance analysis to mitigate the potential for climate-related insurance risks
- development of our electric vehicle offer, including establishing our electric vehicle repair network and capabilities

<u>How climate risk informs our strategy</u>

We consider the risks arising from climate change across short, medium and long term horizons, including transition and physical risks.

The risks we identify provide opportunities to improve the resilience of our business and help our customers reduce the impacts of the changing climate on their lives.

This forms an important driver of our strategy.

Risks	Strategy implications
Transition	
Policy and legal: including increase in EV uptake; increase in use of low carbon technology in homes, including heat pumps and remote control of heating	Continued development of EV offer, supply chain and industry engagement to build standards and frameworks. Continued development of our home offer.
Legal/ litigation: including compliance with climate-related regulations; greenwashing risks; inappropriate policy wording, risk selection and pricing; and changes to legislation on tree removal	Continued development of climate governance and oversight, including in communications. Continued application of offer development process
Technology: including increase costs of EV repair; increase in numbers of total loss claims; liabilities associated with safe disposal of lithium batteries; and lack of data on solar panel exposures.	Continued work with our supply network on EV claims and work with loss adjusters to limit waste to landfill. Ongoing horizon scanning to identify and address changing regulations and trends.
Customer sentiment: including the potential for behaviour changes including the potential for movement away from use of personal cars.	Continued monitoring of driving patterns and adjustment of pricing and underwriting.
Reputational: including the potential for insurance costs to be seen as holding back the transition to EVs	Continued reputation monitoring.
Physical	
Increased extreme weather: including increases in frequency and concentration of extreme weather events and natural catastrophes resulting in property damage	Continued monitoring using industry climate risk impact models and annual assessment of climate related events. Regular supplier communication and engagement in industry mitigation programs.
Strategic risk: including reinsurance capacity reducing	Ongoing monitoring with our brokers of reinsurance capacity and appetite for UK home and motor reinsurance.
Credit risk: including the reliance on reinsurance	Continue to deploy reinsurance approach focused on high credit quality and limiting exposure.
Supply chain disruption: including risks due to chronic events impacting supply.	Operational resilience planning and ongoing monitoring of key suppliers.

Our Climate Strategy

Our Strategy describes our approach to deliver a net zero business by 2050. It defines our approach to reducing our carbon emissions in line with the rate of decarbonisation necessary to limit warming to 1.5° C consistent with the Paris Agreement. It also describes how we are embedding climate into our governance and management and describes how we are incorporating climate action into our business strategy, investments and motor and home insurance business.

Our approach

There are two key pillars within our Climate Strategy: reducing emissions & inspiring change. Our approach to reducing emissions and protecting nature is targeted to address the key carbon and nature impact hotspots in our business activities, including our operations, supply chain and investments. Inspiring change relates to the actions we're taking to encourage more sustainable choices and behaviour amongst our Home & Motor customers, and amongst our colleagues.

These pillars are supported by the key foundations of a robust approach to climate risk management, governance & disclosure. We integrate climate into our risk management process and regularly review our strategy to ensure we are mitigating the risks we identify.

We measure our carbon footprint regularly, review our performance and continue to monitor climate risks to track the success of our strategy. We recognise that tackling climate change and protecting nature requires wide collaboration. We have built our approach to support the ABI Climate Roadmap and the ClimateWise initiative.

For detailed information see: our work to decarbonise our operations (section 2.1), our investments (section 3.1), our underwriting (section 3.3) and supply chain (section 2.3), our governance (page section 1.1), risk management (section 1.8), engagement (section 2.2) and our approach to disclosure (section 4.4).

Climate change, nature and our products

Our business approach focuses on the provision of high-quality products and strong customer service, priced to deliver great value. We recognise that the products we offer in both motor and home insurance can support the transition to a low carbon, nature positive economy.

We also recognise the need to reduce the carbon emissions and nature impacts of our delivery of our products and services. Reaching net zero emissions in our motor and home insurance supply chain requires working with our suppliers to design low carbon circular supply chains and operations. We are working closely with our suppliers to support and enable this transition.

Supporting the transition to electric vehicles

In 2024 we saw the proportion of EV quotes in the market step up to over 2.75%, and this has increased again after March 2025 to ~3.3%.
We have tracked our acceptance of EV close to this increase, with 3.1% of all our new business being EV, and it is now 2% of our overall book.

The Car Parc mix is under constant review as new vehicle manufacturers come to market with an expanding range of models, and all vehicle manufacturers look to expand into this segment of the market with a much more divergent range of options for the consumer.

We note the emergence of Chinese VM's coming to market with their close alignment to Thatcham requirements which we welcome.

While EVs continue to be a small proportion of our available market opportunity, we give our EV strategy extra focus in light of their role in helping to combat climate change and given clear trends of future customer demand.

Shifting to electric vehicles is critical to decarbonising UK transport and can drive significant emission reductions. As one of the largest vehicle insurers in the UK, we can play a significant role in supporting the uptake of electric vehicles. We have ambitions to grow the proportion of EVs on our book and help the UK to meet its targets to decarbonise transport. We have set targets to grow our EV insurance business and developed a strategy to deliver. As we have improved our understanding of the risk profiles of different makes and models of EV, we have further improved the competitiveness of our pricing, making us a more attractive option to insure an EV with.

Our strategy is to grow our exposure to EVs in a measured way, developing a sustainable cost structure which adds value to our customers and supports the development of the EV ecosystem.

Our EV strategy is developed and executed by a cross-business working group. Our strategy is to:

- Optimise pricing for EV insurance
- Build a nuanced approach to underwriting EV's that addresses known issues and addresses customer needs highlighted through customer research
- Build our repair network to accommodate EV repairs
- Provide EV focused repair experiences for customers
- Engage with industry bodies to develop standards and approaches for EV cover, including ABI and Thatcham
- Effectively communicate our EV offer
- Shape consumer driving behaviours through a driving proposition that rewards more sustainable driving, enables customers to understand and offset the impact of driving and to transition to an EV.

Our progress in 2024 included ensuring our customers were compensated for any fuel costs if they had a courtesy car in the event of a claim, and if we were unable to provide an EV car. We ensured we do not offer quotes in regions of the GB until sufficient repair network was in place.

We have completed a deep review of the customers' view of the EV quoting market. From this we have a plan for 2025 to adapt our journey, messaging, and cover to give customers assurance we can fulfil their needs.

<u>Supporting customers to transition to low carbon, nature positive homes</u>
As homeowners and developers work to improve energy efficiency, decarbonise homes, and protect nature, insurance needs are shifting. We recognise that we have an important role to play in helping our home insurance customers to lower the carbon emissions from their

homes and protect nature. We are exploring our future strategy for helping customers in this area.

Our approach includes:

- Coverage for solar panels, ground and air source heat pumps within our home insurance products.
- Covering customers for loss of or damage to buildings or contents, as a result of storms, flood or lightning.
- Enhancing our data to provide more accurate flood risk ratings, enabling us to quote for more customers in affected areas.

We recognise that the changing climate will pose additional underwriting risks to our motor and home insurance products. We consider these risks as part of our risk management processes (see section 1.8)

<u>Responsible investment</u>

Our investment portfolio represents a significant source of carbon emissions in our business. Decarbonising our investments is a key priority in our climate strategy and we have established 2030 and 2050 targets for decarbonising our investments. More information on our investment strategy is available in section 3.1.

<u>How we respond to climate and nature risks and opportunities</u>

Our materiality assessment provides a holistic view of the climate risks and opportunities that we face, encompassing the sustainability issues that impact us, and how our activities impact people and the environment. Risk Management hold meetings with experts from across Pricing, Underwriting, Claims, Facilities, Marketing, Legal, Procurement and Finance, to capture current and future views and activities in each of these areas.

Our assessment considers climate risks and opportunities across underwriting risk, market risk, credit and counterparty risk, operational risk, reputational risk and strategic risk. Our process has been improved this year by looking at three time horizons (0-3 years, 3-10 years and 10+ years).

We present the findings of the materiality assessment below and describe the actions we are taking to mitigate risks and capture business opportunities.

The strategic implications of the materiality assessment include:

- Underwriting risk is susceptible to a lack of experience and data over new and changing products, regulation and initiatives (e.g. electric vehicles, solar panels, subsidence, introduction of potential regulation of gas boilers), creating a short-term mismatch between claims and premiums. Due to the short nature of esure’s insurance contracts premium can be rapidly updated to reflect trends minimising the time of increased exposure. As such, underwriting risk is not deemed material.
- The Market risk assessment is based on a temperature increase of 3.3 degrees, which reflects the weighted average of the temperature rise from scenarios considered (weighting based on our investment manager’s climate trajectory analysis). There is a relatively limited impact due to the nature of the current asset portfolio being mainly investment grade bonds and sovereign with relatively short duration.

- Credit/counterparty risk exposure is largely due to esure's reliance on reinsurance, and the risk of default due to increased weather claims. This risk is factored into the own risk and solvency assessment (ORSA) process.
- Operational/reputational/strategic risk relates to the various climate change products and initiatives available in the market and implemented by esure and consumer behaviours towards these, including car usage or ownership, use of recycled parts, and tree planting. In the short term these risks are not expected to be material.
- There is a recent anti-greenwashing rule that came into force on 31 May 2024. Our current exposure is considered low as we undertake limited 'green' marketing and have no specific 'green' customer propositions. Potential greenwashing is considered throughout our communication processes and mitigated with the appropriate tone, factual accuracy of messaging and robust sign-off processes. Our mandatory disclosures are reviewed by an external third-party auditor.
- There are no material changes from the updated Stress Tests and Scenario Analysis that indicate an increased materiality.
- Our capital model includes climate risk adjustments. This is used in reinsurance decision making on weather related reinsurance decisions. We also use our capital model in Pricing and Business Plan forecasting processes.
- We consider the legal risk drivers of climate risk, noting the PRA considered this area to have weaker consideration within the overall market. This information feeds into the legal risk element of the materiality assessment.

Risks are considered to be material where ignoring the risk could influence the decision-making or the judgement of the Board and Management.

Progress on 2024 planned actions:

- *We monitored and evolved our approach to EVs, including pricing of existing makes and models, and improving our data on risks associated with newer makes and models, to support more drivers switching to EVs.*
- *We undertook initial analysis of the nature impacts and dependencies in our investments portfolio (See Principle 3.1).*
- *We worked with our most carbon-intensive suppliers to seek opportunities to innovate and accelerate supply chain decarbonisation*

Planned actions:

- Continue to maintain strong relationships and transparent dialogue with our key, most carbon-intensive suppliers, seeking new opportunities to innovate and accelerate supply chain decarbonisation.
- We have commissioned deeper analysis to further quantify nature dependencies and impacts which we will use to determine next steps. (See Principle 3.1)
- Leverage insight frow out customer review of the EV quoting market to adapt our EV customer journey, messaging, and cover to meet EV customer needs

1.6: Describe how environmental resilience plans are incorporated into business decision-making, including disclosure of any material outcomes of climate risk scenarios.

Climate change is a complex intergenerational and global challenge. It will transform the way we live and will impact global financial markets. As a UK insurer, we focus on understanding how the transition to a low carbon economy and the physical risks associated with the changing climate will impact our customers and operations in the UK. Our investment portfolio is global and we manage climate exposures across our portfolio.

We consider the resilience of our strategy by considering the risks associated with different climate-related scenarios. We use the scenarios defined by the Climate Financial Risk Forum (CFRF) as a basis for this work. The risks in these scenarios are materially consistent with the risks considered in the materiality assessment. The scenarios draw on data from the Network for Greening the Financial System (NGFS) and explore a range of transition and physical risks:

- Orderly transition scenarios assume that climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.
    - Net Zero 2050 limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO_2 emissions around 2050. Some jurisdictions such as the US, EU, UK, Canada, Australia and Japan reach Net Zero for all Greenhouse Gases (GHGs).
    - Below 2°C gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
- Disorderly transition scenarios explore higher transition risk due to policies being delayed or divergent across countries or sectors.
    - Divergent Net Zero reaches net zero globally around 2050 but with higher costs due to divergent policies introduced across sectors leading to inefficiencies and a quicker phase out of oil use.
    - Delayed transition assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited.
- Hot house world scenarios assume that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming, leading to high physical risk.
    - Nationally Determined Contributions (NDCs) includes all pledged targets even if not yet backed up by implemented effective policies.
    - Current Policies assumes that only currently implemented policies are preserved, leading to high physical risks.

There are a number of uncertainties and limitations associated with this tool, e.g.:

- the tool is not updated on an ongoing basis. It draws heavily on the NGFS scenarios (updated in September 2022).
- it does not specify a baseline related directly to what is priced into assets today.
- It also does not allow for meaningful variation in the implementation of climate policies across geographies and sectors, nor alternative technology pathways.

In addition to these scenarios, within the ORSA stress testing and scenario analysis we undertake a Market risk assessment based on the temperature increases assumed in the Bank of England's Climate Biennial Exploratory Scenario (CBES) scenarios and using Prudential Regulation Authority (PRA) parameters. A weighted average of these scenarios (weighting based on external investment manager climate trajectory analysis) is used to assess the assumed temperature increase.

1.7: Describe the outcomes of our materiality analysis and any material climate- and nature-related risks and opportunities that affect our prospects.

A materiality assessment on climate risk takes place at least annually as part of the ORSA process. Current and future climate risks and opportunities are considered across the various functions. The assessment has been enhanced this year to consider the sustainability issues that impact us and also how our activities impact people and the environment. It also considers our potential impact across three (short, medium and long term) horizons.

Our overall assessment of climate risk is that it is not considered a material risk to the Group at this stage and during the next 2-3 years of our planning horizon. In the longer term the risk can become material if it was to significantly affect reinsurance capacity or if it altered consumer attitudes to driving.

In the longer term the risk can become material, due to:

- **Reinsurance capacity risk**: The risk of reinsurance capacity reducing if there are more frequent and more severe extreme events impacting reinsurers. Further discussions with brokers are taking place to understand the near-term implications of severe global climate driven events on the reinsurance market and the potential consequences to reinsurers' appetite to writing UK Motor and Home reinsurance.
- **Strategic risk**: The transition to a low-carbon economy can reduce demand for motor insurance products and services. This would be a reverse stress test as the current growth assumptions in the business plan would be unviable as the core business plan relies on motor insurance. Whilst there is the possibility of lower car usage in the next two to three years in the planning horizon, any material impact is expected to emerge in the longer term. The Blueprint programme has provided a platform and IT infrastructure that is expected to allow the Group flexibility to move into additional products and services.

The results of climate-risk assessments are shared widely across the business to inform business decision making.

Risk Management

1.8: Establish appropriate processes to identify, assess and prioritise climate- and nature-related impacts, risks, and opportunities.

<u>Background</u>
As a leading insurer in the UK, we recognise that the climate and nature emergencies pose important risks to our business and our customers across the country. Climate risks are driven by the increases we are seeing to global temperatures, and the associated physical effects that changes to the UK climate are having on our customers and our business

infrastructure. Nature risks are driven by the changes we are seeing to the natural environment, both as a result of climate change and also through the changing way that we use technologies and land. Risks are also driven by the changes that our customers are making to their needs and behaviours as they respond to the changing climate and protect nature. And they are also driven by the changes to the UK and global economy as we transition to a low carbon and climate-resilient economy.

The risks we consider include:

Driver	Risk	Example
Transition Risks	Policy risk	As a result of energy efficiency requirements, carbon pricing mechanisms which increase the price of fossil fuels, or policies to encourage sustainable land use.
	Legal risk	The risk of litigation for failing to avoid or minimise adverse impacts on the climate or failing to adapt to climate change
	Technology risk	If a technology with a less damaging impact on the climate replaces a technology that is more damaging to the climate.
	Market sentiment risk	If the choices of consumers and business customers shift towards products and services that are less damaging to the climate.
	Reputational risk	The difficulty of attracting and retaining customers, employees, business partners and investors if a company has a reputation for damaging the climate.
Physical Risks	Acute physical risk	Arise from particular events, especially weather-related events such as storms, floods, fires, or heatwaves that may damage production facilities and disrupt value chains.
	Chronic physical risk	Arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.

Our approach to climate-related risk is shaped by the guidance and requirements of the Prudential Regulation Authority (PRA), including its requirements for the Own Risk and Solvency Assessment (ORSA). We also monitor and review emerging regulatory requirements and best practice standards.

Our approach to climate-related risk is embedded in our enterprise-wide risk processes. This includes:

- **Investment risk** – Consideration of how climate-related risks can impact on our investment holdings, including the potential for stranded assets.
- **Underwriting risks** – Consideration of the direct impact of climate-related events on claims in our home and motor insurance underwriting and on reinsurance capacity.

We make ongoing improvements to our understanding and treatment of climate-related risks in line with ongoing improvements to our enterprise-wide risk processes.

Risk Governance
The Board is responsible for prudent oversight of the Group, ensuring that it is conducted in accordance with sound business principles and within applicable law and regulation. The Board is responsible for agreeing the strategic risk statements and setting the risk appetite for the business. It ensures that an appropriate framework of identification, measurement, control and acceptance of risks is in place.

The Board Risk Committee has responsibility for oversight of esure's approach to climate-related risk management. Its duties with respect to climate-related risk are included in its terms of reference. The Committee reviews a climate risk update at least annually.

The Chief Risk Officer has responsibility for the identification and management of financial risks arising from climate change. This is included in the Senior Management Function Statement of Responsibilities.

The Board Risk Committee monitored progress to completion of the Group's actions to embed the financial risks associated with climate change into the risk management framework.

In accordance with recognised good practice, the Group operates a 'three lines of defence' risk governance framework:

1st Line of Defence – Business Area
- Risk ownership and management. Primary responsibility for climate related risks and how these align to the strategic objectives.
- Embedding of the risk framework, risk management practices, processes and controls.

2nd Line of Defence – Risk and Compliance function
- Provides oversight and challenge to business areas and management around climate risks.
- Coordinates risk and compliance activities and reporting, including ensuring an effective risk framework is embedded within the 1st Line of Defence.

3rd Line of Defence – Internal Audit function
- Independent and objective assurance on the control environment.

Climate-related risk governance is integrated into our overall risk governance framework as a cross-cutting risk.

Own Risk & Solvency Assessment (ORSA)
Climate risk management is integrated throughout the organisation through the ORSA Process. The ORSA process is owned by the Board and forms an integral part of the consideration of the risks and solvency position of esure. The ORSA Policy outlines the Group's approach to the management of risk and solvency on a forward-looking basis including climate related risks. It is supported by several processes and procedures.

The Group's risk management framework and Own Risk & Solvency Assessment (ORSA) processes consider climate risk as a cross-cutting risk considered within the principle risks the Group is exposed to such as risks relating to capital and liquidity and earnings (including insurance, credit and investment risks).
We integrate climate-related risk management into the ORSA process and the ORSA report includes a climate risk review. Key elements of our ORSA process include:

- **Risk Strategy and Appetite** – Risk themes are assessed for their materiality to our business strategy. Our Group Risk Appetite defines our attitude to different types of risk. We are cautious on sustainability related risks, including on climate risk. Over the medium term we are looking to manage our exposures cautiously to create a more sustainable business.
- **Capital Management** – Ensuring there is adequate coverage for climate-related risks within our capital management framework. Stress testing and scenario analysis and the materiality assessment for various risks impacted by climate change aids the Board in understanding our overall exposure to climate risk.
- **Control Framework** – Confirming that climate-related issues are adequately identified and treated within the overall risk management and control framework allowing the Group to identify, assess, manage, monitor and report on climate-related risks across the business.

This activity is underpinned by key processes that also integrate climate-related risk.

These include:

- **Risk assessment**: esure Group undertakes a comprehensive analysis of climate risk as part of our Group Risk Management System. We update our risk assessments annually to improve our treatment of climate-related risk. The results of the risk analysis are used to inform our climate and business strategies. As we manage climate risk as a cross-cutting risk, the impact of climate risk is considered within other risks that are already in place. We use our Xactium risk management system to document our key risks and controls. These risks are then reviewed for materiality on a regular basis. These risks are considered in dashboards reviewed by the relevant risk forums and committees.

  In 2024 we updated the materiality analysis of climate related risk, identifying our risks and the magnitude and likelihood of potential impacts. Our materiality assessment process incorporates input from working sessions with key experts and executives from across the business. This helps us to ensure that we have identified and assessed current and future risks associated with activities in all areas of the business, including Underwriting, Claims, Facilities, Marketing, Legal, Transformation, Procurement and Finance. See section 1.7 for more information.

- **Assessment of weather perils:** We apply models to assess weather perils and identify opportunities to derisk our portfolio. Climate risk adjustments for weather are incorporated into uncertainty modelling, both in Pricing and Capital Modelling. There remains limited data to rely on for some perils and therefore judgements have been made. We engage with an external consultancy to ensure we are informed as climate modelling evolves.

  In 2024 we refined our modelling of climate risk, working with external advisors. Changes included incorporating additional data on flood risk. The updated results have been used to adjust our flood risk assessment. We have also changed our model for storm surges to include a more robust assessment of risk that accounts for a wider scope of UK flood defences. We are also working with external advisors to update our models for freeze and subsidence perils, including adjusting our forward looking risks to account for the impacts of drier weather. The adjustments will also account for our experience of deteriorating climate impacts.

Our assessment of risks associated with subsidence and other weather perils is informed by research on historical weather trends and the potential for surge events. Pricing models have been updated to incorporate improved tracking of weather perils including flood, subsidence, storm and freeze.

- **Stress tests and scenario analysis**: We conduct Stress tests and scenario analysis (see section 1.10 below) to understand esure's motor; home; and asset exposures. Updates are included in the annual ORSA that is approved by Board and reviewed by the Board Risk Committee. The scenario analysis also informs our materiality analysis.

- **Emerging trend analysis**: We consider developments which are not expected to materialise or have an impact for several years and where the impact on the business is uncertain. We consider climate-related emerging risks as explicit parts of our emerging risks assessments which is completed annually.

- **Engagement with external experts**: We seek input from external experts to ensure that we continue to align with best practices:
    - With our primary investment manager to better understand changes to KRI values and data limitations within the KRIs, along with exploring best practice monitoring, reporting and engagement with asset issuers. This also incorporates the use of different methodologies for assessing climate risk with our investment managers and third parties, including the use of carbon emission reporting, implied temperature rises, and science-based targets.
    - With an external data provider to understand the sources of data used in reporting on climate risk, the pros and cons of different reporting metrics and the opportunities to extend monitoring to incorporate nature-related risks.

Exploring nature risk:
In 2024 we started work to explore the nature impacts and dependencies of the business. We held workshops with key business areas to build understanding of what nature means for our business and to complete an initial identification and assessment of our nature impacts. The results will be used to inform further exploration of nature risks.

Update on 2024 planned activity:
- *We continued to refine our approach to our climate risk materiality assessment and made improvements to our data in a number of areas.*

1.9: Put in place mechanisms to monitor and manage climate- and nature-related risks and opportunities.

We measure our climate-related risks, opportunities and performance as a core part of our strategy and risk governance framework. Our approach encompasses our performance in reducing carbon emissions, managing climate-related risk and delivering on the business opportunities relating to the growth of the EV market.

Our climate-related business performance

Our monitoring of climate performance indicates that the business is not experiencing any materially adverse trends in performance. We continue to limit our scope 2 emissions through the use of renewable electricity across our office portfolio. We have seen a decrease in both the overall emissions and intensity associated with our investment portfolio from Q4 23. 87% of AUM is now covered by MSCI analysis and latest datasets show a reduction in intensity on corporate bonds and sovereigns. We also continue to monitor our Scope 3 emissions associated with our supply chain, working closely with our supply partners to identify opportunities to reduce their climate impact and improve the carbon efficiency of the delivery of their services. In 2024, we also continued to monitor the underwritten emissions associated with our motor insurance. For more information on our performance see sections 2 and 3.

We monitor our climate-related risk metrics to track our performance trends and provide analysis on the key drivers of current and future performance. The metrics reviewed incorporate the value at risk from our investments, our carbon emissions, and our underwriting risk. A KRI has been implemented to monitor the Carbon Intensity on corporate bonds to track improvements over time. The metrics are designed to provide monitoring of our climate-related risks across our value chain, including climate impacts associated with our supply chain. The metrics are reviewed by the Financial Risk Committee, the executive committee that reviews financial risk exposure and issues related to climate change.

In addition to our climate-related metrics, we monitor one Level 1 Key Risk Indicator (KRI) around sustainability management - "Offsetting of prior year's Scope 1&2 emissions", which is reported to the Board Risk Committee (BRC). The materiality assessment and developments of our modelling of climate risks are provided to the Board Risk Committee and Board on an annual basis as part of the ORSA process. In May 2025 we presented a climate risk update to the BRC that included an updated materiality assessment.

Monitoring of climate performance

Our climate-related performance is reviewed routinely by key governance groups including:

- esure Group Board – Review performance annually
- Board Risk Committee – Review climate-related risks at least annually
- Group Executive Committee – Review performance quarterly
- Financial Risk Committee – Review performance quarterly
- Key executives – Executives with responsibility for climate-related performance review measures on an ongoing basis and in line with our data collection cycle.

The tools we use to monitor climate-related risk include:

- **The risk management system**. Climate risks are reviewed for materiality on a regular basis as a cross cutting risk. These risks are considered in dashboards reviewed by the relevant risk forums and committees. See section 1.8 above for more information.

- **The capital model**. This model is used to assess financial impacts to esure at different return periods and is used in risk/reward decision making such as in reinsurance. One of the outputs from the capital model is a catastrophe load that is used in Pricing and Business Plan forecasting processes. The underlying parameters include climate risk adjustments.

Our management of climate related risks and opportunities

We manage and mitigate risks through our enterprise-wide risk processes, our business strategy and business processes. We monitor the implementation of our strategy and provide regular updates to the Group Executive and Board.

The results of our climate risk assessment work are shared widely across esure management teams to inform the development of business strategies. We incorporate management of climate-related risk into decision making in the following areas:

Underwriting risks – Physical

Our motor and home insurance businesses are exposed to physical climate risk, including the impacts of extreme weather, floods and increased incidence of subsidence issues. We use climate and weather models to understand and plan for weather-related risks. These models are used to model potential losses, to help us plan repair capacity in our supply networks and to provide timely communications and advice to customers.

We apply models for weather perils in order to identify and manage risks in our approach to subsidence, flood, freeze and storm. An important element in the materiality assessment for climate risk is the opportunity we have to reprice on an annual basis. Therefore, there is an expectation that pricing will reflect any trends that emerge through the monitoring in place.

We use reinsurance as a key tool to mitigate the impact of weather-related events. Our capital model of weather events includes climate risk adjustments and is used to inform our decision on the amount of reinsurance taken.

Underwriting risks – Transition

The transition to a low carbon economy means the needs of our insurance customers will change. These changes provide both risks and opportunities for esure:

- **Motor insurance** – As automotive markets transform to electric vehicles, we are adapting our offer to support uptake of new electric vehicles. We have ambitions to grow our share of electric vehicle markets (see section 1.5). We continue to build our understanding of risks associated with underwriting of electric vehicles and reflect the latest available information on the risks of insuring these vehicles (see Section 3.3).
- **Home insurance** – As the decarbonisation of the UK housing stock continues, the needs of home insurance customers is changing. We are adapting our offer to ensure we are meeting customer needs (see section 3.3).

Investment risks

We consider climate-related investment risk as part of our ongoing investment risk management processes. Our approach is formalised in our Responsible Investment Policy which guides our approach to management of investment climate risk and incorporation of climate factors into investment analysis and decision making. We incorporate our management of climate risk into our asset allocation approach to reflect our transition plan for decarbonising our investment portfolio.

Operational risks
As an insurer, our own activities are relatively low impact in terms of carbon emissions and primarily arise from our office facilities. We seek to continuously improve the energy and carbon footprint of our operations (see section 2.1). We consider the physical and transition risks associated with our operations to not be material.

For more information on our climate and nature strategy and wider ESG program see section 1.5.

Nature-related risks
In 2024 we started a process to explore our exposure to nature-related risks. We completed working sessions with key teams, including our home and motor supply chain and investments, to identify the interfaces we have with nature and to explore our nature impacts. We will continue to explore and deepen our understanding of nature-related risks, including deepening our understanding of our nature-related impacts and exposures in our investments.

1.10: Describe how scenario analysis has been used to inform the identification, assessment and management of climate- and nature-related risks.

As part of our Own Risk and Solvency Assessment (ORSA) process we have performed scenario analysis consistent with The Climate Biennial Exploratory Scenarios (CBES) set by the Bank of England. The output and conclusions have been reviewed and approved by the Board. We update the scenario analysis and conduct a number of stress tests annually.

We undertake analysis of the risks associated with the latest PRA climate scenarios. We consider scenarios that cover a range of approaches and outcomes from climate change based on the PRA's CBES assumptions:

- Scenario A being a sudden transition led by global action and policies, therefore severely limiting the effects of climate change and keeping well below 2°C.
- Scenario B is a long term but orderly transition, while there is global action it takes time to embed staying at or below 2°C, leading to some but limited climate change.
- Scenario C considers failed attempts at global climate policy, and therefore temperatures exceed 4°C and so has significant climate outcomes.

The scenario analysis results are used to inform our materiality assessment.

We also consider the impact of multiple weather events on the Group. A multiple weather event scenario is performed annually, considering five different weather peril events across the planning period. These focus on an increase in the frequency of occurrence. This tests, in the case of an extreme weather scenario that may be driven by climate change, if there are concerns over the reinsurance protection for these events.

We have established Risk Appetite Statements for weather events which are monitored at the Financial Risk Committee. Our monitoring is used to inform and shape the actions we take in our strategy to mitigate risk.

The results of the scenario analysis are used to support the reinsurance decision making process for Home catastrophe cover. The risk of subsidence is considered to be increasing with recent drier summers. As reinsurance protection is limited for subsidence, we closely monitor our risk mix to this peril.

The information from the scenario analysis is shared with the Executive team, senior leadership team and other relevant colleagues including those in investments, pricing, underwriting, finance, actuarial and risk.

We recognise that there are limitations on the data used in climate risk assessments.
We are working with an external provider to enhance our modelling of climate-related perils.

For further information on our scenario analysis approach see section 1.6.

Principle 2: Engaging Stakeholders

Operations

2.1 Manage and seek to reduce the environmental impacts of the internal operations and physical assets under our control.

As an insurer, our own activities are relatively low impact in terms of carbon emissions and primarily arise from our office facilities.

We measure the emissions associated with our estate and operations and use the results to inform our plans. Our operational plans to reduce our environmental impacts are a core part of our Driving Good approach which is a key pillar of our business strategy.

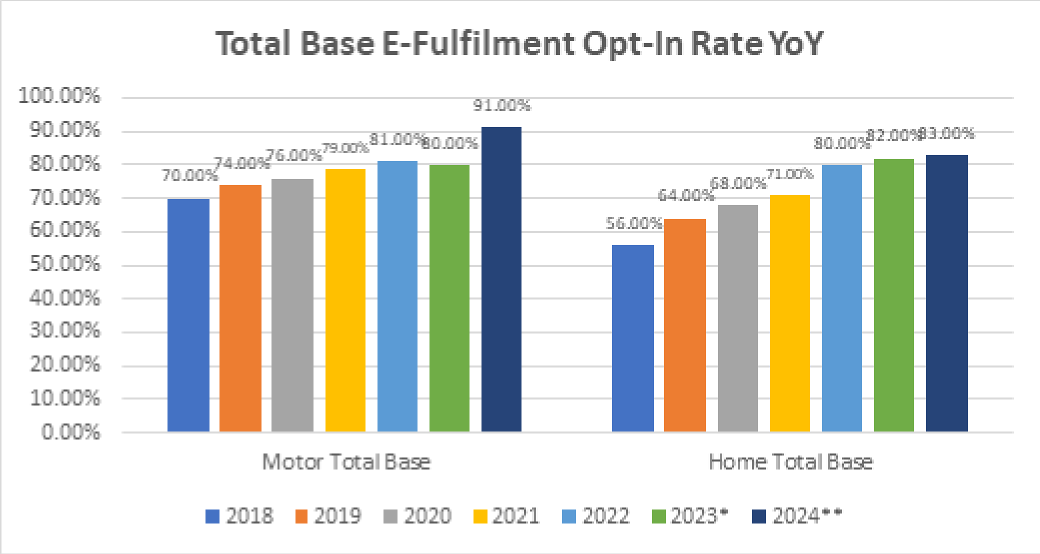
Continuously reducing the environmental impact of our offices
Our Driving Good Working Group guides our work to reduce the environmental impact of our offices.

We own our office in Reigate and lease offices in Manchester and Glasgow with a full repair/insure lease. We focus our improvements in areas of highest carbon impact and to support our team engagement on sustainability. Our action areas include:

- **Reducing heating and cooling greenhouse gases**: Reducing emissions from heating and cooling our offices is a key priority. We continue our work to refit and improve the efficiency of heating and cooling systems.
  In 2024 we continued our approach of closing of office floors to match the reduced colleague footfall, which we have found to be effective in significantly reducing energy demand from our offices. We closed our current Manchester location in September 2024 and opened a smaller, modern site that has further reduced our energy consumption.

- **Using renewable electricity**: All our estate is powered by 100% renewable electricity, and has been since 1st October 2021

- **Reducing paper use**: We are continuously improving our digital systems and as a result are significantly reducing our paper demand across our business. We launched the esure app in Q1 2025 which enables customers to view policy details and download documents on their mobile device. We currently see 98% of new Motor customers opt for e-fulfilment (digital documentation), as do 95% of new Home customers. Of our total in-force policies, 87% of customers make use of digital documentation over paper. For the paper we do use, we have now shifted to 100% recycled or FSC certified paper, which ensures paper is sourced from sustainably managed forests.



* 2023 data covers H1 only. In this period the percentage rate steadily increased.
**2024 data was only tracked from June 2024 due to Migration of systems

- **Sustainable catering**: We continuously seek opportunities to improve the sustainability of catering at our office facilities. We provide healthy food options every day and there are no traditional single use plastics sold or supplied from our restaurants. Our catering partner works with local suppliers wherever possible. They have also entered an agreement with Waste Knot who aim to get surplus fruit and vegetables into chefs' kitchens, reducing food waste and supporting UK farmers. Our fruit and milk delivery partner plants 1 tree for every fruit basket we receive.
  We happily use "wonky" fruits and vegetables in our canteens in dishes such as soups, pakora and fruit puddings.

- **Office waste**: We continued to send zero waste to landfill in 2024. We recycle as much of our waste as possible and, in the event we cannot, we use our waste to create refuse-derived fuel. We have reduced sources of single-use plastic in our offices, and instead use products made from plant-based materials. In 2024 we produced 30.34T of waste across our offices with 12.9% of waste being recycled.

  When we moved to our new office in Manchester we worked with a company to ensure every piece of furniture and equipment from the old office was donated to good causes in the community and didn't go to landfill. The 20 good causes we supported included charities, schools, community groups, and NHS trusts. 39,849kg was diverted from landfill, 55,286kg CO_2e was avoided and £212k value was donated to the community

- **Reducing the impact of cloud services**: We recognise that the efficiency of our digital platforms is an important opportunity to reduce our carbon footprint. We partner with a platform that shares our commitment to reducing carbon emissions and who are investing in shifting their data centres to be powered by renewables.

- **Encouraging employees to shift to EVs**: We continue to promote switching to EVs for our colleagues. More details of our approach are available in the Employee Engagement section below.

- **Supporting hybrid working to reduce travel:** We recognise that hybrid working is important to helping our employees manage work-life balance and also provides opportunities to reduce emissions associated with business travel. We have specialist technology in our offices to enable online collaboration and connection between colleagues in different locations to reduce the need for business travel. Board meetings continue to be held face to face, but Board Committee meetings are held remotely, significantly reducing international travel.

- **Cycle to work scheme**: Our cycle to work scheme (including electric bikes) is available to all colleagues. More details are available in the Employee Engagement section below.

<u>Carbon offsetting</u>
While we continue to work to reduce our operational emissions, we recognise the importance of investing in carbon removals to balance our remaining emissions and support our progress towards net zero.

With our offices powered by renewable electricity, our scope 1 emissions are a key focus in our emission reduction activities. We invest in offsets annually, equating to 110% of the prior year's residual Scope 1 & 2 emissions. Through the offset initiatives we invested in 2024, we are contributing to a number of global carbon reduction projects, including:

- Ecofiltro Clean Water and Cooking, Guatemala: This project brings affordable water filters and efficient cookstoves to families in Guatemala, reducing emissions from boiling water and deforestation for fuel.
- Bondhu Chula Stoves, Bangladesh: The Bondhu Chula stove cuts carbon emissions by 50% and saves families money on fuel costs.
- CommuniTree Reforestation, Nicaragua: This project is the largest in Nicaragua, working with smallholder farmers to create long-term income opportunities from growing tress on underused parts of their land.
- Reforestation and Community Development, Ghana: This project engages local farmers to plant trees and grow crops, via intercropping, on degraded lands. Additionally, water infrastructure has been installed in the local villages to engage communities.

To further embed our decarbonisation activities into our work around our estate, decarbonisation objectives are included in the Facilities Team members' objectives.

Progress against 2024 planned activities:

- *We are ahead of schedule for compliance with the current EPC timetable, and all three offices are C rated or above before this 2028 deadline, the Reigate office is rated C and Glasgow and Manchester are rated B. Our new service office in Manchester is rated B*

Planned activities:

- We will continue to encourage customers to switch to e-fulfilment by sharing the benefits of our digital portal and the esure app where customers can access all their documents online. At time of submission, we have already driven 100k+ customers to download our app.

2.2 Engage our employees on our commitment to address climate-change and nature, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate and nature-informed choices outside work.

Employees play a critical role in meeting our climate commitments – they help manage our climate risk, drive decarbonisation of our operations, and work with our supply chain partners and customers to create wider change.

We are continuously working to engage our teams on climate, nature and environmental topics, with the aim to foster a culture of climate, nature and wider environmental awareness and action. Our approach is to:

- Provide clear visible leadership and advocacy on climate, nature and environmental issues from our executive leaders and Board members.
- Build capabilities for our team to engage in these topics within their roles.
- Embed responsibilities and performance standards for climate, nature and wider environmental issues into our performance management processes.
- Drive awareness of climate, nature and environmental topics.
- Support measures to build action on climate, nature and environmental topics into our culture as part of our Driving Good strategy, including supporting community action on these issues.
- Provide incentives, recognition and rewards for our employees to act on these important issues, including through our benefits packages.
- Provide opportunities for our employees to act to reduce the environmental impacts associated with their roles.

We recognise that embedding climate, nature and environmental measures into our performance management system is a key lever to drive action. Within 2025, we have adopted an approach which embeds relevant sustainability targets within the personal objectives on the individuals leading the teams that make up our Driving Good working group. Objectives are reviewed and discussed at quarterly performance check-ins and year end reviews.

In 2024 our progress included:

- **The Game Changer strategy** – We continue to engage our team around The Game Changer strategy. Driving Good is a key pillar of our strategy, setting out how we're working to be a force for good for the communities we proudly serve, and for the planet more broadly. The Driving Good cross-functional working group comprises colleagues who have volunteered to get involved and progress initiatives aimed at helping our business play its part in supporting sustainability. The working group has set four areas of priority focus in 2024: Supply chain, Social, Environmental Assessment and Investments. The Driving Good management team meets every two months to review progress. The Driving Good working group acts as an ambassador to support climate action across the business.

- **Leadership engagement** – In 2024, our senior leadership team met every quarter to discuss business performance, share current company priorities, and cascade important updates. This included discussing progress against our Driving Good objectives as a key part of The Game Changer strategy.
- **Employee training** - We provide climate awareness training for team members in key functional roles. Our procurement team is committed to developing its in-house expertise on climate issues. In 2024, our supplier governance manager completed the CII Certificate on Climate Risk and the entire procurement team complete the Chartered Institute of Procurement & Supply Code of Ethics course annually.
  In 2024, we launched a dedicated ESG Academy using LinkedIn Learning, which offers content and learning pathways that reflect our sustainability commitments and focus areas. We also offered colleagues the opportunity to access an online webinar through our partner GreenTheUK on our sea kelp initiative (see below).
- **Employee communications** – We use our intranet and employee meetings to share information on our climate approach and progress. We also use Viva Engage as our internal social media platform to enable open discussion across the business. We use a dedicated Driving Good channel within Viva Engage across the year to engage our teams on climate and nature-related topics, providing the latest research, inspiration, and information, opportunities for colleagues to engage in our activities, and ways to celebrate our successes and progress. In 2024, employee content included information about our ClimateWise membership and performance, volunteering opportunities with our environmental partners, Brake Kids Walk, GreentheUK Sea Kelp webinar, world environment day and our cycle-to-work scheme.
- **Employee volunteering** - During 2024, we continued our volunteering programme to provide employees with the opportunities to directly support work on climate and nature issues. Employees are given the option to spend up to two paid days volunteering per year. Through our partnership with The Conservation Volunteers and GreenTheUK, employees have the opportunity to directly participate in a range of biodiversity initiatives, including tree-planting programmes, and personally contribute in carbon capture and sequestration activities. In 2024, our employees contributed 50 days of volunteering time to important causes.
  - Colleagues are also able to choose to support local initiatives which they are interested in, with colleagues completing activities that included a local beach clean and work to support the Surrey Downlands Partnership at Nork Park.
  - In 2025, we encouraged colleagues to sign up their child(ren)'s school or youth group with Brake's Kids Walk, supporting children's right to demand safer, cleaner journeys to school. We also ran a road safety poster design competition for colleagues' kids aged 4-11, with a chance to win a £250 Halfords voucher.
- **Employee benefits (pension)** – Our pension provider, Scottish Widows, fully embraces responsible investment practices, allowing them to manage risks and returns in a more effective way to safeguard their customers' long-term savings. They

aim to prioritise investing in companies that are working hard on things like reducing their impact on the environment and improving people's wellbeing. They exclude companies that are causing severe harm to the planet or society. They have set the following targets:
    - 2025 - increase investment in companies adapting their businesses to be less carbon-intensive and developing climate solutions
    - 2030 - halve the carbon footprint of our investments
    - 2050 - target of net zero across the entirety of Scottish Widows' investments
- **Employee benefits (electric vehicles)** – We support our colleagues to switch to EVs. We offer employees cost-effective, tax-efficient access to electric vehicles through a salary sacrifice scheme. We now have 84 employees who have purchased EVs through the scheme. In addition to encouraging colleagues to switch to EVs, we have also maintained our fleet of seven EV or ultra-low emission hybrid company vehicles. We have EV charging points in our Reigate and Glasgow offices to support our EV driving colleagues.
- **Employee benefits (local community)** – We support our colleagues to engage with local community and national environmental activities. We recognise and encourage colleague engagement on days such as World EV Day, Bike Week, and Cycle-to-Work Day.
- **Employee benefits (cycle to work)** – This offers a tax-efficient way to purchase a new bike through salary sacrifice.
- **Employee charitable giving** – We support colleagues wishing to make more of a personal, positive impact via a matched giving scheme, where charitable donations are deducted from salary at source and are matched up to £50 per month by esure Group. In 2024, £63,219 was donated to charities (encompassing both colleague donations and matched amounts).

<u>Environmental charitable programmes</u>
We identify and support partners who are working on environmental topics in line with our areas of focus. Our charitable focus includes supporting:
- **Climate resilience**: Including using nature-based solutions to reduce environmental and social impacts of flooding
- **Nature improvements**: Including enhancing the resilience of UK biodiversity to climate change
- **Reducing environmental impacts of homes and vehicles**: Including supporting campaigns to reduce road speed as a key driver of reducing vehicle emissions
- **Supporting citizen engagement on environmental issues**: Providing opportunities for our colleagues, communities and customers to engage in environmental action

Our work with charity partners includes:

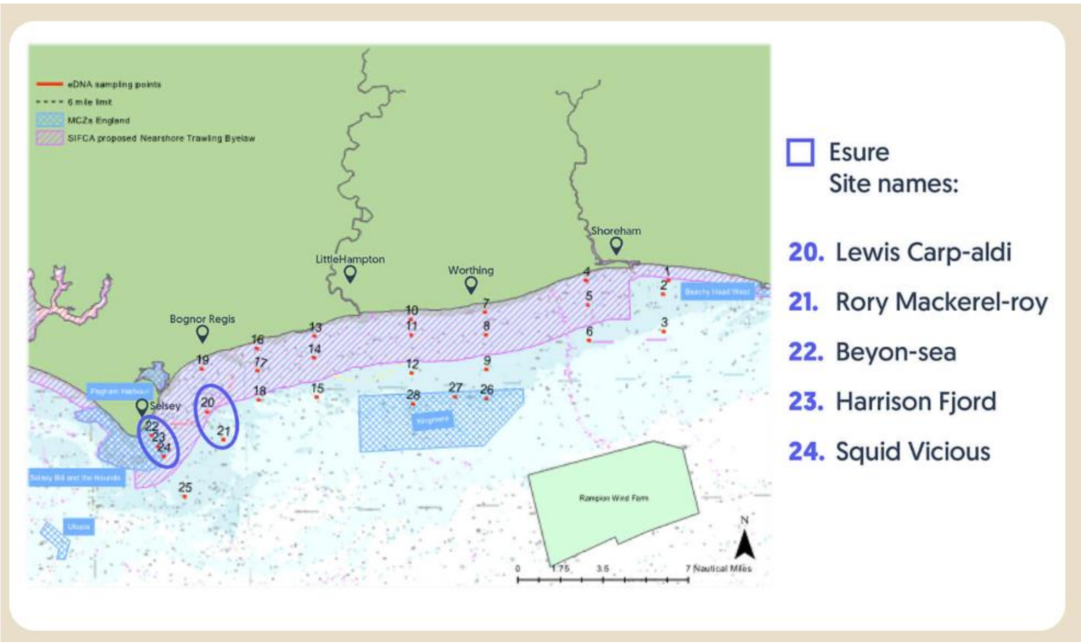
GreenTheUK: We partnered with GreenTheUK to continue supporting nature and biodiversity-focused projects in 2024/5.

- **B-Lines with BugLife - supporting pollinators**: Since 1940 the UK has lost ninety seven percent of flower rich meadows and hundreds of pollinator species are in decline. Our local wildlife finds itself in isolated oases, walled in by agricultural land, urban landscapes, roads, and gardens. Through GreenTheUK, we're supporting BugLife to restore 'B-Lines' – a network of insect pathways created from restored and new wildflower rich habitats. These insect 'super highways' will extend across the whole of the UK, allowing wildlife to move freely through our countryside and towns.

  In 2023 we committed to support 60,000m² of wildflower planting which was undertaken at 5 separate sites. Where possible, we have tried to align planting in areas close to our office locations, with planting to date being close to our offices in Manchester and Reigate in Surrey.

  In 2025 we have signed up to support a further 20,000m² of wildflower planting which will be delivered in Autumn. For further details of the restoration projects visit: https://greentheuk.com/projects/esure%20supported%20the%20planting%20of%206%20hectares%20of%20wildflowers%20in%20the%20uk%20in%202023/

- **Sea kelp**: We chose to support action towards protecting marine life in 2023, by sponsoring 5 kelp restoration survey sites on the Sussex Kelp Recovery Project. We worked with GreenTheUK to fund innovative research led by Blue Marine Foundation and University of Sussex. The esure survey sites, named through a combination of a colleague vote and a vote on our corporate LinkedIn page, are: Squid Vicious, Lewis Carp-aldi, Rory Mackerel-roy, Beyon-sea and Harrison Fjord. In 2024, we are continuing to support Sussex Kelp Recovery by supporting another 5 survey sites.



For further details of our work to support sea kelp, and the results of the survey work undertaken, visit: https://greentheuk.com/projects/esure%20supported%205%20kelp%20survey%20sites%20along%20the%20sussex%20coastline%20in%202023/

- Crab and Lobster Survey sites. As a new addition for 2024/25, we committed to support the work of the Blue Marine Foundation and Sussex Kelp Recovery project for 3 crab and lobster survey sites along the Sussex coastline. The Nearshore Trawling Byelaw (NTB) came into effect in March 2021 aiming to protect essential fish and marine habitats and support sustainable inshore fisheries. We are supporting GreentheUK's long-term programme of potting surveys to understand the impact of the Byelaw on commercial crustacean fisheries, specifically the European lobster and brown crab (also known as edible crab).

  For further details and the results of the survey work undertaken please visit: greentheuk.com/projects/esure-group-supported-3-crab-and-lobster-survey-sites-along-the-sussex-coastline-in-2024/

Progress against 2024 planned activities:

- *We continued our partnership with The Conservation Volunteers to support our Plant a Tree proposition for customers forgoing a courtesy car.*
- *We launched donation stations across all three esure offices to support our corporate partner, Shelter. We encouraged colleagues to take part in seasonal donation drives throughout the year. For example, we ran a school clothing campaign in the summer and a winter clothing campaign.*
- *We continued our partnership with GreenTheUK to support the sea kelp survey sites and extended the partnership to include Crab and Lobster survey sites.*

Planned activities:

- Volunteering days for up to 30 colleagues with GreenTheUK to support B-lines and wildflower planting in summer 2025, a new addition to our partnership with GreenTheUK.
- Volunteering days with The Conservation Volunteers to support work to support biodiversity within protected habitats for colleagues and suppliers.

Value Chain

2.3 Understand and disclose the sources of emissions and adverse climate- and nature-related impacts on our value chain, that might in turn impact our business.

<u>Our supply chain</u>

We use a range of suppliers across our business. Most of our supplier activity relates to support for our delivery of insurance products. These include:

- **Motor** – network of body shops and repairers, roadside assistance providers, vehicle salvage and recycling providers, motor glass, technology suppliers and automotive engineers.
- **Home** – Our domestic property restoration and repairers, salvage, loss adjusters and building surveyor services, drainage, glazing and suppliers of household goods and technology suppliers.

Other major suppliers include providers of group services, including information technology providers.

<u>Our supply chain carbon footprint</u>

In 2024 we continued our work to directly engage our most carbon intensive suppliers to deepen our understanding of our carbon footprint and to better understand the challenges and opportunities on our decarbonisation journey. This work is part of our approach to ongoing continuous improvement of the quality of carbon footprinting of our supply chain emissions. It allows us to engage and support our suppliers, as part of regular ongoing dialogue, to ensure they progress their decarbonisation efforts in line with our ambitions. This engagement also allows us to identify new ways of working and opportunities to reduce our footprint through our supply chain.

Our footprinting work identified that our supply chain accounts for 12.1% of our carbon emissions. Our motor claims business accounts for 62.6% of our supply chain emissions, with home claims accounting for 25.7% Our marketing and IT spend accounts for approximately 1.9% of supply chain emissions. Our top three suppliers represent over 39%% of our supply chain emissions.

Through this work we collected primary carbon emission data from suppliers representing 69.7% of our purchased goods and services' carbon emissions.

	2023		2024	
Supplier Category	Carbon footprint (tCo2e)	%PG&S Carbon Footprint	Carbon footprint (tCo2e)	%PG&S Carbon Footprint
Motor Claims	10,894	69.50%	8,925	62.60%
Home Claims	2,187	14%	3,666	25.70%
Other	2586	16.50%	1,664	11.70%
Total	15,667	100%	14,255	100%

*Restated PG&S 2023 number to reflect improvements to supplier spend data methodology

Our value chain nature footprint
During 2024/early 2025, we continued our work to identify and prioritise our nature-related impacts across our value chain. Our work included:

- Reviewing industry guidance on nature impacts across financial services, motor and built environment sectors.
- Commissioning an external agency to present a series of nature workshops across different teams, to boost understanding of Nature and consider its implications for our business
- Identifying priority nature impacts of our activities across our value chain.
- Prioritising impacts based on the magnitude of impacts, including how widespread impacts are, the intensity of impacts and our ability to influence outcomes.

Nature impacts of our activities identified included the potential for nature impacts of:

- The use of vehicles we insure (including noise and water impacts)
- Motor repairer waste
- The nature impacts of our Investments
- Land use by salvage, repairers and hire car companies
- Subsidence remediation impacting on garden tree cover

We also identified the potential to influence nature impacts through the repairability approach we take. This includes the potential to reduce nature impacts associated with the manufacture of new materials by improving repairability. We identified enhancing the repairability and / or recycling of EV batteries as a key opportunity.

Implications of climate for our value chain
The management of climate related risk and opportunities, together with the delivery of our climate strategy, has important implications for our supply chain. We map the implications for our supply chain in section 2.4.

2.4 Advocate and engage across the supply chain to encourage our suppliers to improve the environmental sustainability of their products and services, and understand the implications these have on our business.

<u>Our supply chain emission reduction targets</u>
Our target is to achieve net zero by 2050 and this guides our supply chain strategy and our work with our suppliers. Our supply chain emissions make an important contribution to our overall scope 3 emissions. We review our supply chain carbon emissions reduction progress against the Association of British Insurers' Climate Change Roadmap.

<u>Our approach to decarbonising our supply chain</u>
Our work to decarbonise and promote the sustainability of our supply chain is embedded within our supply chain process, from working to define lower carbon approaches, to establishing expectations of suppliers in tender processes, to our ongoing supplier management.

Our approach to decarbonising our supply chain starts with quality conversations with our supplier partners about actions to reduce their climate impact and improve the carbon-efficiency of service delivery. We have established a decarbonisation programme in our home and automotive supply chains.

Our approach, aligned with our climate strategy, is to:

- **Reduce supplier carbon emissions**: We are working with our suppliers to reduce carbon emissions. We are taking a phased approach and focusing our reduction activities where we have greatest impact, focusing on our key suppliers which make the most significant contribution to our supply chain emissions.

  We are working with our industry partners and suppliers to design and implement a standard that will drive decarbonisation of our bodyshop repair network. The Accident Repair Industry Environmental Standard (ARIES). ARIES is a sector-specific environmental framework developed to replace PAS 2060, which is being phased out by the end of 2025. It aims to drive carbon reduction, sustainability, and efficiency in the accident repair industry. ARIES provides a clear pathway for repairers and supply chain partners to measure, reduce, and demonstrate their environmental impact. We will use the new ARIES framework to establish requirements for our repairer network. Insurers and work providers have committed to continue to pay the existing levy on each repair to repairers who have committed to this standard. Under ARIES, this fee must be used to invest in training, technology, equipment and systems in the repairer to reduce carbon. Repairers will be independently audited, and annual reports will detail carbon footprint and track repairers' reduction in carbon.

  From our ongoing work with our repairers, we know that our repair network is already reducing carbon emissions. We actively encourage customers to use our network for their repairs and have set targets for the volume of repairs that go through our bodyshops. We also continue to work with those few bodyshops on our wider network to encourage them to decarbonise. We are providing advice and support to help our suppliers in their journey to emission reduction. This includes connecting our bodyshops with energy management consultants who are providing advice on energy reduction priorities including energy efficient tools and lighting systems.

- **Enhancing repairability**: We carefully track the volumes of vehicles repaired and those designated a total loss. As technology in vehicles increases we have seen a significant increase in repair costs and an increase in the proportion of damaged vehicles that are not economical to repair. Building capabilities and standards to improve repair is a key opportunity to reduce carbon emissions, particularly in newer areas like EV batteries where repairability decisions have very significant environmental consequences. We are actively working with our value chain and industry partners to seek opportunities to improve circularity and reduce waste in motor repair.

- **Decarbonise service delivery**: Digitising and improving the efficiency of our services both improves our customers' experience and also provides opportunities to decarbonise our services. We continue our journey to improve efficiency and digitise our service delivery, reducing and eliminating costly and emission intensive travel to our customers' homes. We continue to enhance our use of digital remote validation of claims to reduce the need for surveyors to travel to insured homes. We use dynamic scheduling to improve routing efficiency and are piloting new digital tools that provide services to quote for replacement products. We have conducted 605 virtual flooring assessments in 2024, which constitutes a saving of 48,235 miles.

- **Decarbonising subsidence claims**
  During 2024 we worked with our suppliers to explore and plan approaches to reduce the environmental impact of our subsidence claims. In Q2 2025 we deployed two pilot approaches which are designed to minimise our travel to customer sites and reduce the need for disturbance at our customer properties, while improving outcomes for customers.
    - Satellite monitoring: Assessing subsidence requires careful monitoring for movement at customer properties. Normally monitoring requires site visits to evaluate changes to the property over a period of 12-24 months. This requires multiple trips to customer homes. We are now trialling the use of satellite monitoring to remotely track subsidence related changes to customer properties. We expect this to dramatically reduce the need for travel to assess customer claims.
    - Electrokinesis: We are trialling the use of Electro-Kinetic Stabilisation (EKS), a low carbon alternative to subsidence repairs. Traditional remediation for subsidence claims can require significant, carbon intensive, work at customer properties including the removal of trees and underpinning of the property (and the associated excavation and use of materials including concrete and steel). EKS uses electrical currents to alter soil properties and stabilise clay soils without the need for excavation or underpinning. Our partner estimates that the use of EKS can save 10.8TCO2 per claim while preserving urban tree cover.

- **Electric vehicle-enabled network**: Inspiring change in customer behaviour is a key part of our Climate Strategy. We want to encourage customers to make more sustainable choices and support those transitioning to Electric Vehicles. We recognise that the transition to electric vehicles will mean that the needs of our customers are changing. We have adapted our network to meet the needs of electric vehicle customers, including ensuring we have the EV repair capabilities required and providing electric courtesy vehicles. Every esure branded bodyshop is EV enabled. We have supplementary networks to enable specialist EV repair as needed. We actively map EV claims to understand the proximity to our EV repair capabilities and continue to expand the reach of our network. To drive knowledge and skills we gift part of our Apprenticeship Levy funding to support apprenticeships in our repair network. In 2024 we supported 4 apprenticeships and are looking to do similar in 2025.

- **Supplier engagement**: We identify and engage directly with our top 20 emitters within our supply chain, gathering information on their emissions, targets, plans for decarbonisation, engagement with SBTi and renewable electricity usage. We use the results of our supplier footprinting to engage with our suppliers. Our supplier relationship managers share the results with suppliers in their regular supplier review meetings and use the findings as a benchmark to help them improve. Climate change, environment and sustainability form part of the esure Procurement process. Our buying community and key selected SRM's in the Home and Motor Business Unit complete the Chartered Institute of Procurement & Supply (CIPS) Ethics training. Our supplier Governance Manager completed the Chartered Institute of Insurance Certificate on Climate Risk. We recognise that there are a number of areas where we can help our suppliers improve by changing the way that we work and the requirements we specify. We continue to explore opportunities and the changes that we can make. We also recognise that some of the challenges and opportunities identified to accelerate decarbonisation will require work on an industry or system level. We look for opportunities to engage, together with our suppliers, to lay the conditions for further improvements. This includes working with our suppliers to pilot new approaches and ways of working to reduce carbon emissions.

- **Incorporate ESG and climate action into our procurement process**: We engage on environmental, social, governance and climate issues with the wider supply chain as part of the ongoing supplier processes. We have embedded modules on these topics on the Hellios supplier management system. 54% of our Material suppliers, 59% of our Tier 1 and 49% of our Tier 2 suppliers are fully signed up and ESG reports available. We have an overall 40% coverage of all our suppliers. This enables us to track the decarbonisation progress of our suppliers on the system - including which suppliers have set Science Based Targets, which are using renewable energy, and which suppliers have plans to do this in the future. We are using the information to understand where there are gaps in action in our supply chain and where we can provide support and incentives for our suppliers to do more. The Hellios tool provides feedback directly to suppliers on their top 3 strengths which are driving positive results, and the top 3 areas for improvement where similar companies are performing better. It also provides the top 3 areas for improvement which have the biggest impact on their results due to the weighting of the analysis.

  Carbon reduction forms part of our tender processes. We inform all new suppliers participating in our tender process of our commitment to help the UK become a sustainable, low-carbon economy and our targets to be net zero by 2050.

  For new suppliers who have participated in our tender process, we request information on their approach to managing carbon emissions in their business. We regularly review and enhance the information we request. For example, in 2025, we introduced a biodiversity question to our tender templates. We seek to understand whether bidders have:
    - ESG embedded within business strategy
    - Quantified Scope 1&2 carbon emissions
    - Offset 100% of residual Scope1&2 emissions
    - Quantified Scope 3 carbon emissions
    - Re-quantified carbon emissions annually
    - Committed to a net zero target

- Built a transition plan outlining how they will achieve net zero by their target date
- Interim carbon emissions milestones
- Shared targets and carbon emissions reductions plans with their supply chain, and whether suppliers have committed to support delivery of emission reduction targets.
- Approach to biodiversity and ecosystems, including environmental policies or documented procedures

The answers to these questions contribute to the scoring for our tender evaluation. In 2024, we increased the ESG weighting to 10% of the score. We also adjust this weighting to 15% where our suppliers provide support in a carbon intensive area. Gathering this information gives us invaluable insight into our suppliers' plans and enables our supplier relationship managers to start and maintain a dialogue around our respective climate-related initiatives.

- Our supplier climate data shows us that: 16% of all esure suppliers have signed up to SBTI; 81% of our top 21 most carbon-intensive suppliers and 36% of our top 121 carbon suppliers have signed up to SBTI
- 51% of our Top 121 suppliers use renewable energy.

- **Supplier performance management**: Alongside the measures we use from our Hellios tool, we integrate climate related measures into our ongoing monitoring and evaluation of our supply chain. The metrics we track include:
    - **Repair over replace**: The volume of claims that we treat as repairs, rather than replacement of goods. In our motor portfolio, our Approved Repair Network repaired 26% of all opportunities where a new body part would alternatively have been used. We are continually working with our repairers and others in the market to find new innovative solutions to repair parts rather than replace. This is becoming increasingly challenging as new vehicle technology limits parts that can be repaired (particularly those associated with ADAS technology such as sensors and radars)
    - **Green part usage**: The esure Approved Repair Network fitted 4,104 recycled parts in 2024, which equated to 2.4% of all parts fitted. We aim to increase this to 3% in 2025. As demand across the industry grows for recycled parts there are challenges in availability of parts, which is also constrained by reduction in accident and claims frequency. New vehicle technology is also constraining recycled part availability as reusing parts will not always be a safe option. For example, ADAS components (Advanced Drive Assistance Systems) can often only be replaced with new equipment. We are talking to new suppliers with the aim of expanding the network of suppliers in 2025 to assist in providing more opportunities to obtain recycled parts.

Our suppliers are also experimenting with approaches to carbon measurement that will enable us to better track carbon emissions associated with our activities. We now use calculators, provided by suppliers to allow us to estimate emissions associated with the activities in a number of specific areas of their work. This is helping us to understand the cost-benefits of different approaches and to make informed decisions about investments in different approaches to repair and identify trade-offs between costs and carbon emissions.

- **Our low carbon repair network:** We are proud to be able to offer customers services through our low carbon esure repair network. PAS 2060 is being replaced by ARIES as the carbon reduction framework for the motor repair industry. We are working with our partners to develop and support the roll out of the new framework. We are aiming to transition our Platinum network of bodyshops to the new framework and will actively promote customers to use our network. 85% of vehicle repairs now go through one of our Platinum bodyshops. We are aiming to get to 90% of repair volume through our Platinum network (and 99% volume through of total network), engaging our customers through their claims journey, both online and call centre, and monitor this KPI and target on an ongoing basis.

- **Incentivising customers to take lower carbon options:** The decisions that our customers make can have a significant impact on the climate impacts of our services. We are working to identify these key decision points and to find ways to incentivise our customers to take the lower carbon option. Our programme to incentivise customers to forgo a courtesy car while their vehicle is being repaired works in partnership with The Conservation Volunteers, to plant a tree on the behalf of every customer who forgoes the additional car. In 2024 we planted 915 trees and since the program started in 2022, we have planted 1950 trees on behalf of customers.

  We encourage customers to use our digital platform to self-serve and settle contents claims. 60% of customers report Home claims digitally online. We offer cash settlements where possible as an opportunity to reduce the need for replacement products.

- **Support the development of a circular, low carbon, supply chain**: We believe that creating a circular supply chain that keeps valuable materials in use for as long as possible is best for our customers and for decarbonising our supply chain operations. We have identified a number of action areas to develop lower carbon circular supply chains in our home and automotive insurance offerings:
  - **Developing circular infrastructure and systems**: We recognise that there is work to do to establish the capabilities we need in the UK to support the development of the circular economy. We are working with our suppliers to continue to develop a sustainable, circular market for green car parts
  - **Repair rather than replace**: By repairing rather than scrapping damaged vehicle parts and household property we can reduce the carbon emissions from our services. Not only is repair better for the planet, but it is also often better for our customers. We are working with our home and motor suppliers to ensure that they are maximising the potential of repair services to reduce the need for new parts or household goods. Our repair partners are establishing incentive structures to encourage their contractors to repair rather than replace goods. We repair and restore furniture and flooring where possible. We now repair 4% for flooring and furniture and 7% repair for electricals (Phones, computers, brown & white goods) and we are continuing to encourage uptake moving forward. esure’s vehicle repairers also work with

esure to repair, rather than replace parts. During 2024 esure Approved Repair Network repaired 26% of all opportunities where a new body part was required. In Q4 2024 we rolled out specialist training in plastic repair technology to some of our repair network, and this will continue to be rolled out across the Repair Network in 2025. Our aim is to repair more plastic components such as bumpers and headlamps which would normally end up in landfill sites.

  - **Recycling of insured goods**: Where insured goods cannot be repaired, recovering valuable parts and materials through salvage and recycling can make a significant contribution to carbon emission reduction. We work on this across our home and automotive supply chain. In our automotive operations we have been working with our suppliers to ensure that cars that have been written off are used to salvage recycled parts for use in the secondary parts markets. In this way we are helping to improve the supply of recycled parts.
  - **Using recycled parts**: The use of recycled car parts helps create a circular economy for vehicle parts in the UK and reduces the carbon footprint of vehicle repairs. We are working with our suppliers to increase the use of recycled car parts for repairs in non-safety-critical applications, including vehicle doors, tailgates, lights, gearboxes, engines and bumpers. We have established a UK-wide programme by working with suppliers to enhance the availability of parts, building a distribution network and establishing appropriate standards. Recycled parts now account for 2.4% of all esure parts fitted, which is an increase from 1.6% in 2023 as we added more parts suppliers to the network. This is slightly behind our target ambition but market challenges have had a small impact on achieving target for 2024. In all there were over 4,100 recycled parts which equated to a saving of 211,220 KGCO2 saved.

- **Reducing mileage through our supply chain**: We work with our suppliers to reduce carbon footprint through miles driven. Encouraging damage assessments to be carried out virtually wherever possible. In 2024, we conducted over 600 digital flooring inspections, compared with 96 physical, in person assessments, saving over 48,235 miles driven.

- **Using lower carbon products**: We are working with our networks to explore opportunities to use lower carbon products. In our home network this may include using building materials with lower embedded carbon, or products that enhance operating efficiency of customer homes (e.g. better insulation).

Our progress against 2024 planned activities:

- *We continued to drive green parts and repair over replace for motor*
- *We continued to work to drive an increase in windscreen repair ratios*
- *We increased the ESG percentage weighting for suppliers onboarded by tender*
- *In 2025, we introduced a biodiversity question to our tender and tender templates and supplier sustainability questionnaire*
- *Introduced an ESG questionnaire for Material Tier 1 and 2 suppliers onboarded without a tender*

2025 planned activities:

- Continue to drive green parts and repair over replace for motor
- Continue to drive increase in windscreen repair ratios
- Continue with Forgo Courtesy Car Plant A Tree Scheme
- Work with the wider industry to explore opportunities for EV Battery repair and recycle opportunities
- All esure Platinum repair network to be signed up to “ARIES” standard
- Embed Satellite Monitoring and EKS within management of Subsidence Claims subject to the results of the pilots
- Reduce mileage for vehicle recoveries, by taking to the right place first time
- Encouraging suppliers to look at alternative fuels for their own fleets (recovery agents, glass repair).

Innovate & Advocate

2.5 Support and undertake research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate- and nature-related issues.

Understanding of climate-related issues is evolving rapidly. We work with our partners to support research to inform our business strategies and products and services. This includes:

- **Understanding the changes to our climate and nature impacts**: Having up to date information on climate and nature issues helps us to shape the decisions we make about our underwriting and risk management. We use information from third party experts to understand the potential for catastrophic weather and climate-related events and the potential impacts. This includes applying academic research to inform our approach. We carefully track the output of key research organisations, including the Office of National Statistics, Department for Transport and the Office of Zero emission vehicles to enable robust forecasting and understand how we could incentivise our policyholders to address climate related risks and opportunities.

  We have undertaken a thorough review of the impact of weather events, informing a communication strategy to our home and motor customers about their increased/heightened exposure at appropriate moments – this includes tips on driving on flooded roads to mitigate the risk and giving our policyholders early warning of potential storm surge events in their area; enabling them to protect their assets.

  We use research to inform our approach to underwriting and pricing risk by incorporating different risk factors into our rating and risk acceptance approach – such as the use of factors designed to help property insurers establish the risk of flooding, we are using to inform the risk of water damage to a vehicle.

- **Understanding financial market impacts** – We have made significant progress in improving the quality of data relating to our investment portfolio, working with our investment managers and other partners to understand how climate and nature-related issues are impacted by our investment holdings and to quantify the emissions associated with our holdings. We use research to inform our regular strategic asset allocation review which shapes our investment decision making and policies going forwards. We explore best practice and different methodologies for assessing climate and nature risk with our investment managers and third parties, including the use of carbon emission reporting, implied temperature rises, and science-based targets.

In 2024 our work has included gathering initial information on the nature-related exposures in our investment portfolio in order to inform further analysis to understand our financed nature related impacts and risks.

- **Understanding customer needs** – We work to continuously adapt our products and services to better meet customer needs, including to support customers as they look to reduce their carbon emissions (for example by switching to electric vehicles). We contribute to research at an industry association level and use academic research to inform our approach.

  In 2024 we conducted market research with EV customers to inform the ongoing development of our approach to the EV market. We conducted interviews with EV customers to understand behaviours and attitudes towards using EVs and their experience on purchasing EV insurance products. The research highlighted the needs, experiences, and expectations of EV owners, offering clear opportunities for insurers to stand out in this growing market. The key finding from this work was that customers look for insurers who deeply understand the EV marketplace. Opportunities identified included personalising the insurance journey, tackling concerns around range anxiety and charging infrastructure, and providing reassurance on battery protection and out of charge cover. We have made adjustments to our customer journey to reflect the findings.

  We use the ongoing feedback our in-house Customer Research teams provide to ensure we have propositions that reflect customers' needs and expectations. If research identifies specific consumer concerns/opportunities relating to climate, we are very well placed to quickly identify these and respond to them.

- **Developing lower carbon and lower nature impact practices** - We work with our suppliers and other experts to explore how to reduce the carbon and nature impacts of our products and services. We use carbon calculators developed by our partners to explore the footprints of different remedial activities, including considering the footprint of different tree management approaches to manage subsidence, and are piloting a novel electrokinesis approaches to change the composition of the soil to reduce subsidence risk. We also worked with local authorities to understand the trade-offs in the carbon impacts of managing subsidence with the nature benefits of maintaining tree canopy cover. We use and contribute to industry research which explores how supply chains can evolve to deliver more sustainable outcomes. This includes identifying gaps and opportunities in circular markets for products.

In 2024, we identified with our motor supply chain emerging challenges in the circularity of the vehicle repair market. EV batteries have particularly intense impact on carbon and nature in manufacture and we are concerned that policy, guidance and practices are insufficient to deliver on the needs for circular solutions in this critical area. Ensuring longevity of the useful battery life is critical to ensuring that EVs deliver climate benefits.

We are working with Thatcham Research to understand the issues associated with circularity in EV batteries including the actions necessary to promote repairability, recycling, reconditioning and secondary markets. We are investigating a joint piece of research with Thatcham Research on how we can ensure that electric vehicles average life expectancy is at least 12 years old, which is the current estimation of longevity required for an EV to be carbon neutral. We are also starting engagement with our supply chain to explore collaborative projects to address this important issue.

- **Exploring novel underwriting approaches**: In 2024 we continued to explore opportunities to use better data on climate and nature issues to improve our underwriting and help incentivise lower impact customer behaviours. This included continuing the analysis of the impact of 20MPH limits on road safety in a number of geographies, and the improved use of arboreal indices to understand the coverage of foliage around properties, the proximity to insured properties and soil types.

- **Research to better understand our impacts**: We recognise and will continue to identify opportunities to use research to better understand the climate and nature impacts of our services.

- **Research to explore potential to extend cover to novel technologies**: We continue to assess the evolving landscape within home insurance. Technology continues to bring new opportunities and we endeavour that our products provide cover for climate friendly market solutions like solar panelling, modern methods of construction, heat pumps and sustainable technologies.

We recognise that we can play an important role in driving economy-wide transition to a low carbon, nature positive UK. Our approach is to focus on the following areas:

- Provide the insurance services that home and motor customers need to be resilient to the changing climate
- Provide the insurance services that home and motor customers need to transition to a low-carbon and nature positive UK
- Establish a low carbon and nature positive supply chain and contribute to the development of the infrastructure needed to make homes and motor vehicles sustainable
- Supporting our customers to transition by driving lower carbon and nature positive behaviours
- Promote a fair transition by ensuring access to affordable low-carbon and nature positive services for UK customers
- Supporting the development of novel home and automotive technologies and practices that protect nature and reduce carbon emissions

- Working with our industry partners to advocate for the policies that can drive economy wide decarbonisation of our homes, motor vehicles and the associated supply chains

<u>Advocating to support the transition to EVs</u>
As part of our work within multiple ABI groups, we are advocating for Electric Vehicle policies to address the following topics:

- Addressing the shortage of EV-qualified mechanics. The ABI are projecting a significant deficit in qualified mechanics that may increase the cost of repair and cost of insurance and the long wait times may discourage EV ownership. We are highlighting to government that there is a role to play in better funding and facilitating the reskilling and retooling of the repair sector to ensure it can cope with an increasingly electrified fleet and growing demand.
- The battery is the single most expensive component of an EV. Lithium-ion (Li-ion) battery prices have reduced quite significantly over the recent decade.
- The insurance industry has called for systems to be established that help diagnose both the battery cell health and capacity, which would give a more accurate estimate of lifetime costs and insurance costs.
- Establishing a system of battery recycling or reuse could also help reduce costs and ensure that residual value is passed back onto customers.
- There are also supply chain considerations that may affect the availability of parts and hence the cost of claims and premiums. For instance, batteries are primarily made by companies outside the traditional auto supply chain. This may change as EV adoption becomes more widespread and more mid-range and budget EVs come onto the market.

All stakeholders have a responsibility to contribute to a nuanced and fact-based discussion on EVs, to dispel misinformation, e.g. fire risk, range anxiety. The insurance industry has urged government to foster continued collaboration among stakeholders, including insurers, vehicle manufacturers, and local authorities, to ensure safe, economical, convenient, and equitable access to vehicle charging. A robust charging network not only encourages more people to make the switch to EVs, but also bolsters confidence in their practicality.

2.6 Promote and actively engage in public debate on climate- and nature-related issues and the need for action by publicly communicating our beliefs and strategy on climate- and nature-related issues and providing support and tools to our customers/clients so that they can assess their levels of risk.

<u>Engaging our customers on the need for action on climate and nature</u>

As an insurer, we support customers to protect their homes and vehicles from the effects of extreme weather, and to recover and repair from the impacts of climate change when the worst happens. That means we have an important role to play in helping our customers understand the need to transition to a low carbon economy, to choose climate-friendly options for their home and vehicles, and to take action when extreme weather is forecast.

Our customer climate communications' objectives are to:

- Help customers to manage the risks to their homes and driving associated with the changing climate;
- To inspire behaviour change and support our customers in taking action to reduce their carbon footprint;
- Inform our customers of the work that we are doing to reduce the esure carbon footprint;
- Shape customer behaviours to reduce the carbon impact of the services that we provide them;
- Engage our customers in the need for system-wide change to address climate change.

Our communications are structured around an annual communications calendar that integrates climate change and nature issues into our ongoing communications across all channels.

Our corporate communication is centred around our Group website. We have detailed information on our climate strategy on our dedicated Sustainability pages. This section sets out our target, together with outlining our action areas and progress to date. The website clearly states our belief that unmitigated climate change is a key risk for the insurance industry, as well as a systemic threat to society. We have also incorporated information on our climate strategy within the website and will continue to make the non-confidential elements of our ClimateWise disclosure public on the website annually, on an ongoing basis. Our corporate website is a key source of information for media, investors, customers & talent.

Recent customer communications include:

- **Website content** – We publish blog content on our Retail website that communicates our point of view on the climate and related impacts this may have for our customers, alongside our related initiatives and targets. The retail website is a key "shop window" for new customers as well as being an important destination for our existing policy holders looking to access their policy documents and/or make a claim. We typically see over one hundred and fifty thousand unique visitors to our site each month and have deliberately made this content clickable from the homepage to boost its prominence. In 2024 we published information on our website to support EV drivers, including guides about batteries and charging. We also have published guides to help customers to make their homes more sustainable, including top sustainable tips, and information regarding energy saving devices.

- **Regular LinkedIn communications** – Our corporate narrative includes our ambition to play our part in supporting a more sustainable, safer world. We have an active social media strategy and use LinkedIn as a key channel through which we reach customers, colleagues, talent and industry peers. We maintain a drumbeat of social media posts throughout the year on environment and climate related topics. In 2024/5 this included:
    - Colleague volunteering: A series of LinkedIn posts highlighting our colleagues using their paid volunteering days to support the environment. The posts

include our teams supporting our tree planting partner TCV, our Green the UK partnership's Bug Life programme and the Marine Conservation Society.
    - Circular economy: Providing Collecteco with pre-loved office furniture and equipment from our Manchester office move, which they distributed to good causes in the Manchester area.
    - World ocean day: Sharing our partnership with GreenTheUK to support sea kelp restoration and crab survey sites
    - 20mph speed limit: Sharing the impact of the introduction of 20mph default speed limit in Wales on accidental damage claims and insurance premiums, which also has impacts on air quality.
    - ClimateWise: We shared the news of the publication of our Annual ClimateWise report and information on the publication of the ClimateWise principles report.
    - Improving road safety: We shared information about our partnership with Brake, the road safety charity.

- **Inform our customers of climate-related risks**
  We boost customer awareness of climate-related risks and help customers to manage these risks by communicating weather warnings – for example, frost or storms – through email and social media. We deliver a regular drumbeat of communications through our marketing channels.

  We help customers to manage acute climate-related risks by communicating weather warnings – for example, frost or storms – through email and social media. We advise customers on ways to keep their homes safe and protected. We also communicate with customers (and colleagues) on safer driving. As well as improving road safety, this campaign aims to reduce fuel use through economical driving.

Update on 2024 planned activity:
- *We continued to maintain a consistent drumbeat of sustainability-related comms within our LinkedIn activity, aimed at influencing colleagues, peers and customers.*
- *We continued to integrate sustainability content within our engagement email programme, providing our customers with help and guidance as to how they can reduce their personal impact on climate and nature.*
- *Our Annual Report & Accounts clearly state our views on the climate emergency and the systemic threat it poses. We continued to voice this stance and the related need for greater action and supporting public policy.*

Planned activity:
- We will continue to maintain a consistent drumbeat of sustainability-related comms within our LinkedIn activity, aimed at influencing colleagues, peers and customers.
- We will continue to integrate sustainability content within our engagement email programme, providing our customers with help and guidance as to how they can reduce their personal impact on climate and nature.

Our advocacy

- Within our Annual Report & Accounts we take the opportunity to voice our views on the systemic threat posed by climate change. We also clearly state that increased public policy support is needed to drive vehicle decarbonisation at the rate required to hit a 50% reduction in Underwritten emissions by 2030.
- Our financed emissions include a significant portion of government bonds. Again, we call out the need for government action to drive nationwide decarbonisation in order to reduce the intensity of these holdings, recognising we have very limited direct influence over these assets.
- Also, within our Annual Report & Accounts, we called for greater clarity and consistency around methodologies for carbon accounting and associated disclosure.

2.7 Where appropriate, work with policy makers and share our research with scientists, society, business, governments and NGOs in order to advance a common interest.

esure Group recognises the importance of mobilising action across industry, government and civil society to support the transition to a low carbon and nature positive economy and to manage adaptation to the changing climate. We are members of industry bodies, including ABI, the Association of British Insurers, and actively engage in discussions around climate change with the insurance industry. We carefully monitor the public policy positions of the industry associations we join to ensure that their work aligns with our climate and nature strategy.

We are active members of ABI working groups that focus efforts on specific areas of concern. As part of these working groups, we actively engage and input to consultations around public policy and regulations in areas including climate change, electric vehicle uptake and green finance.

We engage with the Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) and Information Commissioner's Office (ICO) directly and through the ABI on relevant climate related consultations. We have regular and ad hoc meetings with the regulators, attended by Board members and the Chief Risk Officer. We work with our partners, including industry bodies, to share information and inform public policy around climate-related topics. Our engagement with industry partners includes:

ABI:

- Electric Vehicle Network: We participate in the ABI's EV Network. The network is formed by UK member insurers and the ABI to examine and highlight the potential effects of electric vehicles (EVs) and other low emission vehicles and the UK Government's associated environmental policies on the motor insurance industry. The Working Group's role is to:
    - Assess the role that our industry can play in increasing the uptake of EVs and low emission vehicles
    - Seek to influence the UK Government's policies and strategies on this topic

    - Keep abreast of global and European regulations on this topic and their impacts on the UK
    - Engage with vehicle manufacturers to understand the EV and low emission vehicle market penetration, implementation strategies and new technologies; collaborate to drive the transition towards EVs and low emission vehicles
    - Engage in discussions around in-vehicle battery monitoring, battery integrity and post-collision fire risk, repair challenges, charging infrastructure and end-of-life and circularity opportunities
    - Understand the impact on the end user and help facilitate consumer education on, and accessibility to, EVs, low emission vehicles and charging with consideration for socioeconomic diversity and a focus on positive consumer outcomes
- In 2024 the EV Working Group has focused on the topics it wished to lobby to the Government/Department for Transport on. This has focused on UK infrastructure e.g. charge points and skills shortage. It has also led on the need for Battery health checks and second-hand market, to ensure EVs continue to play a significant role in reducing reliance on fossil fuels over the longer-term.
- The Motor Committee that esure is represented on, focuses its activity at organisation and societal goals:
    - Trusted by Customers – Delivery of initiatives that improve customer outcomes, relevance, understanding and trust to enable our sector to grow and better serve society
    - An effective market - A legislative, regulatory and tax framework that unlocks the potential of our sector to support customers and the economy in a global market
    - Invested in people and the planet - A leading, inclusive and responsible sector addressing the economic, health and environmental opportunities and challenges facing society
    - Operational Excellence – A comprehensive and dynamic suite of services and operations
    - A Great place to work - A highly motivated, happy, talented and empowered workforce, rewarded for results through salary, benefits and development
    - Financially resilient - Delivering value today but underpinned by the financial resilience that enables investment in our members' future priorities
- Vehicle Technology Working Group, of which we are a part, works to ensure the insurance industry is at the heart of the development of vehicle technologies. This includes the development of Advanced Driver Assistance Systems, Automation, Connected Car/Cyber, and Electrification. Ensuring that these technologies improve climate outcomes is vital, including establishing effective strategies for repair to enhance circularity.
- ABI Thatcham Car Group meeting is a monthly forum we attend, where we have input into how new vehicles to the UK roads are assessed, and early sight of risk issues. As a result of this knowledge, and as result of our new platform we are now able to add new vehicles to our available to quote list weekly. Through these ties we have taken early adoptions views on more EVs than we have previously, which helps our overall lower emission vehicles growth strategy.

- We are a member of the ABI Property Claims Working Group who meet to discuss impacts on Home claims, several of which relate to weather events including flood risk, extreme heat, freeze events, and subsidence risk.
- Sustainability: In 2024 we continued our engagement with the ABI's Chief Sustainability Officer to support the development of industry sustainability approaches and drive alignment around methodologies.

Home Insurance Industry Events: We are active participants of industry events related to Subsidence and Climate Related Claims. For example, our home team were represented at the I love Claims conference in May 2025 sharing our experience of subsidence claims, including the carbon impact of ineffective diagnosis of issues.

NGO engagement: We engage with our NGO partners to support environmental and safety outcomes.

- In 2024 we collaborated with Twenty's Plenty for Us, the not-for-profit organisation that asks for a speed limit of 20mph to be normal in residential areas and in town and village centres, with exceptions where appropriate. We have seen a 20% drop in claims for car accidents within geographies where the groundbreaking 20mph speed limit was introduced. Alongside the significant safety benefits of the change, the lower speeds improve vehicle efficiency, improving air quality and reducing carbon emissions. Research conducted by engineering consultants Future Transport found significant emission reductions at lower speeds, driven by the reduction in energy needed for acceleration. Their research suggests that the optimum speed limit in city traffic for minimising CO2 emissions for a small petrol hatchback is around 17.5mph[1]. We have published our findings within a press release which received significant national and regional media coverage, promoting the benefits of 20mph limits. We have continued to build on this work and track claims data to validate improvements made by 20mph limits. Our insights show that claims frequency continues to decrease with the ongoing implementation of 20mph limits. As a result, we have been able to offer discounts to policy holders in some areas with 20mph zones, with policyholders in Wales seeing an average of £45 decrease in premiums as a result of the roll out there. We worked with Twenty's Plenty to share the findings of the work and have provided feedback to the Welsh government. Our view is that there has not been so dramatic an improvement to road safety since the introduction of seatbelts.

- **Brake**: We are proud to partner with Brake, the road safety charity, for the fifth year running. We are the corporate partner of Brake's Kids Walk, a national event to help primary schoolchildren learn about road safety and shout out for their right to make safe and healthy journeys. More than 86,000 children aged 4-11 took part in Brake's Kids Walk 2025.

  We also ran a competition to drive customer engagement with the partnership. We asked primary school kids to design a road safety poster with one aged 4-7 and one aged 8-11 the chance to win a £250 Halfords voucher.

[1] https://futuretransport.info/urban-traffic-research/

We also supported Brake to commission bespoke research exploring the impacts of vehicle pollution in and around UK schools, for the third year running. Vehicle pollution is an important driver of ill-health in our nation's schools. Tackling this issue is aligned to action on climate change - encouraging shifts to lower impact transportation (including walking, biking and public transport), and accelerating the shift to electric vehicles. The research incorporated a survey of 2,005 people who have primary care responsibilities for children between 4 and 11. The research found:

- 80% of parents would like roads near their home and children's schools to have a 20mph speed limit.
- 85% of parents would like to see Government doing more to make their roads safer.
- Two-thirds (69%) of parents would like their children to walk and wheel to school more; many say they can't because roads are too busy (39%) and traffic is too fast (24%).
- 70% of parents are concerned about air pollution levels around their child(ren)'s school
- 75% of parents agree that walking, cycling or scooting to school is an easy way to reduce the impact they and their children have on the environment

The results have been used to inform Brake's campaign to call to government for a 20mph speed limits to be implemented around all schools in the UK. A reduction in the speed limit would help reduce fatal accidents and also help to reduce air pollution around schools.

Planned Activities

- We believe that we and the ABI play an important role in highlighting issues with policymakers and lobbying for changes to support transition towards a lower carbon economy. We will maintain our active role within these industry discussions and continue to push for accelerated action and policy consistent with driving and incentivisation of consumer behaviour change.
- We will continue to assess our charity partnerships and seek to retain and grow partnerships which deliver research opportunities, positive direct impact on climate change and nature, and opportunities to grow consumer awareness of climate and nature risks and the actions they can take to reduce.

Principle 3: Enabling Transition

Investments

3.1 Integrate consideration of climate- and nature-related risks and opportunities into investment strategies and decision making.

Responsible investment

Our investment portfolio accounts for c.87% of our Scope 3 emissions and c.103 kt CO_2e of the total esure Group reported emissions at end-2024. Decarbonising our investment portfolio is an important part of our climate strategy and we have established targets for decarbonising our investments (see section 3.5).

We continuously refine and develop our decarbonisation approach as the quality of our data and insight improves. We recognise that our ability to decarbonise is dependent on the successful decarbonisation of the UK and global economy. We will continue to monitor the decarbonisation of our portfolio and our targets to ensure our approach delivers on our business needs and decarbonisation objectives.

Our investment strategy is shaped by our Responsible Investment Policy. The policy codifies our approach to the investment portfolio with regards to ESG aspects and sets out our goals for our investment portfolio and the framework that we are working to. Our approach includes:

- Considering our exposure to companies and sectors with favourable carbon emission trajectories and that are progressing other ESG initiatives, in line with our own ambitions.
- Monitoring against the carbon transition roadmap for our investments.
- Encouraging the improvement in disclosure of the entities we invest in.
- Tracking the carbon intensity and temperature pathways of our investments.
- Ensuring our fund managers are actively engaging with issuers on climate related topics.

We have also established investment screens and targets that support decarbonisation, including limiting exposure to securities issued by companies involved in the mining, extraction and production of thermal coal.

We monitor the carbon emissions and intensities of assets in our portfolios on an ongoing basis, and report investment related emissions to the Financial Risk Committee (FRC) on a quarterly basis. We complete a climate related scenario portfolio assessment for key portfolios annually which includes assessment of stranded assets risk.

We believe the carbon emission tracking of our investments is in-line with market practices. We source data from an external data provider for much of our investment holdings, and supplement this with publicly available data to form approximations for holdings where direct data is not available. We undertake analysis to identify higher emitters and to identify where investments are not aligned with our decarbonisation trajectory, to inform our decision-making and ongoing portfolio management. We use the data to understand the implications for our decarbonisation pathway and identify areas where we may want to act.

In 2024, relative to the base year of 2020, our investment-related emissions have reduced primarily as a result of improved data relating to a significant improvement in the reported carbon intensity of sovereign bonds and certain corporate bond sectors, which has meant an overall reduction in the level of reported carbon emissions from the portfolio.

ESG considerations are important to the top-down macroeconomic thematic investment process applied to decisions within our publicly traded portfolio. We recognise that non-financial factors, including ESG issues, have a material influence on the relative attractiveness of assets, and these are considered alongside traditional risk and return metrics. All our external fund managers are signatories of the Principles for Responsible Investment.

We recognise that our investment activity impacts on nature-related outcomes. In 2024 our investment manager undertook initial analysis of the nature impacts and dependencies in our portfolio. The assessment highlighted that while the majority of our holdings are in sectors that have lower nature impacts, we have exposures to higher impact sectors, including food and drink manufacturing. We have commissioned deeper analysis to further quantify nature dependencies and impacts which we will use to determine next steps.

3.2 Take action to manage the implications of climate- and nature-related risks and opportunities on, and of, our investments.

We consider our climate-related investment risk and impacts as part of our ongoing investment risk management processes. Our approach is formalised in our Responsible Investment Policy which guides our approach to management of investment climate risk and incorporation of climate and other environmental factors into investment analysis and decision making. Our asset allocation approach also considers the decarbonisation of our investment portfolio.

As part of our assessment of options to de-risk the investment portfolio of climate-related risks, we also consider related investment opportunities. Opportunities include the potential for long-term stable returns from investments in businesses supporting the energy transition.

We have embedded mitigation of climate impacts and risks into our management activity with our investment managers and continue to review this on an ongoing basis as part of our management activities. Alongside our work with our investment manager, we monitor market practices, benchmark our peers, and assess the carbon intensity of our portfolio against the market.

All our external fund managers are signatories of the Principles for Responsible Investment, which covers our primary (fixed income) manager as well as our direct lending fund managers.

Our planned approach sets out a decarbonisation pathway for our corporate bond investment portfolio. The approach includes how we will:

- Track and manage decarbonisation of our portfolio.
- Target corporate bonds with sectors and companies making more rapid progress on decarbonisation.
- Balance decarbonisation and our risk profile.
- Evaluate needs, risk and opportunities to further adjust our asset mix to speed decarbonisation as appropriate.

We firmly believe in the importance of transparent disclosure, to inspire greater action across our sector. This is especially important within financed emissions where we observe a lack clear, consistent and detailed disclosure around quantification and future actions. Within our Annual Report & Account, publicly available on esuregroup.com, we try to provide a very thorough overview of our current position alongside a clear articulation of our point of view, the actions we are taking and the dependencies we have on action from others.

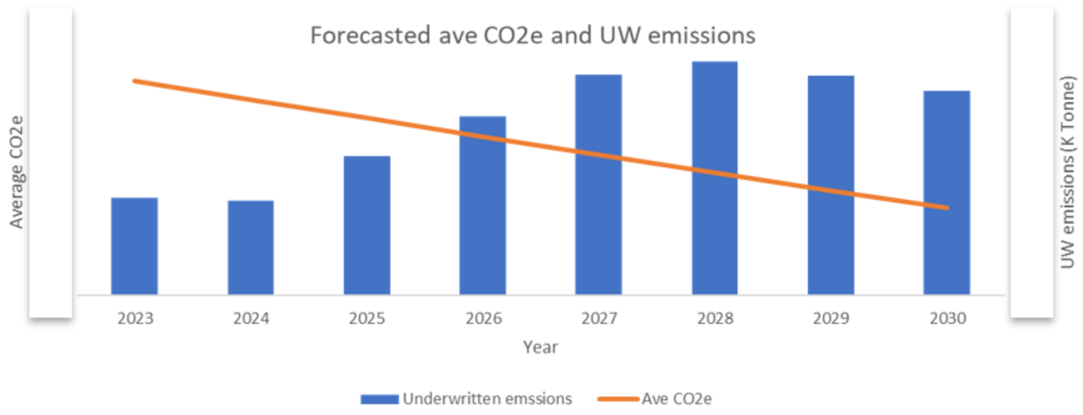
Underwriting

3.3 Develop and use models to incorporate climate- and nature-related issues and describe how the outputs of the models inform our underwriting decisions.

Our underwriting emissions

We recognise that by providing insurance services we enable carbon emissions from our customers, when driving or in their homes. In 2023 we started work to understand our emissions from our underwriting in line with best emerging practices and standards. This has been refined over the last 18 months to track our underwritten emissions every 6 months. We are working to continuously improve the quality of our emissions tracking process. Recent improvements have included the use of third party data for accurate CO2e measurements and we are currently working on the accuracy of customer mileage data by using actual data from MOTs. This will give a much stronger understanding of esure’s underwritten emissions.

We applied the guidance of the Partnership of Carbon Accounting Financials (PCAF) to develop a detailed model of the carbon emissions associated with our motor insurance business.



In 2024 total emissions increased by 4% driven by a 2% increase in in force policies and a 3% higher average mileage per policy, offset by a 1% reduction in the CO2e of the average vehicle on cover. esure continues to have a lower % of emissions than market share of vehicles, due to a below average total distance driven by customers. The market saw a modelled increase in emissions of 1% in 2024 compared to 2023 – mainly influenced by average distance driven increasing by 2%.

We use the projections of the UK Government's Department for Transport (DfT) and the Society of Motor Manufacturers and Traders (SMMT) on the future decarbonisation of vehicle emissions, to project our future underwritten emissions as our business grows. While projections show that vehicle carbon efficiency will improve over time, in conjunction with an increased proliferation of EVs, the improvements will not be sufficient to drive a 50% reduction in carbon emissions in line with the ABI's Climate Change Roadmap for scope 3 emissions. Our conclusion is that delivering decarbonisation at the pace required will be extremely difficult without material changes to national infrastructure and transportation strategy, especially when considering absolute emissions and their correlation with policy growth, which we are forecasting. We also know that there are significant structural barriers to overcome to ensure that EV infrastructure is sustainable, in areas including the end of use processing of EV batteries.

Our analysis suggests that in the current UK infrastructure EVs reduce underwritten emissions by ~50%, an improvement of 10%pts on 2023, when considering the emissions generated by the electricity consumed through their use, relative to petrol Internal Combustion Engine (ICE) vehicles. This is based on the UK Government GHG Conversion Factors for Company Reporting. There has been a clear reduction over the last 18-24 months in the GHG conversion factors – this gives confidence that esure's strategy to embrace EVs and PHEVs and take on additional risk to support the adoption of EV will assist in delivering our emission strategy in line with expectations.

Looking at our own underwritten emissions, our projections suggest that our emissions will be broadly static to 2030, despite a growth in the number of insured vehicles. We expect that the esure portfolio will undergo a significant shift towards EV and PHEV vehicles between 2024 and 2030 with EV's becoming more than 1 in 8 vehicles insured. Our model suggests we will see small reductions in ICE average emissions – with an increasing proportion of older vehicles in the population, reducing the impact of future emission law changes. PHEV and EV emission reductions will be driven by reducing carbon intensity of the production of UK electricity.

We will continue to monitor best practices in the calculation of underwritten emissions. As methodologies develop, we will explore opportunities to footprint our underwritten emissions associated with our home insurance products.

Assessing underwriting risk

We recognise that the changing climate will pose additional underwriting risks to our motor and home insurance products. We consider these risks as part of our risk management processes (see section 1.8).

Underwriting risks – Physical

Our motor and home insurance businesses are exposed to physical climate risk, including the impacts of extreme weather, floods and increased incidence of subsidence issues. We use climate and weather models to understand and plan for weather-related risks. These models are used to model potential losses, to help us plan repair capacity in our supply networks and to provide timely communications and advice to customers.

Pricing and Risk monitor for academic papers that may be relevant to refine our assumptions. Additional prudence is included in some assumptions, recognising that there is limited data on how the risks may transpire. The flood risk element for pricing and capital modelling increased from one such source in 2024. The assumptions will be refined as additional information becomes available.

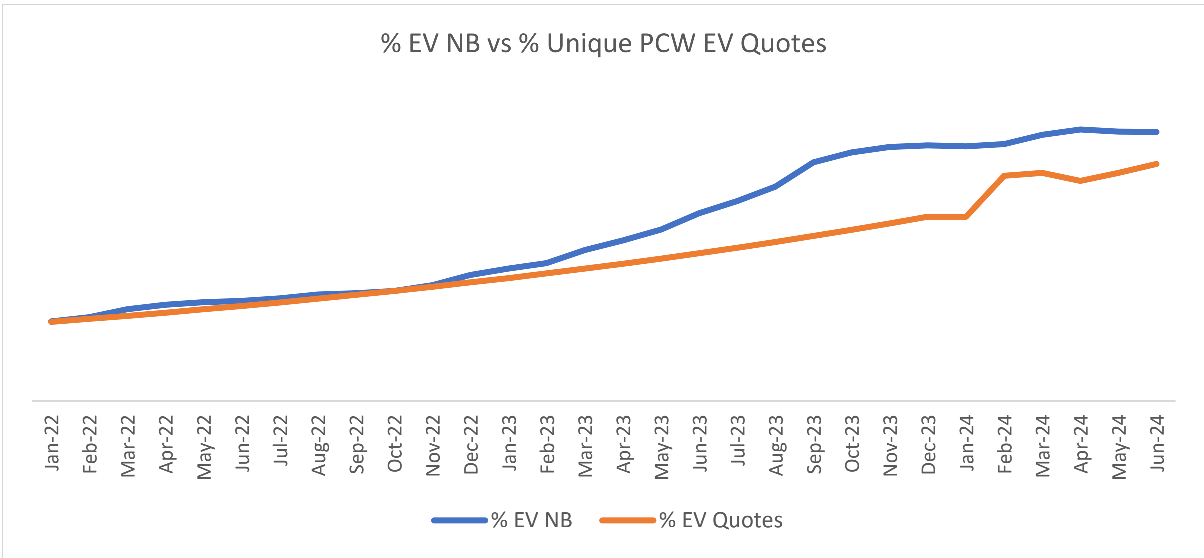
An important element in the materiality assessment for climate risk is the opportunity we have to reprice on an annual basis. Therefore, there is an expectation that pricing will reflect any trends that emerge through the monitoring in place.

We have extended this analysis to consider surface (pluvial) flooding in the motor portfolio including how we can best influence driver behaviours to avoid taking unnecessary risks, whilst simultaneously best reflecting the increased risk into the premium charged. This has included targeted customer contact – focusing on customers that are likely to be impacted by pluvial flooding – that gives guidance on how best to traverse a flooded road, this went live in Q2 2025.

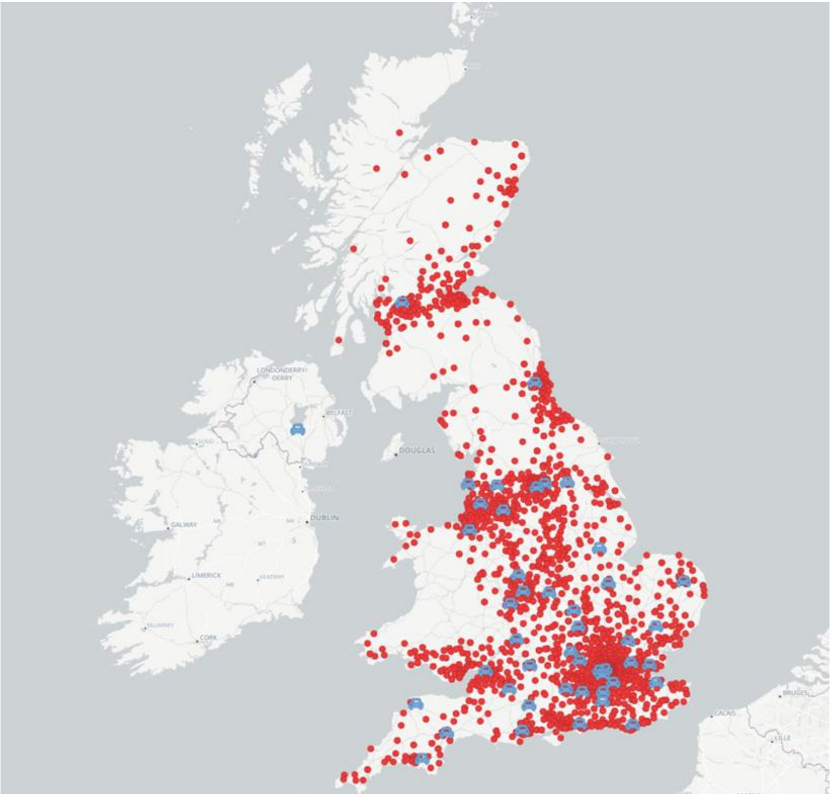
Underwriting risks – Transition

The transition to a low carbon economy means the needs of our insurance customers will change. These changes provide both risks and opportunities for esure:

- Motor insurance
  - Our aim is to be the leading digital insurer for electric vehicles. This means that we are aiming for profitable growth in this growing vehicle segment and ensuring that we can effectively service claims and provide our customer with an excellent experience. We monitor our EV sales and claims performance weekly to track our progress. EVs now represent more than 2.5% of all new business – this is up from <0.5% 24 months ago.



- We review of our underwritten exposure to electric vehicles to assess proximity of our policyholders to repairers. The below represents our exposure to EVs (Red Dots) and correlating this to the availability to repair vehicles (Blue Cars)



The results of these reviews have been used to inform our strategy for developing our EV supply chain. We continue to monitor claims across our repair network.

- Home insurance – As the decarbonisation of the UK housing stock gathers pace, the needs of home insurance customers will change. We are adapting our offer to ensure

we are meeting customer needs. We continue to monitor risks associated with lower carbon home technologies. Our insurance covers heat pumps and solar panels. We aim to keep our knowledge up to date, and have noted ClimateWise's paper: 'Business case for integrated retrofit: How banks, insurers, and the government can support healthy, efficient, and resilient homes'.
- We frequently use our marketing communications to inform our customers of ways to reduce claims risk to their property, like safe BBQ use, not leaving unattended candles, checking to make sure there are no water leaks in the property. This benefits the customer but also to avoid a repair process that will come with an environmental impact (materials, travel etc).

EV Risk and Underwriting

Our ongoing review of EV underwriting highlights that:

- There are increased risks of incidents for EV drivers, particularly during the first two years of driving an EV due to the different driving characteristics. The severity of crashes associated with EVs also appears to be greater than ICE vehicles, in part due to increased weight of EVs.
- Repair costs are higher due to costs associated with EV parts and challenges with availability of EV components. We are working with our salvage partners to explore opportunities to improve salvage of EVs and importantly end of life recycling of rare earth metals.
- There are uncertainties regarding the potential for repair of some EV components, with repairability of EV batteries a particular challenge. We are working with our network and through industry to build standards and approaches to improve repair outcomes for EV batteries.
- The longer-term uncertainties regarding the end-of-life treatment of EV components are starting to become less opaque. At the moment, we see our customers' used batteries being re-purposed into similar vehicles, critically extending the life of the vehicle that has been donated to.
- Following the customer research undertaken in Q1 2025 – esure are making a number of changes to customer journeys to improve the proposition for potential and current EV customers.

We continue to approach EV underwriting with a view to optimise pricing and build a nuanced approach to underwriting that addresses known EV issues and, wherever possible, tackling these. This includes the relative repairability of parts, such as sensors, and the impact of new manufacturing techniques on our capability to repair EV vehicles. To this end we are investigating a joint piece of research with Thatcham Research on how we can ensure that electric vehicles average life expectancy is at least 12 years old, which is the current estimation of longevity required for an EV to be carbon neutral.

Monitoring of underwriting risk

We monitor our underwriting risk as part of our ongoing tracking of climate-related risk metrics. The metrics include the losses associated with areas susceptible to climate-related events.

3.4 Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate and nature-related issues of the insured structures through pricing of policies.

Derisking policies

We have the opportunity to reprice our home and motor products on an annual basis. We will ensure that pricing reflects and mitigates any trends that emerge through climate risk monitoring.

Decarbonising our underwriting

Our aim is to decouple the growth of our in force policies from growth in our underwritten emissions. Our work has identified levers including:

- **Reducing miles travelled** - we are tracking miles travelled by our customers accurately based on mileage at MOTs. Better information will allow us to inform customers of the risks of increased mileage and allow us to incentivise action with adjustments to premiums. We are considering the development of a policy with costs linked to distance travelled.
- **Providing excellent service to EV drivers** - to help support the shift to EVs we have dedicated content on our website to help drivers understand the practicalities of owning an EV, as well as trying to alleviate concerns that might currently be barriers to EV adoption. This includes an investigation into a basic "out of charge" recovery cover – which is a primary barrier for drivers to adopt an EV
- **Incentivising driving of lower emitting vehicles** - Adjusting pricing for higher power and weight cars - which are both higher emitting and present higher underwriting risk.
- **Incentivising lower speed driving** - We are supporting the campaign group '20's Plenty for us' - advocating for more 20mph zones. This not only reduces risk for drivers, but also reduces carbon emissions and improves air quality. Our data shows the increase in 20mph zones in Wales has led to significant reduction in accident frequency and severity. As a result, Welsh drivers have seen adjustments to insurance premiums. We are also investigating similar initiatives in Cornwall and Scotland, both of which have been presented to us via our ongoing partnership with 20's Plenty.

In 2024 we undertook research to better understand the needs of EV customers. We conducted interviews with EV customers to understand behaviours and attitudes towards using EVs and their experience on purchasing EV insurance products. The research highlighted the needs, experiences, and expectations of EV owners, offering clear opportunities for insurers to stand out in this growing market. Opportunities identified included personalising the insurance journey, tackling concerns around range anxiety and charging infrastructure, and providing reassurance on battery protection and out of charge cover.

We are also mindful of the need to support vulnerable customers as we promote the transition to lower carbon driving. We have a moral and regulatory duty not to profiteer from vulnerable customers who are less able to shift to lower emitting vehicles or driving patterns. We recognise that we need not only a rapid transition to lower carbon transportation, but an approach that is just, affordable and accessible to all.

Using our underwriting to improve climate resilience

We are signatories of the Flood Re Build Back Better initiative. Flood Re is a joint initiative between the Government and insurers, that choose to sign up, to promote the availability and affordability of home insurance for people living in high flood risk areas. The scheme works by providing government backed reinsurance of flood risk homes, supported through a levy on UK home insurance firms. This means impacted customers receive an additional insurance payment of £10,000 on top of their claim resolution, to enable installation of flood resilience measures that gives homeowners confidence that they will be better protected in the future, and reduces future water claims, by keeping water out, and protecting homes against water that does get in. We have worked closely with our suppliers to establish the processes and ways of working to deliver the scheme, which has important structural implications for our supply chain.

Update on 2024 planned activities:

- *We have continued to develop our strategy for understanding and underwriting Electric Vehicles and are integrating our approach into our BAU activities. Progress in 2024 included completing a survey of EV customer needs.*
- *We have continued to build the reach of our capabilities to repair EVs, in order to provide insurance in a responsible and understood manner; ensuring we are delivering good outcomes for our customers. This has included extending our repair capability into northeast Scotland, where previously we were unable to underwrite as there was no capability to repair EVs – the detailed understanding of customer outcomes has proven to be beneficial.*
- *We have continued to monitor for new risks/risk types that could impact our customers as a result of climate change (IE alternative fuel types, weather patterns)*
- *We have continued to build our understanding of increasingly volatile weather patterns on our customers and refine our proposition – which now includes targeted advice on how to drive through flooded roads*

Planned activities:

- Scotland and Cornwall 20mph investigations and data publication
- MOT data fully incorporated into measuring UW emissions – including point of testing CO_2 emissions and accurate MOT mileage readings.
- Ongoing refinement of our EV risk models and acceptance criteria – including further feature engineering.
- Leading the market on understanding end of life for lithium ion batteries and building out any potential circular economies in the claims/UW value chain.

Transition Plans

3.5 Disclose our climate- and nature-related transition plans and the objectives, priorities and commitments we are looking to address.

esure Group has prepared a transition plan that is going through the review and approvals process.

The transition plan describes our approach to decarbonising the business. It describes our decarbonisation goals, the actions we are planning to take and how we will integrate decarbonisation and our business strategy. Our transition plan is a dynamic document and will be updated on an ongoing basis as our business strategy, and plans and progress evolve.

The plan identifies four strategic actions for decarbonisation. These actions will drive our transition and support our business strategy. In each area we have identified specific steps that we will take. Our approach is shaped by our decarbonisation principles that describe how we will approach delivery:

- our commitment to work in line with climate science,
- our belief in the need to enable access to protection from climate risks and
- our recognition of the need to drive system-wide change.

Our strategic decarbonisation actions:
Decarbonising our operations:

- Reducing office energy demand
- Using renewable energy
- Electrifying our fleet
- Digitising customer experience
- Engaging and inspiring colleague behaviour changes (e.g. to EVs)
- Offset 110% of residual Scope 1 & 2 emissions annually

Decarbonising our investments: we aim to achieve a 50% reduction in carbon intensity of the corporate bond portfolio by 2030 relative to a base year of 2020

- Selective investment: Screening out high carbon-emitting assets (e.g. thermal coal)
- Climate aware investing: Quarterly tracking of the carbon footprint of our investments, managing climate risks
- Passively investing for reduced emissions: Improving data and asset selection to reduce financed emissions from corporate bonds

Decarbonising our supply chain: Setting decarbonisation expectations for suppliers
Home:

- Digitisation of services
- Encouraging repair over replace
- Piloting low carbon practices

Motor:

- Low carbon body shops
- Using green parts
- Enhancing repairability

Decarbonising our products and underwriting:

- Measuring our insured impacts (starting with motor where standards are developed)
- Inspiring customer behaviour change including transition to EV

The plan describes our climate targets and how we will measure progress (including measures we will track to monitor our successful delivery of actions). It also describes the key barriers and dependencies we have to our successful delivery of the plan.

Once approved, the transition plan will be published as a stand-alone document. We will report our progress in delivering the transition plan in our annual climate-related disclosures.

3.6 Describe how the transition plan is overseen, resourced and implemented.

The transition plan describes how our transition is being governed and implemented.

The Board approves and oversees our transition plan and has ultimate responsibility for ensuring that the business decarbonises in line with expectations.

The transition plan is agreed by the Group Executive. Group Executive members are responsible for decarbonisation in their area of the business. The Group Executive monitor our decarbonisation actions and progress in line with our business strategy and objectives.

Responsibilities and resourcing
The Chief Operations Officer is the accountable executive for our decarbonisation strategy and ensures that our approach is in line with strategic objectives.

The Group Communications team are responsible for developing the transition plan in coordination with functional and business experts from across the group.

Functional and business leaders are responsible for driving decarbonisation in their area of the business.

Decarbonisation is coordinated through our Driving Good working group, which shares information and monitors progress in the delivery of our plan.

Transition plan approval and updating
The transition plan follows a structured approval process, ensuring alignment with business strategy, investment strategy, and risk management frameworks. The plan will be approved by the Group Executive and Board in H2 2025. Following approval, the Group Executive will review the transition plan on an ongoing basis as part of the business strategy process.

The Board and Group Executive will regularly review the transition plan and its progress. We will continue to integrate identification and control of climate-related risks and opportunities into our risk management processes.

Embedding the transition plan
Regular reviews at Executive and functional levels ensure that the transition plan remains aligned with and integrated into our business strategy and plans. Functional and business leaders ensure that plan delivery is embedded into plans and activities in their areas of the business.

Principle 4: Disclosing Effectively

Measure & Monitor

4.1 Measure and disclose the impacts and potential impacts on our business of material climate- and nature-related risks and opportunities, including the results of the resilience analysis.

We measure our climate-related risks, opportunities and performance as a core part of our strategy and risk governance framework. Our approach encompasses our performance in reducing carbon emissions, managing climate-related risk and delivering on the business opportunities relating to the growth of the EV market. We also track our underwritten emissions associated with our motor business in order to provide insights relating to our underwritten climate risks and to identify opportunities to further reduce emissions.

Our climate-related business performance:
We monitor our climate-related risk metrics to track our performance trends and provide analysis on the key drivers of current and future performance. The metrics reviewed incorporate the value at risk from our investments, our carbon emissions, and our underwriting risk. The metrics are designed to provide monitoring of our climate-related risks across our value chain, including climate impacts associated with our supply chain.

Alongside our climate-related Key Risk Indicators, our measurement and monitoring of the business impacts of climate risks incorporates monitoring of risks across our value chain. It includes:

- **Products and services**: Changes to our business volumes driven by climate related trends, including the growth of our EV portfolio. See section 1.5
- **Supply chain**: Continued focus on driving lower carbon, circular supply chain models including monitoring the delivery of our programs to drive growth in the use of green auto parts. See section 2.3 and 2.4
- **Underwriting**: Changes to the risk profile of our insured activities, including the impact of changes in frequency of extreme weather including floods, freeze and storm events. We apply models to assess and measure our exposure to weather perils. We incorporate our findings into Pricing and Capital Modelling. We conduct stress tests and scenario analysis to understand and monitor esure's motor, home and asset exposures, see section 1.8. We use reinsurance as a key tool to mitigate the impact of weather-related events. Our capital model component for weather events includes climate risk adjustments and is used to inform our decision on the

amount of reinsurance taken. We monitor the adequacy of our reinsurance to mitigate climate related risks.

- **Investments**: We work with our primary investment manager to monitor our KRIs associated with our investment portfolio. We use measures including carbon emission reporting and science based / Paris alignment targets. We also monitor our exposure to investments in sectors that are exposed to climate-related risks, including those identified in our Responsible Investment Policy, for example exposure to securities issued by companies involved in the mining, extraction and production of thermal coal.

Our monitoring of climate-related risk also incorporates assessing the resilience of our business to climate-related scenarios. Our monitoring incorporates using the outcomes of scenario analysis to inform our materiality assessment. We also consider the impact of multiple weather events on the Group as part of a stress test of our exposure to climate related risk and the adequacy of our reinsurance protection. We have established Risk Appetite Statements for weather events which are monitored at the Financial Risk Committee. Our monitoring is used to inform and shape the actions we take in our strategy to mitigate risk.

Climate risk monitoring

Climate Risk Key Risk Indicator		Description	Trend since 2020
Carbon Emissions (metric tonnes) (Reputational Transition Risks)	Scope 1	Direct emissions from owned and controlled sources	↓
	Scope 2	Scope 2: Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed	↓
Investments (Market Transition Risks)	Climate VaR (%)	A mix of historic published scenarios from the regulator is used to calculate the climate Value at Risk ('VaR') percentage impact on our investment portfolio at the 1 in 100 level (or 1% chance) using long-term temperature estimations	↓
	Monetary risk (£m)	As above but quantifying the £ amount impact	↓
	Carbon footprint of investments portfolio (metric tonnes)	A weighted average measure of company greenhouse gas emissions per $million of investment. Methodology is aligned to 'carbon footprint' as defined by Task Force on Climate-related Financial Disclosure and the EU's Sustainable Finance Disclosures Regulation	↓
	Portfolio carbon intensity (tCO_2/$m)	A weighted average of company emissions per $million of sales. Methodology is aligned to 'weighted average carbon intensity' as defined by Task Force on Climate-related Financial Disclosure and 'GHG intensity' under the EU's Sustainable Finance Disclosures Regulation	↓
Underwriting/Pricing (Underwriting Physical Risks)	1 in 200 catastrophe loss (£m)	Modelled 1 in 200 (0.5% probability in any one year) impact of catastrophe weather conditions	↓
	AAL (£m)	Average annual loss for catastrophe weather events	↓

There are elements of judgement in estimating the Climate VaR and 1-in-200 catastrophe loss due to limited data available on climate risk impacts on the future valuation of the investment portfolio and impact on claims from weather perils.

We have seen a downward trend in our investment exposure to climate risk in line with changes to our assets under management, including action to divest from some high emission funds.

We have seen a reduction in our underwriting risk exposure since 2020 in part due to de-risking the Home portfolio, however some of this is due to refinements in our modelling. There is a risk this metric will increase due to growth plans, the macroeconomic environment including inflation environment, and the potential for more frequent extreme weather events occurring.

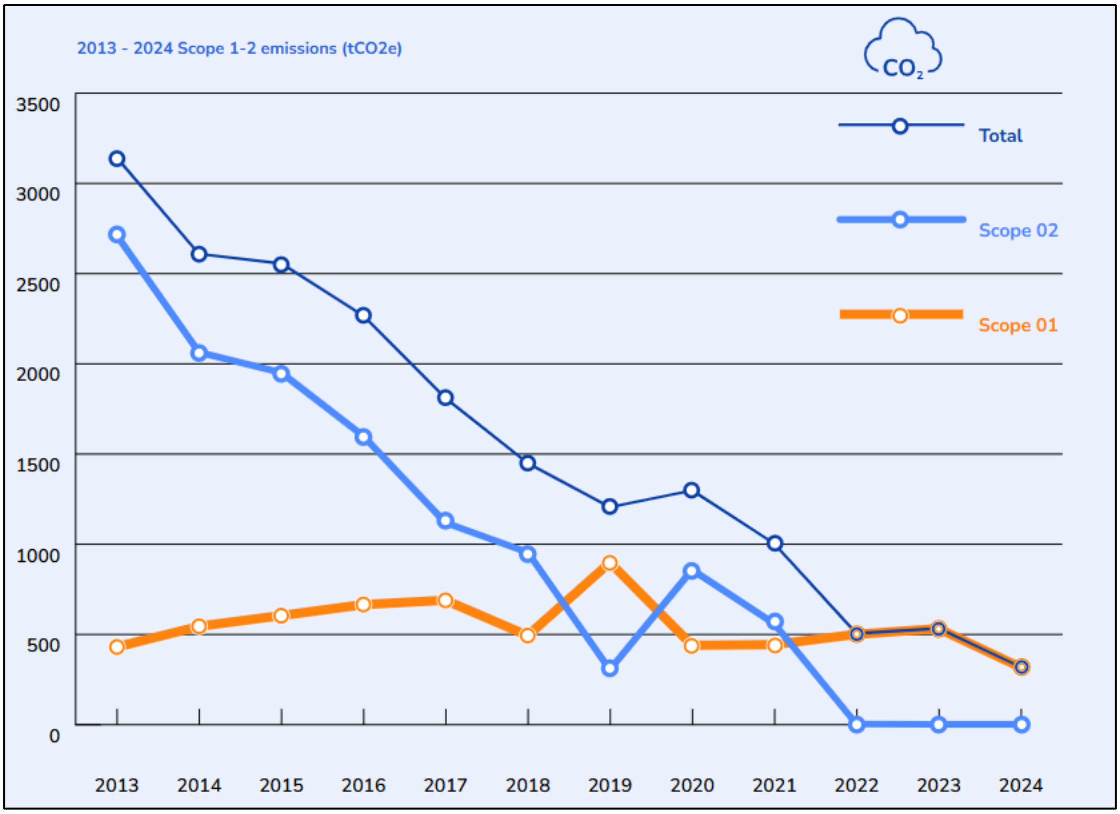
It remains too early to consider long-term trends, however as more data points become available, we will be able to assess how our risk exposure is changing over time.

4.2 Disclose the metrics used to measure and manage our contribution to climate and nature-related risks, and targets used for monitoring progress.

In order to manage our contribution to climate and nature-related risks, we assess our measures to monitor our impact on carbon emissions as part of our climate strategy. We assess our progress against measures that align with the science based emission reductions required to limit warming to 1.5C. We also monitor our progress in line with the ABI Climate Change Roadmap. We set business area KPIs to deliver on the business opportunities afforded by climate and nature transitions. These metrics, aligned with our overall business strategy, include targets to grow our EV portfolio. The targets and measurement framework are described in section 4.1 above.

We regularly review and seek opportunities to improve how we track our performance in order to provide insights that will help us improve our control of risk and improve our business performance. We describe below the measures we use to monitor our climate-related performance.

Our carbon emissions:
2013 – 2024 Scope 1 & 2 emissions (TCO2e)



The table below represents the 2024 greenhouse gas (GHG) reporting on esure Group plc's UK operations.

	2024	2023	2022
Emissions tCO2e			
Scope 1	317	532	502
Scope 2			
Market-based	2	2	3
Location-based	531	673	688
Total market-based emissions tCO2e	319	534	505
Scope 3			
Fuel/energy related activities	53	67	65
Business travel	425	504	111
Employee commuting	224	401	410
Purchased goods and services (PG&S)*	14,255	15,667	17,202
Financed emissions: data coverage	87%	79%	-
Financed emissions: of assets within data coverage	85,847	79,001	-
Intensity ratios (market-based)			
Turnover	£1,111m	£973m	£836m
Market-based emissions (tCO2e)/£m turnover	0.29	0.55	0.60
Energy consumption kWh			
Electricity (Scope 2)	2,566,243	3,248,059	3,558,660
Natural Gas (Scope 1)	1,412,569	1,793,206	1,740,151
Transport and other (Scope 1)	102,262	132,545	107,333
Total	4,081,074	5,173,810	5,406,144

Carbon emissions quantification methodology: The emissions footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance. Activity data has been converted into carbon emissions using published Department for Energy and Net Zero emissions conversion factors. The data used has been provided by the Group.

Emissions sources: The emissions footprint includes the Scope 1 combustion of fuel, fugitive and process emissions and Scope 2 electricity emissions associated with the activities for which the Group are responsible across our Reigate, Glasgow and Manchester offices.

* Restated PG&S 2023 number to reflect improvements to supplier spend data methodology

Operational energy use: For information on our energy reduction performance and improvement actions see section 2.1

- Operational Scope 1 and 2 GHG emissions equate to 0.3% of our overall carbon footprint.
- Scope 1 emissions have decreased 40.4% year on year, driven by continued support for hybrid working.
- Scope 1 emissions are down 28% versus 2020.
- Scope 2 emissions remain near-nil, due to our use of 100% renewable electricity. This is down 99.8% since 2020.

We believe we are near our natural floor for remaining residual emissions, in terms of ability to drive further decarbonisation in areas that are within our direct control. Having reviewed the occupation and ways our colleagues used the Manchester office, we took the decision to close and mothball the underused office building and move to a smaller serviced office space nearby, which also uses 100% renewable energy. We partnered with a company that allowed us to donate the surplus furniture, equipment and materials generated in Manchester because of the office closure. This allowed us to support many charities across the country, generating positive social impact and a carbon saving.

Whilst driving carbon emissions reductions remains our priority, we choose to invest in offset initiatives equating to 110% of our prior year's Scope 1 and 2 emissions. 2024 is our third year of doing so and our 2025 investment supported:

- Ecofiltro Clean Water and Cooking, Guatemala: This project brings affordable water filters and efficient cookstoves to families in Guatemala, reducing emissions from boiling water and deforestation for fuel.
- Bondhu Chula Stoves, Bangladesh: The Bondhu Chula stove cuts carbon emissions by 50% and saves families money on fuel costs.
- CommuniTree Reforestation, Nicaragua: This project is the largest in Nicaragua, working with smallholder farmers to create long-term income opportunities from growing tress on underused parts of their land.
- Reforestation and Community Development, Ghana: This project engages local farmers to plant trees and grow crops, via intercropping, on degraded lands. Additionally, water infrastructure has been installed in the local villages to engage communities.

We will continue to offset 110% of our Scope 1 and 2 emissions on an ongoing basis.

Supply chain:
In Q4 24/Q1 25 we directly engaged our top twenty most carbon-intensive suppliers to better understand:

- Their carbon emissions across Scope 1, 2 and 3 emissions
- Where emissions quantification was incomplete across all Scopes, suppliers' intended timeline to complete emissions footprinting
- Suppliers' net zero targets
- Which suppliers are using renewable energy
- Which suppliers have signed-up to Science Based Targets initiative (SBTi)
- Key decarbonisation initiatives and examples of best practice

This is our third year of directly engaging key suppliers. The work delivers three key benefits:

- Enhancing data quality, with direct engagement reducing our reliance on proxy data, improving accuracy of our footprinting and our future decarbonisation trajectory
- Encouraging our suppliers to continually improve their focus on emissions reporting, broadening their assessment of their own footprint and improving the accuracy of their data
- Empowering our Supplier Relationship Managers to have a better dialogue with suppliers on decarbonisation initiatives, encouraging and supporting opportunities to accelerate progress

Our supply chain footprint decreased from 15.7 ktCO2e in 2023* to 14.3 ktCO2e in 2024, driven by a decrease in total supplier spend. The total intensity per £ spent with our supply chain has also decreased. Direct engagement with our most carbon intensive suppliers has identified that suppliers are increasing the quality and scope of their emissions calculations. For example, we have observed suppliers broadening the factors included within their Scope

3 emissions, which naturally increases the sum total of emissions calculated, as opposed to any increases being driven by a marked shift in the intensity of the nature of the work suppliers undertake on our behalf.

In 2024, we have increased the weightings for the ESG factors assessed within our tender process, used within all supplier onboarding decisions. 10% of the total weighting is based on Environmental and Social factors. For work that is more carbon intensive, we have increased this to a 15% ESG weighting.

Our approach: We use primary data from key 20 carbon intensive suppliers (representing 35% of total PG&S and “read across” primary carbon intensity data to other suppliers providing similar services (representing 15% of PG&S). Spend-based emission factors (using Department for Energy Security and Net Zero (DESNZ) and Environmental Protection Agency (EPA) Environmentally-Extended Input-Output factors) are applied to spend for all other suppliers for 2024.

	2023		2024	
Supplier Category	Carbon footprint (tCo2e)*	%PG&S Carbon Footprint	Carbon footprint (tCo2e)	%PG&S Carbon Footprint
Motor Claims	10,894	69.50%	8,925	62.60%
Home Claims	2,187	14%	3,666	25.70%
Other	2586	16.50%	1,664	11.70%
Total	15,667	100%	14,255	100%

*We continue to improve our PG&S calculations year on year and have restated 2023 numbers to reflect improvements to supplier spend data methodology

We note that this area of carbon accounting is still relatively immature and evolving, and therefore presents challenges. Many suppliers lack dedicated expertise to provide accurate footprint estimates across all Scopes and employ inconsistent approaches to the methodology and rigour within their assessments. As such, whilst we have sought to estimate our supply chain footprint and have been pleased to see many suppliers improve the rigour they apply in their calculations, we will continue to work to improve data quality and accuracy, and assess evolving guidance in this space.

In order to understand our progress in decarbonising our supply chain and the success of our initiatives we also track a range of qualitative and quantitative measures. These include:

Motor supplier highlights

- 100% of esure branded bodyshops and over 93% of our total repair network are carbon neutral
- Recycled parts now account for 2.4% of all esure parts fitted, which is an increase from 1.6% in 2023 as we added more parts suppliers to the network. This is slightly behind our target ambition but market challenges have had a small impact on

achieving target for 2024. In all there were over 4,100 recycled parts which equated to a saving of 211,220 KGCO2 saved.

- We planted 915 trees in 2024, one for every customer who chose to forgo a courtesy car during their repair (923 in 2023) and since the program started in 2022, we have planted 1950 trees on behalf of customers.
- To support the sustainability of our supply chain, we continue to sponsor Autoraise, a charity set up to help the UK vehicle repair industry attract young people into a range of technical apprenticeships.

Home supplier highlights

- In 2024, we conducted over 600 digital flooring inspections, compared with 96 physical, in person assessments, saving over 47,916 miles driven.
- Contents recycling: In 2024 we repaired 4% for flooring and furniture and 7% repair for electricals (Phones, computers, brown & white goods) and we are continuing to encourage uptake moving forward.

For full information on our work to decarbonise our supply chain see section 2.3 and 2.4.

Investments:
Throughout 2024, we have been using external data sources to give us higher quality data on the emissions relating to our investment portfolio.

As of the fourth quarter 2024, 87% of our portfolio was covered by this data. This has enabled us to enhance our portfolio monitoring, covering assessments of both current carbon emissions attributed to the portfolio and expected future development of the issuers of the bonds we are invested in, and includes:

- Providing data on sovereign and supranational debt, and corporate bonds, covering carbon intensity (tCO2e per £m of assets under management) and the associated implied temperature increase across different assets
- Embedding reporting to consider both the reported carbon emissions of issuers and the transition plans issuers have in place to support limits on global temperature increases
- Considering how best to estimate carbon emissions for assets not covered by standard assessments

Our financed emissions measurement and monitoring follows the Greenhouse Gas Protocol (GHGP) framework and the Partnership for Carbon Accounting Financials (PCAF) standard, and for our investment portfolio this covers Scope 1 and 2 emissions relating to bonds covered by the assessment.

As these frameworks, methodologies and standards continue to evolve, the way certain asset classes are measured continues to improve, as does the comparability of different portfolios. However, the availability and reliability of appropriate data to assess portfolios are imperfect. While this has improved over 2024, there are still gaps to be addressed over time, such as carbon emissions attributed to supranational debt.

We have agreed to target a 50% reduction in the carbon intensity of the corporate bond portfolio by 2030 relative to a base year of 2020, and are working with our asset manager to deliver this. We believe that working to an intensity metric is beneficial in terms of providing a meaningful way to track progress irrespective of movements in total assets under management.

	2024				2023			
Asset Class	Coverage	$ktCO_2e$	tCO_2e/£m Invested	PCAF Weighted Data Score	Coverage	$ktCO_2e$	tCO_2e/£m Invested	PCAF Weighted Data Score
Corporate Bonds	94%	10.4	17	2.4	96%	15.3	27	3.1
Sovereign and Supranational Debt	94%	75.5	140	3.8	72%	63.7	165	2.0
Total	**87%**	**85.8**	**76**	**3.0**	**79%**	**79.0**	**84**	**2.6**

We will continue to monitor data on sovereign and supranational debt issuers with the option to steer the portfolio away from entities and nations that are not on a favourable trajectory of decarbonisation.

As seen over 2024, the measurement and accuracy of financed emissions has continued to evolve and improve, with coverage levels increasing over time and including further asset types, and we expect this to continue. This will present an opportunity to better understand our footprint and to further develop our strategy in relation to financed emissions.

2024 has seen an improvement in the coverage of our assets assessed by market data, from 79% to 87%, specifically for sovereign and supranational debt. This has led to an increase in the absolute level of assessed emissions from the portfolio. However, emission intensities per £m of assessed assets under management have fallen, driven by reductions relating to the energy and utility sector, and sovereign and supranational debt. The corporate bond portfolio carbon emission intensity is improving relative to our 2020 baseline of 30 tCO2e per £m of covered assets. Over the period, the data quality score for sovereign emissions has been aligned to the latest published methodology, having previously been based on the draft consultation.

Our investment strategy's primary objective is the protection of funds that back policyholders' claims, which in turn drives us to invest in highly liquid and highly rated investments, with UK government debt being a key element in achieving this.

As a consequence, and under current measurement practices, we have a high dependency on relatively carbon intensive assets, with sovereign debt contributing to approximately 88% of our assessed investment portfolio carbon emissions. Therefore, our ability to influence and decarbonise is intrinsically linked to government policy and the decarbonisation of the UK as a whole, and hence we advocate for strong, consistent climate policy, regulation and action.

In the long-term, we are committed to aligning our primary investment objective of protecting policyholder funds with net zero carbon targets, however we recognise there will be challenges with short-term transition and we do not intend to materially change our asset mix.

We believe the right activity is to support a real reduction in carbon emissions across the planet using influence, rather than a short-term strategy to adjust our portfolio asset mix away from current carbon intensive assets.

Having access to data to understand these dynamics and having now agreed a short-term carbon intensity target for our corporate bond portfolio, 2025 will see us monitor progress towards this target. We will also work to identify additional decarbonisation opportunities within investment risk appetite. We will also refine future transition plans given the constraints and conflicts in this area, considering our asset allocation mix, individual issuer allocations, and publicly stated decarbonisation targets from leading issuers, agencies and states. We will also consider how best to use our voice to encourage and influence issuers to commit to their targets, via our investment managers and industry bodies.

Underwritten emissions:
We acknowledge the Partnership for Carbon Accounting Financials' guidance on emissions associated with our underwriting portfolio. We have calculated the emissions associated with our Motor customers' driving activity and used an attribution figure to quantify the proportion of emissions which we take accountability for within our Scope 3 footprint.

From our analysis, including data from the Department for Transport and the Office for National Statistics, it is clear that the forecast pace of average carbon intensity reductions across UK vehicles is not sufficient to drive a marked decrease in total Underwritten emissions across the insurance sector. Further to this, as a business forecasting growth in the size of our Motor customer base, our ability to directly reduce Underwritten emissions is limited. Our progress on this front is highly dependent on strong, consistent climate policy from UK government, to encourage widespread consumer behaviour change.

Update on 2024 planned activity:

- *We have begun to explore approaches to measure and monitor nature risk and impacts in our investment holdings.*
- *We have agreed short-term carbon intensity targets for financed emissions from corporate bonds.*
- *We have continued to directly engage with our most carbon intensive suppliers to encourage improvements in footprinting and continued action to decarbonise*.

Planned activity:

- We will continue to deepen our understanding and quantification of nature risk and impacts in our investment holdings.
- Continuing to directly engage with our most carbon intensive suppliers to encourage improvements in footprinting and continued action to decarbonise

Report Robustly

4.3 Maintain and enhance a robust reporting regime, processes and internal controls over climate-related disclosures in order to avoid material errors or material misstatements.

esure Group applies robust controls around its reporting processes and disclosures. Our controls include:

- Engagement with third party subject matter experts during report preparation and data collection
- Clear ownership and sign off processes around climate-related performance information
- Review of disclosures by responsible leads within relevant internal teams, alongside external subject matter experts
- Development of an evidence log to support disclosures
- Sign-off of disclosures by members of the Group Executive in areas of their responsibility
- Review of the Annual Report and Accounts by the Audit Committee of the Board, followed by Board approval
- External Auditors review the Climate Related Disclosures as part of their review of the Annual Report & Accounts
- Final sign-off of disclosures by the Chief Executive Officer

Our Annual Report and Accounts are subject to a review by our external auditors to help ensure compliance with disclosure obligations. The scope of their review includes the climate-related disclosures that we make in our Annual Report. Our auditors obtain an understanding of our processes to address climate-related risks, including the implementation of the Climate strategy.

They assess whether these initiatives are aligned with the Climate Change Roadmap developed by the Association of British Insurers, on an annual basis. They performed a risk assessment of the financial impact of climate risks on the financial statements and concluded the risks of material misstatement due to climate risk factors are remote.

They also consider whether information included in the climate related disclosures in the Annual Report is materially consistent with their understanding of the business and the financial statements.

Alongside this report review regime, our internal audit team provide advice and support for the business to improve controls and the quality of management information.

The findings of the auditor review are provided to the Group Executive Committee and the Audit Committee and reported to the Board by the Chair of the Audit Committee. It provides a basis for ongoing continuous improvement in our disclosure. We use a number of practices to review and improve our disclosures on an ongoing basis including:

- **ClimateWise review**: We complete a structured review of the ClimateWise score and feedback each year to identify opportunities to improve our practices. This summary of feedback and opportunities is shared with our Group Executive and at Board. We set a target score and/or rank for the upcoming year and use this to drive action across the business.

- **Regulatory review**: We review evolving regulatory requirements and identify new reporting obligations. In 2024, we undertook a regulatory gap analysis of all the external requirements against our processes and procedures.
- **Best reporting practices**: We continue to review the disclosure of peers to identify opportunities to improve our reporting and communication. In 2024, we commissioned an expert advisor to provide feedback on the quality of our climate-related disclosures in our Annual Report. The review included providing feedback on draft copy for the annual report, and making recommendations based on best practices from peers and leaders on how to improve reporting against TCFD and CFD requirements.
- We continue to inform the Audit Committee, Board and Group Executive Committee of the changing disclosure requirements and engage them where appropriate in development of the disclosure approach. This includes decisions necessary to balance transparency with the disclosure of commercially sensitive information.

We provide information in our Annual Report and Accounts in line with the UK Climate-related Financial Disclosure requirements.

Progress on 2024 planned activities:

- *We have enhanced ESG disclosure within our Annual Report and Accounts based on expert adviser recommendations*
- *We will publish our transition plan in H2 2025*

Planned activities:

- We will continue improve disclosures around climate-related opportunities

Disclose Transparently

4.4 Annual submission against the ClimateWise Principles.

We report fully against the ClimateWise Principles. This report is provided for review alongside a confidential annex which provides more detailed information on our approach and evidences how we are implementing our climate and nature strategy. Our annual submission remains an important part of how we communicate and assess our progress. We will share this year's scores and feedback with our Group Executive and Board. We will then use these to inform our 2026 ESG priorities and plans.

4.5 Annual public disclosure of the climate-related disclosures including ClimateWise Principles as part of annual reporting.

We align our climate and nature disclosures with our annual reporting cycle to provide a consistent view of our performance across all our communication and reporting activities.

Our annual reporting on climate and nature issues includes:

- **Our annual report and accounts**: We publish Climate change disclosures in the Annual Report & Accounts (ARA). In our 2024 ARA, we enhanced the ESG report based on recommendations from the expert review. We are committed to full transparency, disclosing a full breakdown of Scope 1,2 and 3. From 2023, our Scope 3 disclosure has included financed emissions data coverage and the financed emissions associated with assets within the data coverage. We will continue to monitor best practice reporting and to consider enhancements to our reporting. The report includes information on our ESG strategy, our climate strategy and performance and our climate risk management. We report in line with the UK TCFD and Companies Act Disclosure requirements. It is also designed to align with our ORSA requirements.
- **Our annual solvency and financial condition report**: Which includes information on our climate risk management approach.
- **Our annual ClimateWise report**: Which provides information on our progress in implementing the ClimateWise principles.

The reports all use the same reporting period – January 1 – December 31 – and are reviewed to ensure consistency in disclosures.

In addition to the reporting on the financial year the ClimateWise report also includes information on activities undertaken in the period up to June 30 to ensure that it provides an up-to-date picture of the practices and progress that the business is making.

The reports disclose the results of the same management processes, including relying on the same underlying assessments and assumptions. This includes the underlying scenario and stress testing procedures.

4.6 Ensure reports are easy to understand, accurate, prudently and neutrally presented, well explained and allow organisations to be held to account.

As a member of ClimateWise we report annually to allow our stakeholders, including our employees, customers and business partners, to evaluate our actions and the progress that we are making.

In order to aid our stakeholders in navigating our disclosure, we index our reporting to the updated ClimateWise Principles. This also helps us align our disclosures with reporting standards and frameworks and market best practices.
In order to provide a high quality disclosure, the report provides information on:

- The methodologies followed and identifies where there are material assumptions and uncertainties.
- Material restatements of information from previous years made to improve data quality.
- Year on year comparisons of performance where appropriate and possible

The report is designed to provide a prudent and neutral view of our performance and provide information that is accurate and useful to our stakeholders. esure Group has considered the risks associated with greenwashing and has designed the reporting process and approach to ensure that we provide a balanced assessment of our progress. To ensure that we meet this objective, our report is drafted by an external sustainability disclosure expert who provides a neutral view of our business and challenges us to ensure we present a balanced view of our performance. The content is reviewed and signed off by our subject matter experts across the business. We ensure that there is evidence available to validate the statements that we are making.

We provide a significant volume of supporting evidence in the Confidential Annex to provide the ClimateWise assessors with the opportunity to review the accuracy of the information disclosed.

The esure communications team lead the preparation of the report and carefully review the disclosure to ensure that it is prepared in a way that meets the needs of our target stakeholders. This includes promoting readability, limiting the use of technical language where possible and using plain English.

We recognise that in the assessment of climate-related risk there are a number of inherent uncertainties. Where there are uncertainties, we present a prudent view to ensure that we are not presenting an unrealistically optimistic assessment of business performance, risk or opportunities.

In the event that we make changes, including methodology changes, that materially impact on results that have been previously reported, we will restate the results.

In order to provide our stakeholders with insights into how our business performance is changing over time, where possible we provide year-on-year comparators.

Our transition plan provides information on our planned decarbonisation of our business, including our governance approach and targets. It is designed to allow our stakeholders to interrogate our approach and to hold us to account for the progress we are making in decarbonisation.