

# Sustainability

Direct Line Group believes that responsible business behaviour is the key not only to being a sustainable business but also a successful one. It supports our vision of insurance as a force for good in society and builds trust among the Group's stakeholders.

Ensuring a sustainable future for the Group means taking positive action on environmental, social and governance issues. This includes fair treatment of customers and colleagues, transparency on climate-related risks, high standards of conduct in business relationships and making a positive contribution to UK society.

This section aims to provide the non-financial and sustainability information sought by investors and other stakeholders. It sets out the practical ways in which legal requirements under the Companies Act and other measures, including climate-related reporting, are carried out.

For more information on corporate governance, see the report on Pages 75 to 100.

To reflect the Group's priorities as a responsible business, this section organises the information under five pillars: Customers, People, Society, Planet and Governance.

## Our vision

To create a world where insurance is personal, inclusive and a force for good

### Ambitions



#### Customers

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



#### People

Encourage a culture that celebrates difference and empowers people so they can thrive



#### Society

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



#### Planet

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



#### Governance

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

### Priority areas

- Good customer outcomes
- High service levels
- Inclusive and accessible digital journeys
- Develop products that offer better choice and value for money

- High workplace standards
- Fair outcomes for all colleagues
- Invest in skills and career development
- Increase representation in our Senior Leadership

- Improve employability skills and access to employment for under represented young people
- Colleague engagement

- Reduce operational emissions
- Decarbonise investment portfolio
- Manage climate-related risks and opportunities
- Engage and align suppliers with environmental aims

- Robust corporate governance and effective leadership
- Ethical and professional conduct
- Responsible procurement
- Responsible use of data and technology

### 2024 actions

- Launched Churchill and Direct Line apps
- Developed proposition for Direct Line launch on Price Comparison Websites
- Rolled out new home platform

- New target operating model
- Improved skills
- Made some progress against diversity targets

- Young people positively impacted through Community Fund outreach programmes
- Colleagues engaged in Community Fund programmes
- Announced new Community Fund charity partners

- Further reduced operational emissions (Scope 1 + 2) by 3% compared to 2023.
- Further reduced commercial real estates investment emissions by 20% year on year.
- Increased supplier sustainability weighting to 10% in the procurement process

- 99.5% of colleagues trained on Business Code of Conduct and associated standards
- Introduced new AI responsibility framework and risk assessments
- Over 95% of suppliers paid on time (under 30 days)

# Non-financial and sustainability information statement

This non-financial and sustainability information statement highlights information necessary for an understanding of the Company's development, performance, position and impact of its activity, information relating to environmental, employee, social, respect for human rights, anti-corruption and anti-bribery matters.

Where possible, the following table states where additional information can be found that supports the requirements of sections 414CA and 414CB of the Companies Act 2006.

Reporting Requirement	Annual Report	Page	Relevant policies, statements and codes available at <a href="http://directlinegroup.co.uk">directlinegroup.co.uk</a>
Environment	Sustainability	44 to 57	Environment Statement
	Task Force on Climate-related Financial Disclosures	58 to 71	
	Streamlined Energy and Carbon Reporting	72 to 73	
Anti-bribery and anti-corruption	Financial crime and anti-bribery and corruption	108	Prevention of Financial Crime Policy Code of Business Conduct
	Ethical Code for Suppliers	55	Ethical Code for Suppliers Whistleblowing Policy
Employees	People	15 to 18 48	Flexible Working Policy Health & Safety Policy
Business model	Group at a glance – our business model	2	Prompt Payment Code
	Our investment story and strategy	3	Responsible Investment Policy
	Delivering for our customers	4 to 5	Underwriting Standards Tax Policy
Social and community matters	Society	49 to 50	Board Diversity Policy
	Nomination and Governance Committee report – Diversity and inclusion	110	Data Privacy Policy  Corporate Website Privacy Notice
Human rights	Human rights and modern slavery	55 and 112	Human Rights, Diversity and Inclusion Policy Modern Slavery Statement
KPIs	Our financial key performance indicators	7	
	Colleague engagement	15	
	Net Promoter Score	47	
	Operational emissions	53	
Risk management	Risk management	38 to 43	
	Principal risks and uncertainties	40 to 42	
	Emerging risks	43	

The table below has been produced to comply with the requirements of section 414CB of the Companies Act 2006, as amended by the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022. The information listed is incorporated by cross-reference.

Reporting requirement	Page	Further information
(a) a description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities	58 to 59	Refer to Governance
(b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities	72 to 73	Refer to Risk Management Refer to Management's role Additional information available throughout TCFD report
	59 58 to 71	
(c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process	72 to 73	Refer to Risk Management
(d) a description of: – (i) the principal climate-related risks and opportunities arising in connection with the company's operations; and – (ii) the time periods by reference to which those risks and opportunities are assessed	69	Refer to table within Our strategic response
(e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy	69 to 71	Refer to Our strategic response
(f) an analysis of the resilience of the company's business model and strategy, taking into account consideration of different climate-related scenarios	61 to 68	Refer to Scenario analysis
(g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	70, 71 and 71 to 73	Refer to Science-Based Targets
(h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based	71 to 73	Refer to Metrics and Targets

# Customers



**“In 2024 we took the momentous decision to put our best known brand, Direct Line, on Price Comparison Websites so we are offering even more choice to motor insurance consumers.”**

The Group has two of the UK’s iconic motor insurance brands in Direct Line and Churchill. It is in the top three for Motor and Home<sup>1</sup>, number one for single property Landlord<sup>2</sup> insurance and has the UK’s third largest Rescue provider in Green Flag<sup>3</sup>.

In 2024, we focused on strengthening our performance in our core businesses of Motor, Home, Commercial Direct and Rescue alongside reducing costs and improving our claims capabilities.

We are aiming for excellence through all stages of the customers’ journey in order to become their insurer of choice. We have invested over the past two years in digitalising that journey and the transformation has further to run in 2025. Our approach to earning customers’ trust can be broken down into three themes: choice, value for money and service.

## Choice

- **More choice:** Churchill, Darwin, Privilege and By Miles have been available on price comparison websites for many years and this year we took the momentous decision for Direct Line to join them. This went live on Compare the Market in December 2024.
- **Essentials policies** meet the needs of drivers who want core insurance cover and are willing to trade additional elements for a lower premium. First launched by Churchill in 2022 via a leading price comparison website, a large proportion of new sales are being driven by this product. Direct Line Essentials was launched in September 2023 and we have identified a similar opportunity for a Home Essentials product and are designing one for launch in 2025.
- **By Miles**, where customers pay according to car usage, launched Connect for Volvo drivers in August enabling these customers to purchase a By Miles policy without requiring a separate Miles Tracker. This takes the number of vehicle manufacturers on our Connect platform to six.

## Notes:

1. Source: Ipsos Mori – FRS, January to December 2024.
2. Source: Consumer Intelligence Market Benchmarking – September & December 2024, 500 risks per month.
3. Mintel Vehicle Assistance and Recovery UK Oct 2024.

- **Enhanced renewal options:** We launched a new retention toolkit that offers contact centre colleagues better support when having conversations with renewal customers. Also, for renewing customers who pay in full, we now show a monthly payment option to make it clear the cost can be spread.
- **Expansion of Green Flag’s own patrols:** Green Flag launched its own patrol service in 2023 in Scotland and the West Midlands. In 2024, Yorkshire, the Northwest and East Midlands were added and coverage is being extended across the Midlands and southern England in 2025. The new service, which last year fixed 95% of the problems it responded to at the roadside, complements the independent network of third-party roadside rescue operators who carry out more complex recoveries. In 2024 our patrols attended 19,491 customers, reaching them, on average, in 54 minutes.
- **Commercial Direct** put tool theft on the agenda with a campaign to draw attention to the impact these losses have on tradespeople. We provided practical advice on how to protect tools and other property. Our data was widely reported by the media, helping to drive awareness.

## Value for Money

- To help with the cost of living challenge we offered an Essentials range to customers and through our By Miles brand, which ties premiums to car usage, offer customers better choice and ways to control their insurance costs. Customers can also use the new Churchill and Direct Line Apps to tailor policies to their needs.
- Independent benchmarking by Consumer Intelligence confirmed Green Flag offered more competitive pricing than AA and RAC, across all cover levels, for both vehicle and personal cover.
- Commercial Direct’s Landlord product won the What Mortgage best landlord insurance provider for the 12<sup>th</sup> year in a row and scored 4.7/5 on Trustpilot.
- **Darwin smart pricing:**
  - Improved pricing: We significantly improved our pricing capability allowing us to offer competitive prices to more UK drivers.
  - Renewals research: In 2024, we incorporated additional feedback from customers into pricing and customer experience improvements in our renewal journey resulting in a step change in retention rates.

- Premium Finance: With rising costs, more customers are looking to spread the cost of insurance across their policy term. Darwin has reviewed this scheme aiming to minimise barriers and to offer an appropriate rate of interest. In 2024 we piloted and rolled out a new scheme which reduced the initial deposit and extended the remaining payments over a longer period. Learnings from the Darwin pilot also allowed us to extend this scheme across our other brands.
- The Green Flag partnerships team collaborated with Virgin Money to upgrade the level of Rescue cover for their Club M packaged bank account customers. Before this upgrade customers only had access to local cover. Following the upgrade, National and European Cover became available on 1 February 2024, along with other new benefits including Onward Travel and Personal Cover in the UK.
- Working with Apple and utilising its robust satellite services, Green Flag is the first UK breakdown brand to offer rescue services as part of Apple's Roadside Assistance via satellite on iPhone.

**Service**

- Better customer experience: enhanced digital capabilities have enabled customers to manage their policies better. Two Apps were launched in 2024, Churchill in July and Direct Line in September. Customers can use them to change cover, view policy documents, start a claim and get support on the go. By the end of the year, 205,531 customers were using the Apps, growing at an average rate of 1,181 sign-ups a day. The Churchill app reached #4 in the Finance charts towards the end of October and is rated 4.5/5 on iOS App Store, on which Direct Line is rated 3.95.
- "MyAccount": one time passcode was introduced to make it easier for customers to access their online insurance information without the need to remember a password. Since its rollout from early 2024, this service has increased successful sign ins by 20% and reduced customer password resets by almost 90%.
- Our dedicated personal insurance advisors visit customers when they've been impacted by flooding, to assess the damage to the home and provide much needed advice and reassurance. Advising on appropriate alternative accommodation, if required, is the first and main action taken to ensure the safety of impacted customers. They also provide guidance on what is safe to do and not do during the time water is inside the property. The Group engage with policymakers and others to highlight the importance of flood defences and infrastructure to protect properties from the risk of flood, as part of an effective and sustainable flood resilience strategy.
- Claims tracking and repairs efficiency: The Group has improved the digital experience in motor claims so that customers can track progress online, reducing the need to call for updates. This has fed into improved Net Promoter Scores.
- In DLG Autocentres, the average repair time<sup>1</sup> of 24.2 days is ahead of the national average time at 34.4 days. Our own garages also compare well with 3<sup>rd</sup> party network providers for both customer experience and cost to repair.

- To keep pace with the most up to date repair techniques and the highest customer safety standards, we've launched our innovative Vehicle Damage Assessor accreditation programme. What's more, we are one of the few organisations in the UK that is equipped to offer this certification in our training centre based in our flagship Stechford Technology Centre. Our training is recognised by the Institute of the Motor Industry.
- The Direct Line Motability team has improved their interaction with customers. All frontline teams are experienced in supporting customers with dementia and many have also had autism awareness training. By the end of 2025 all frontline teams will have completed their autism awareness training. They also launched a "Hyper Care" team to ensure that when the most vulnerable customers make a claim there is dedicated support on hand so customers understand the next steps and feel supported and informed. This customer centric approach has helped us attain an overall average end of amendment customer score of +91 NPS and end of claim customer NPS score of +80. (TLF data).
- **Overall the Group's Net Promoter Score<sup>2</sup> increased across 2024 ending the year at 52.2 improving from 50.1 in 2023.**



**Green Flag Apple Satellite case study**

When a customer's car began billowing smoke on a remote road in North Wales, she found herself alone, isolated and without any mobile phone signal. Using Apple's Roadside Assistance via satellite on iPhone she contacted Green Flag who responded within a minute. In a panic, she accidentally provided her own phone number instead of her mother's for her family to be informed she was safe. Our team quickly identified the error, located the correct number, and reassured her family. After quickly dispatching a rescue vehicle, we sent regular updates to support our customer, ultimately leading to a safe resolution.



**Notes:**

1. Cycle Time taken from Activeweb.
2. The Group's NPS is calculated using Churchill, Direct Line and Green Flag responses from customer surveys after purchase, amend, claim, cancel and renew (Green Flag is rescue claim only).

# People



**“Colleagues have raised their skill levels to help meet the goal of technical excellence and used their experience to adapt to new ways of working.”**

## The Group has focused on encouraging and enabling colleagues to play a clear role in improving the Group’s performance.

This has involved embedding a high-performance culture based on the brand’s core values of customer service and teamwork. Colleagues have raised their skill levels to help meet the goal of technical excellence and used their experience to adapt to new ways of working. A simpler operating structure has improved accountability for delivering better performance.

### Building skills and capabilities

Our training and development programmes are focused on building essential skills to meet our customers’ needs, making the most of new digital platforms. Technical skills are being upgraded across the Group, from data analysis to our in-house automotive service centres. Our apprenticeship and graduate programmes make a key contribution to this.

### Graduates

A fifth cohort of graduates with a STEM degree joined our Technical Engineering Programme within Automotive Services. Graduate schemes are rare in the automotive industry and we offer a number of Institute of the Motor Industry accredited qualifications. Our programme is flexible, allowing graduates to experience different aspects of the business and pursue different paths, including data analytics.

### A diverse and inclusive business

In the past year we’ve moved our Diversity & Inclusion (“D&I”) partner into our Leadership, Talent and Early careers centre of excellence, as part of the People Partner and Organisational Effectiveness team. This ensures we take a holistic and pragmatic approach, using data to identify opportunities to improve equity and inclusion across all people processes. We’ve also aligned our D&I priorities with the new Group strategy, contributing to a high performing business.

Our shift in approach is driven by clear D&I objectives set by senior leadership and implemented throughout the organisation. Our commitment has been recognised by a jump from 17<sup>th</sup> to 12<sup>th</sup> in the 2024/25 Inclusive Top 50 UK Employers rankings. Highlights cited by the judges included improved representation of under-represented groups at senior level; bias mitigation in performance management training; and a social mobility network.

The work done in 2024 focused on building talent pipelines, enhancing leadership capability, meeting regulatory requirements and achieving equitable outcomes in performance management. Here are some examples:

- new targets to increase representation at senior leadership level of females to 40% and ethnic minority colleagues to 16% (including Black colleagues to 4%) by the end of 2027
- we’ve made significant progress towards our female target increasing by 4.1% year on year but have more work to do to seek to ensure ethnic minority representation continues to increase. Current initiatives include targeting diversity in recruitment shortlists, setting leadership objectives for representation in succession and developing our internal talent development methods to support those from underrepresented groups
- senior leadership championing D&I, supported by employee-led “DNA” strands (Belief, Families & Carers, Gender, LGBTQ+, Neurodiversity and Disability, Race and Ethnicity, and Social Mobility)
- comprehensive policies to encourage dignity and respect, zero tolerance of bullying and harassment, clear processes to report incidents
- a communication strategy that ensures we keep D&I top of mind, driving accountability and allyship beyond our employee networks with regular contributions from the ExCo
- using data to identify focal areas to address change such as representation of females in our Motor Network.

### Ignite Apprenticeship Programme

The Ignite apprenticeship programme, launched in 2022, celebrated 159 completions in 2024 with standout results: 56% achieved distinction and 17% earned merit.

At the end of the year, 257 colleagues were actively engaged in apprenticeships across the Group. Of these, 32% were focused on data and technology and 45% on vehicle repair, with the remainder developing vital business skills. Among the 127 new apprentices in 2024, 68 were new hires with 62% of those joining auto services and a further 25% dedicated to Motability. We utilised 81% of our apprenticeship levy, with 10% of our spending supporting local communities and smaller enterprises.

We are working with The Schools Outreach Company to increase the number of female applications for our vehicle repair apprenticeship and have signed up to the Automotive 30% Club (aiming to fill 30% of key leadership positions across the Automotive industry with females by 2030). Targets have been set to increase the number of females in leadership positions within the Auto Repair Network.

# Society



**“The number of students likely to consider a career in insurance rose from 13% pre-programme to 95% afterwards. The Group has started to hire participants into paid roles.”**

**A key part of our responsible business strategy is to use our expertise and resources to improve outcomes for society and the communities we serve. When our communities prosper, so does our business and so does the sense of well-being among our colleagues.**

## Community Fund

The Community Fund helps to build a more inclusive and equitable society by supporting disadvantaged young people in their quest for a brighter future. This complements our commitment to being an inclusive and diverse employer, which helps us to attract and retain a wide range of talent.

Our Bright Futures programme connects our colleagues with young people from lower socio-economic backgrounds via volunteering opportunities to help them acquire the knowledge and networks they need to improve their employment chances.

In 2024, our colleagues gave 2,027 volunteering hours to support more than 11,000 disadvantaged young people through activities ranging from paid work experience to mentoring. This more than doubled the total number reached since the launch of the programme in September 2022.

Around half of these young people completed our virtual work experience programme, with 43% based in coastal or rural “cold spots” (regions with low social mobility). Of these, 38% were eligible for free school meals and 28% came from ethnic minority backgrounds. The number likely to consider a career in insurance rose from 13% pre programme to 95% afterwards. The Group has started to hire participants into paid roles such as apprenticeships.

Our commitment to social mobility was recognised by the Social Mobility Foundation Employers Index as we rose eight places to 60. The Index measures eight areas of employer-led social mobility including recruitment approach, internal progression opportunities and engagement with young people.

In 2024, the Community Fund donated £50,000 to four new charity partners – Parenting Mental Health, Race Equality Matters, employment support programme charity SPEAR and The Diversity Trust. Each organisation focuses on at least one of the fund’s strategic areas, such as increasing minority group inclusion and improving outcomes for social mobility.

## Charitable giving

Participating in charity initiatives enhances employees’ engagement with the company by fostering a sense of belonging and connection, enabling them to align their professional roles with personal values.

We launched a new volunteering platform, “Neighbourly”, in May which provides market-leading data insights and reporting capabilities. It found that 90% of volunteers reported a positive change in their feeling of connection to the Group and 60% upgraded their coaching skills. Our Community & Social Committees continued to help colleagues get involved in community activities and support fundraising ventures.

Colleagues can support good causes in three main ways: ‘give as you earn’, for which the Group earned a Platinum Payroll Giving Quality Mark Award; community cashback – each individual can apply for £250 to support their volunteering or fundraising activity; and ‘Change for Charity’ – in 2024 donations deducted from monthly pay went to MIND.

**WhizzKidz:** through our partnership with the charity devoted to young wheelchair users, we donated £10,000 to children living near our offices. With this partner, we also ran a Disability Awareness Training session for more than 100 colleagues.



**Insure Your Future** – The Group spearheaded an industry-wide collaboration with five insurers to expand career opportunities in the sector for 500+ students from diverse backgrounds.

Direct Line Group financially contributed to SPEAR programme in London and Leeds to support young people, who may be care-experienced, receiving state welfare, or have a disability or neurodifference, to find ways into employment. We also collaborated with them on their "Hire Me" events to help other students from lower socioeconomic backgrounds to find jobs. The Group's colleagues volunteered to participate in career events, CV support sessions, and mock interviews. We are proud that our investment in SPEAR promotes social mobility in communities local to our offices and aligns to our objective of being an equitable and inclusive employer.

### Values in action

As a leading insurer, we conduct research and mount campaigns that tackle societal challenges.

In 2024, Churchill uncovered the shocking statistic that 1,200 children are injured every month in traffic collisions within 500 metres of a school. Film evidence from key locations revealed that 10% of children were using their phones while crossing the road and one in five secondary school pupils were hit or narrowly missed by vehicles whilst using their phones. We launched a campaign – 'Eyes up, screens down' – to highlight the dangers.

On 'Drink Driving', we delivered a campaign to raise awareness of the danger of being over the legal alcohol limit following a wedding. Research revealed that 29% of people have 16 or more drinks at a wedding and one in six admit they could still be over the limit the morning after. The campaign highlighted the time it takes for alcohol to leave the system and urged people to think before getting behind the wheel.

The Group's in-person career insight sessions, held at our offices or delivered by a Group employee, catered for 6,300 young people, of whom 84% were eligible for free school meals and 89% were from ethnic minority backgrounds.

Insure Your Future event: As part of National Careers Week, we brought together several insurance companies to introduce young people (aged 16-20) from diverse backgrounds to a career in insurance. 510 students took part in the business simulation exercise and by the end of the day there was a 27% increase in attendees agreeing that they could see themselves working in insurance.



Bright Futures: Students enhance their teamwork, communication, and commercial awareness during a Insurance Business simulation in London.

### Our 2024 tax contribution

In accordance with applicable tax laws and regulations and our responsibilities both as a contributor of corporate taxes and as a collector of taxes on behalf of HMRC, in 2024 the Group's net tax contribution was £1,032.1 million, which includes the Group's direct and indirect taxation.

<b>Our customers</b>	IPT	<b>£392.1m</b>
<b>Our suppliers</b>	VAT	<b>£32.7m</b>
<b>Our people</b>	PAYE NIC	<b>£119.6m</b>
<b>Our operations</b>	Other taxes including business rates	<b>£10.7m</b>
	Irrecoverable VAT	<b>£369.9m</b>
	Employers NIC	<b>£52.1m</b>
<b>Our performance</b>	Corporation Tax	<b>£55.0m</b>

**HM Treasury**  
**£1,032.1m<sup>1</sup>**

**Net tax contribution**

#### Society

- Public services
- Healthcare
- Infrastructure
- Welfare
- Education
- Defence

**Note:**

1. The Group's total tax contribution in 2024, including direct and indirect tax contributions.

# Planet



**“In 2024, 21% of managed suppliers had signed up to SBTi-aligned decarbonisation targets or an equivalent.”**

*For more information, please see page 54.*

## Planet

Our strategic focus on climate change aims to reduce our impact on the environment and manage the impact of climate change on our business, playing a part in accelerating the transition to a low-carbon future.

Our climate ambition is to be a Net Zero business across scopes 1, 2 & 3 by 2050. Management’s priorities are to decarbonise our most carbon-intensive activities, protect our business from the impact of climate change (see Task Force on Climate-related Financial Disclosures report on pages 58 to 71) and support our customers in the transition to a low-carbon economy.

## Science Based Targets

In 2024, we continued to deliver against our five Science-Based Targets (“SBTs”), which are aligned to a 1.5°C pathway and were approved by the Science Based Targets initiative (“SBTi”) in 2022. We plan to continue to drive initiatives to decarbonise our operational and investment emissions.

From 2025, we expect that updated sector guidance from SBTi will enable us to create a new baseline for emissions, expand the scope of our SBTs and further develop the transition plans consistent with our Net Zero ambition.

## Our climate ambition

To become a Net Zero business across scope 1, 2 & 3 by 2050

### Management priorities

<p><b>Decarbonising our accident repair centres and office estate</b></p>	<p><b>Decarbonising our investment portfolio</b></p>	<p><b>Engaging our supply chain</b></p>	<p><b>Supporting customers in the low carbon transition</b></p>	<p><b>Enhancing management of climate-related financial risks and opportunities</b></p>
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### Science-Based Targets to support our ambition

<p><b>Operational emissions (Scope 1 &amp; 2)</b></p> <p>1. Reduce emissions by 46% across our office estate and accident repair centres by 2030<sup>1</sup></p> <p>In 2024, we reduced our operational Scope 1 &amp; 2 emissions by 46% compared to 2019</p>	<p><b>Investment portfolio (Scope 3): Corporate bonds</b></p> <p>2. Align our scope 1 &amp; 2 portfolio temperature rating to 2.08°C by 2027</p> <p>In 2024, the temperature rating of the Scope 1 &amp; 2 portfolio was 2.01°C</p>	<p><b>Investment portfolio (Scope 3): Commercial property</b></p> <p>3. Align our scope 1, 2 &amp; 3 portfolio temperature rating to 2.31°C by 2027</p> <p>In 2024, the temperature rating of the Scope 1, 2 &amp; 3 portfolio was 2.31°C</p>	<p><b>Investment portfolio (Scope 3): Commercial property</b></p> <p>4. Reduce emissions from our commercial property portfolio by 58% per square metre by 2030<sup>1</sup></p> <p>In 2023, we reduced emissions from our commercial property by 39% per square metre<sup>2</sup></p>	<p><b>Investment portfolio (Scope 3): Real estate loans</b></p> <p>5. Reduce emissions from our real estate loans portfolio by 58% per square metre by 2030<sup>1</sup></p> <p>In 2023, we reduced emissions from our real estate loans by 26% per square metre<sup>2</sup></p>
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**Notes:**

1. Against a 2019 baseline.
2. Due to the practicalities of obtaining data from our external asset managers ahead of the release of the Group’s annual reporting, progress against our commercial property and real estate loan targets is reported with a one-year time lag.

### Science-Based Targets

The Group made good progress in 2024 and is on track to deliver against its Science-Based Targets. Last year we reduced our operational Scope 1 & 2 emissions by 5%<sup>1</sup> compared to 2023. This amounts to an overall reduction of 46%<sup>1</sup> against our 2019 baseline, meaning we have delivered against our 2030 target early.

#### 2024 performance

#### Progress against targets

### Operational emissions (Scope 1 & 2)

#### Covering

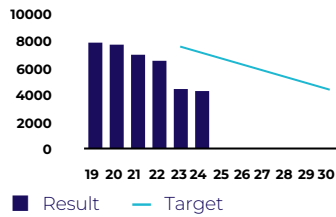
#### Operational footprint

Our buildings and garage network including our 23 auto services sites and 13 offices.

#### Targets

T1. Reduce emissions by 46% across our offices and accident repair centres by 2030 against the 2019 baseline.

Operational emissions (Scope 1 & 2)



In 2024 we further reduced these emissions by 5%<sup>1</sup> compared to 2023 as we continue to make progress in downsizing and investing in our office estate, electrifying our auto services sites and using alternative fuels in our recovery trucks.

Overall, we have now reduced our Scope 1 and 2 emissions by 46%<sup>1</sup> against our 2019 baseline meaning we have delivered against our 2030 target early. Our work will continue this year and beyond as we look to renegotiate our renewable energy contracts and continue the electrification of our auto services sites.

### Investments (Scope 3)

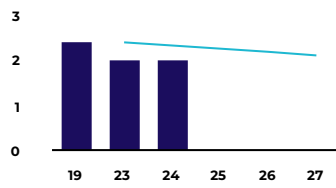
#### Corporate bonds

The largest asset class in our investment portfolio and typically short-duration holdings.

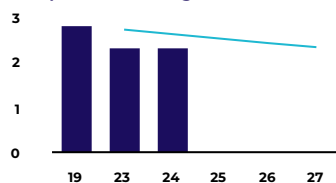
T2. Align our Scope 1 and 2 corporate bonds portfolio temperature rating to 2.08°C by 2027 from 2.44°C in 2019.

T3. Align our Scope 1, 2 and 3 portfolio temperature rating to 2.31°C by 2027 from 2.80°C in 2019.

Corporate bonds Scope 1 and 2 temperature rating



Corporate bonds Scope 1, 2 and 3 temperature rating



Our performance in 2024 shows we were successful in reducing the temperature rating of this portfolio to 2.01°C for Scope 1 & 2 against our 2019 baseline of 2.44°C (Target 2) and to 2.31°C for Scope 1, 2 & 3 (Target 3) against our 2019 baseline of 2.80°C. This means we have hit our 2027 targets early, something we have achieved through working with our investment managers and providing them with clear mandates.

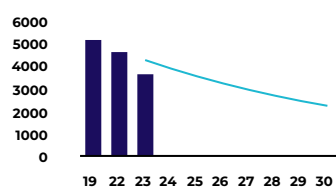
Reductions have been largely driven by an increasing number of investee companies achieving lower temperature ratings by setting ambitious greenhouse gas reduction targets including SBTs. This has helped to lower the aggregate portfolio temperature score.

### 2023 Performance

#### Commercial property

T4. Reduce commercial property emissions by 58% per square metre by 2030 compared to the 2019 baseline of 5,197 tCO<sub>2</sub>e.

Commercial Property investments



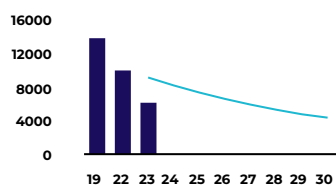
We are reporting on our 2023 performance for these two assets in this year's report, as there is a lag in the availability of energy performance data from our investment managers ahead of our annual reporting.

Our performance in 2023 shows we were successful in reducing the Commercial Property investment intensity by 39% against our 2019 baseline of 67 kCO<sub>2</sub>e/m<sup>2</sup> and on the real estate loans we reduced our energy intensity by 26% against our 2029 baseline of 81 kCO<sub>2</sub>/m<sup>2</sup>.

#### Real estate loans

T5. Reduce real estate loans emissions by 58% per square metre by 2030 compared to the 2019 baseline of 13,769 tCO<sub>2</sub>e.

Real Estates Loans

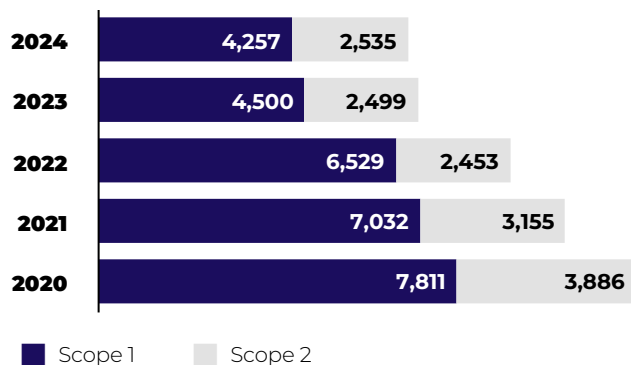


Reductions in emissions were mainly delivered through the implementation of an investment strategy requiring all assets in our property portfolio to have an Energy Performance Certificate of 'D' or better, or a funded plan to achieve that level and engaging with investee companies, tenants and property owners to encourage them to commit to emissions reduction measures.

#### Note:

1. We are required to use Scope 1 and Scope 2 market-based emissions for SBTi operational target-setting and reporting. When including Scope 2 location-based emissions this reduction is equivalent to a 3% reduction when compared to 2023 and a 53% reduction against the 2019 baseline.

## Operational emissions



Overall, when compared to 2023, our Scope 1 and 2 emissions decreased by 3%.

Our Auto Services, comprising 23 accident repair centres and our recovery fleet, makes up over 70% of our operational emissions. In 2024, Scope 1 and 2 emissions associated with our repair centres reduced by 6%, compared with 2023.

We have achieved this through:

- the use of hydrogenated vegetable oil in our accident repair centres as an alternative fuel for our recovery trucks. This initiative has now been implemented at 95% of our repair centres, resulting in an estimated 2,312 tCO<sub>2</sub>e saved in 2024;
- installing electrical infrastructure to remove gas from paint spray booths at one of our sites, providing an estimated saving of 399 tCO<sub>2</sub>e in the year; and
- generated 140,000 kWh of energy from roof mounted solar at one of our DLG Auto Services sites, providing 13% of the total electricity used on-site.

### Group energy consumption (kWh)<sup>1,2</sup>

	2024	2023
Electricity	12,133,434	11,906,788
Gas	16,862,562	19,779,732
<b>Total</b>	<b>28,995,996</b>	31,686,520

The Group adheres to the SBTi concept of the "mitigation hierarchy", namely that the Group addresses its value chain emissions and implements strategies to achieve these targets as a priority, ahead of actions or investments to mitigate emissions by using carbon offsets. Working with Climate Impact Partners, we have supported a carbon removal project to Verra Verified Carbon Standard in Uruguay since 2023 to offset our remaining Scope 1 and 2 emissions over a three-year period. The project involves reforestation and a sustainable approach to wood production. The Project is certified by the Forest Stewardship Council (FSC), balancing timber production and sales with habitat creation for wildlife. It provides employment for the local community and enhances biodiversity and carbon sequestration opportunities.

#### Notes:

1. 100% of the reported energy consumption relates to operations, all of which are based in the UK.
2. Data is reported in compliance with the Streamlined Energy and Carbon Reporting ("SECR") requirements (see page 72).
3. Companies taking positive climate action are defined as those that are committed to setting Science-Based Targets or have a 2°C or better carbon performance alignment from the transition pathway initiative.

## Investments

Emissions from investments make up approximately 70% of our Scope 3 total. Aligned to our climate ambition, our long-term goal is to reach Net Zero across our investment portfolio.

To deliver against our four current SBTs for investments, we have incorporated key climate considerations into our investment strategy. In 2024 we:

- continued to make progress towards meeting our SBTs for GHG emissions reduction for in-scope asset classes;
- reported performance against our SBTs for commercial property and real estate loan portfolios for the first time;
- continued to reduce the carbon intensity of our corporate bond portfolio in line with our goal of a 50% reduction by 2030 from a 2020 baseline; and
- encouraged high emitters to set science-based emissions reduction targets as a signatory to the CDP's science-based targets campaign.

Our investments are underpinned by a wider Environmental, Social and Governance ("ESG") framework. We expect all external investment managers to be signatories to the United Nations Principles for Responsible Investment ("UN PRI"), ensuring that UN PRI criteria are integrated into the investment process.

Our investment policy:

- excludes any company with a low MSCI low-carbon transition score (indicating assets could be economically stranded);
- excludes companies involved in thermal coal activity, either mining or power generation, at greater than 5% of revenues unless the company is taking positive climate action<sup>3</sup>;
- has a preference for investments in green bonds where the risk return characteristics are similar to conventional bonds; and
- requires all assets in our property portfolio to have an Energy Performance Certificate of 'D' or better, or a funded plan to achieve that level.

Looking ahead, our priorities include:

- ensuring Investment Managers are engaging with investee companies, tenants and property owners to encourage them to implement half-hourly metering of their utilities and to set emissions reduction targets;
- setting targets for asset classes not yet covered once standards and methodologies are established;
- monitoring targets for all asset classes based on the latest methodologies and best practice; and
- increasing the coverage across our private asset investments.

For more detail on how we manage climate-related risks and opportunities in our investment portfolio please see page 71.

## Supply chain

Emissions from our supply chain make up approximately 30% of our Scope 3 emissions, highlighting the importance of engaging with our suppliers to achieve our climate ambition. Our Supply Chain Sustainability Programme is embedded in our approach to responsible procurement. The focus of this programme is twofold:

- engagement with our Tier 1 suppliers to keep them updated on the Group's climate commitments and practices, and to obtain information on their appetite for and approach to emissions reduction and target-setting; and
- embedding sustainability considerations into supply chain decisions, processes and management.

During 2024 we increased the sustainability weighting for contracts over a million pounds, which means that 10% of the criteria relate to sustainability-related criteria. In addition to measuring supply chain emissions, we monitor the effectiveness of our engagement strategy. In 2024, 86% of the managed supply base that we reached out to responded positively to our direction of travel on emissions reduction. By the end of the year, 21% of managed suppliers had signed up to SBTi-aligned targets or an equivalent.

Looking ahead, our priorities include creating a new baseline for our supply chain emissions, updating the emissions reduction target and moving to more accurate emissions measurement methodologies.

## Biodiversity

We continue to monitor our nature-related dependencies, impacts, risks and opportunities as part of the wider integration of ESG factors into our Group risk framework. While our immediate strategic priority is to manage climate-related risks, we recognise that conserving and restoring nature is essential to limit emissions and adapt to climate change. This includes nature's role in storing carbon and providing natural defences against extreme weather events.

We are involved in various UK initiatives, including supporting the Get Nature Positive movement formed by the Council for Sustainable Business and supported by Defra. Incorporating biodiversity into specific business activities, in 2024 we continued to fund a tree-planting project in a flood prevention scheme in Yorkshire, replacing trees we removed when home insurance policyholders make subsidence claims.

Working with nature recovery charity Heal Rewilding, we provided a loan in 2023 to acquire a 460-acre site in Bruton, Somerset, where rewilding is in progress and wildlife is flourishing. Over the last year, Heal Rewilding made major progress in its work to rebuild wildlife populations, tackle climate change and support people's well-being. Surveys of birds found 67 species, including 11 red-listed and 16 amber-listed, with the breeding populations of some red-listed birds faring unexpectedly well, including linnet, tree pipit and yellowhammer. The baseline survey for invertebrates found unexpectedly high abundance of common species, a key finding because they are a vital food source for birds, mammals, reptiles and amphibians. The year also saw a significant expansion of community engagement work at the site, with nearly 300 free visits by people with additional needs, dementia and mental health challenges, young adults with life challenges, and disadvantaged families, and free visits by schoolchildren and young apprentices.



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# Governance



**“Our shared values shape the Group's culture and conduct in pursuit of the Group's purpose. These guiding principles help colleagues to work together effectively, make good decisions and deliver for our customers.”**

## Governance and responsible business

Pursuing excellence in corporate governance and maintaining the highest standards of business conduct are fundamental to building a long-term, sustainable business. Our Corporate Governance report, including the work of our Customer and Sustainability Committee, can be found on pages 75 to 141.

This section drills down into the governance framework and approach that drive alignment of responsibility and sustainability aims with business goals, in line with the Group's risk framework.

## Ethical business and professional conduct

Our shared values shape the Group's culture and conduct in pursuit of the Group's purpose. These guiding principles help colleagues to work together effectively, make good decisions and deliver for our customers. Our Group Code of Conduct sets out the high standards of behaviour that we expect. Key areas covered include combatting discrimination, harassment and bullying, treating customers and suppliers fairly, diversity and inclusion, fair competition and contributing to society.

Aligned to the Group risk framework, the Code is supplemented by detailed policies and guidance that raise awareness of financial crime and set out action to combat it. Anti-bribery and corruption, anti-money laundering, terrorist financing, fraud prevention and sanctions are covered. This seeks to ensure that we can protect our business and customers from financial harm as well as fulfilling regulatory and legal responsibilities.

As part of our annual e-learning programme, colleagues completed training on ethics and regulatory policy, including compulsory assessment elements. In 2024, we enhanced this programme by including new scenario-based examples and additional content in relation to timeliness of logging gifts & hospitality requests and 97% of colleagues completed modules on anti-bribery and corruption. The Group's whistleblowing policy supports these standards and helps promote a culture of openness. Anyone can raise concerns with managers or utilise the services of an independent third party including a confidential telephone helpline.

Group policies and statements are available publicly at [www.directlinegroup.co.uk/en/sustainability/reports-policies-and-statements](http://www.directlinegroup.co.uk/en/sustainability/reports-policies-and-statements)

## Responsible procurement

As an extension of our business it is important that our Suppliers embody our values and standards just as we have a responsibility to treat them fairly and respectfully. This helps to build long-term positive relationships that best serve our customers and society. This approach is encapsulated in our Ethical Code for Suppliers. The Code sets out our expectations in areas such as human rights, labour standards, environment and governance. It requires adherence to International Labour Organisation (“ILO”) standards, which include a ban on the use of child labour and forced or bonded labour.

Having rolled out a refreshed Code in 2023, all managed suppliers were required to confirm their acceptance of it and encouraged to ensure their supply chains also adhered to the principles. Our Supplier Management and Outsourcing Policy has processes in place to ensure we maintain high standards, which include:

- supplier segmentation based on factors such as value, expenditure and risk exposures;
- supplier assurance and oversight
- rigorous due diligence when onboarding new suppliers; and
- open and transparent sourcing including assessment of potential new suppliers against criteria that cover environmental, social and governance factors.

These processes are reviewed on an annual basis to ensure they remain aligned with potential exposures faced by the business. For more information on how we are embedding environmental sustainability through our supply chain, please see page 54. We expect managed suppliers to provide assurances of compliance with the Modern Slavery Act through a published statement (where applicable). The procurement process includes an annual review of our modern slavery risk, annual training, due diligence on new suppliers and active assurance and management of existing suppliers. Further detail on our approach and adherence to the Act can be found in our latest Modern Slavery Statement.

## Data ethics and privacy

At Direct Line Group, enriching our data and making effective use of technologies such as artificial intelligence ("AI") and machine learning are crucial to our strategy to become the customers' insurer of choice. They enable us to better meet customer needs and upgrade their digital experience, for example, by increasing pricing accuracy and providing best-in-class claims management.

The need for customers to trust the way we use their data is paramount. This means using their data ethically while we perform our day-to-day jobs. Our Data Ethics Principles sit at the heart of a holistic framework, establishing the values to which colleagues must adhere and driving fairness, transparency and accountability.

### Data Ethics Principles

1. Respect the person behind the data.
2. Ethics will be designed into data processes and solutions from the outset.
3. Understand and document the purpose for any data collected, used and/or shared.
4. Comply with applicable laws and regulations in connection with data, its collection and use.
5. Understand the limitations and quality of the data we use and how this may impact the decisions we make.
6. Actively pursue a fair, explainable and transparent approach to algorithmic and statistical decision-making.
7. Ensure accountability and appropriate governance for any automated decision process.
8. Provide appropriate guidance and training to support and encourage responsible data use.

We have implemented an extensive control framework to manage privacy and security risks and meet our responsibilities under data protection legislation, following regulatory and industry standards and guidance. Governance forums ensure privacy and security considerations receive high levels of visibility. All businesses within the Group are required to meet the standards set out in the framework and provide evidence of compliance with UK GDPR obligations. All colleagues and contractors receive annual training on data protection and security responsibilities.

During 2024, we enhanced our approach to data privacy and security by implementing several key initiatives. These included the introduction of privacy enhancing technologies ("PETS") to protect personal data, improving our data anonymisation and pseudonymisation processes, and strengthening our accountability and governance frameworks. We also focused on ensuring compliance with data protection laws through comprehensive training and awareness programs, and by updating our internal controls and risk assessments to address new technological developments and regulatory requirements.

Please see our online Group Data Privacy Policy for more information on our privacy framework, privacy and security programmes, and governance.

# External ratings, memberships and benchmarks

We actively support a variety of membership organisations, and disclose information to ratings and benchmarking authorities, as well as receive ESG performance ratings.

ESG ratings		<b>MSCI</b> In 2024, we received a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment	MSCI ESG Rating <b>AAA</b>
		<b>Sustainalytics</b> <sup>1</sup> In 2024, we received an ESG Risk Rating of 22.2 and were assessed by Sustainalytics to be at a medium level of risk. <sup>2,3</sup>	ESG Risk Rating <b>22.2</b>
		<b>Ecovadis</b> We were awarded a silver medal in 2024	Ecovadis <b>Silver medal</b>
		<b>Carbon Disclosure Project</b> We were awarded a B score for the 2024 assessment.	CDP score <b>B</b>
Planet		<b>Science Based Targets initiative</b> In 2024, we continue to make good progress towards our Science-Based Targets, (Targets were approved in November 2022)	
		<b>Race to Zero</b> As part of our Race to Zero pledge, we have signed the Business Ambition for 1.5°C	
		<b>Get Nature Positive</b> We are a supporter of the Get Nature Positive campaign, focused on restoring nature and biodiversity	
People		<b>Inclusive top 50 employers</b> We ranked 12 <sup>th</sup> on the Inclusive Top 50 UK Employers List 2023/24	
		<b>Social Mobility Pledge</b> We support the Social Mobility Pledge and have focused on helping students with their careers through our Community Fund	
		<b>Women in Finance</b> We are a signatory to HM Treasury's Women in Finance Charter	
		<b>Race at Work Charter</b> We support the Race at Work Charter to take positive action towards supporting ethnic minority representation and inclusion	
		<b>The Faith &amp; Belief Forum</b> We are a signatory of the Charter for Faith & Belief Inclusion which aims to help create understanding between people of different faiths and beliefs and a society which is fair to people of all backgrounds – religious and non-religious	

**Notes:**

- (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.
- Assessed to be at a medium level of risk of experiencing material financial impacts from ESG factors.
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