

A full-page background image of a mountain range. The foreground shows a steep, green, grassy slope. In the middle ground, a large, dark, jagged mountain peak rises, partially shrouded in mist or low clouds. The background shows more mountain peaks under a bright, cloudy sky.

ABI ClimateWise Report

Reporting period July 2023 to June 2024



The UK insurance and long-term savings market and the ABI

The ABI is the voice of the UK's world-leading insurance and long-term savings industry, which is the largest sector in Europe and the third largest in the world. We represent more than 300 firms within our membership, including most household names and specialist providers, providing peace of mind to customers across the UK.

We are a purpose-led organisation: Together, driving change to protect and build a thriving society. On behalf of our members, we work closely with the UK's governments, HM Treasury, regulators, consumer organisations and NGOs, to help ensure that our industry is trusted by customers, is invested in people and planet, and can drive growth and innovation through an effective market.

A productive and inclusive sector, our industry supports towns and cities across Britain in building a balanced and innovative economy, employing over 300,000 individuals in high-skilled, lifelong careers, two-thirds of whom are outside of London. Our members manage investments of £1.5 trillion, pay over £17.2 billion in taxes to the Government and support communities and businesses across the UK.

Principle 1: Steering Transition

Strategy (Principles 1.5 – 1.7)

Our three-year [Purpose & Strategy](#) for 2023-2026 has three pillars. The second pillar is ‘Invested in people and planet’ and it commits the ABI to “leading the industry’s transition to a net zero and sustainable future that protects the natural environment.” This places climate and nature impacts, risks and opportunities at the forefront of our work and is in response to the significance of its impact on our industry and members.

The Strategy is delivered through our annual Business Plan. We report progress against the Plan at every quarterly Board meeting. The Business Plan priorities on climate and nature are linked to the delivery of our [Climate Change Roadmap](#). The Roadmap covers:

- our assessment of the main impacts, risks and opportunities of climate on our sector across physical, transition and liability risks in the short, medium and long-term.
- our sector’s role in supporting the delivery of the UK’s Net Zero and Energy Security Strategy and meeting its carbon budgets.
- our sector’s role as responsible investors, underwriters of emerging risks and new technologies, and as a significant employer in the UK.
- areas where the ABI can take action and support collaboration across the industry and our wider stakeholders, which has led to several subsequent publications including [guidance on green supply chains](#) and a [guide to action on nature](#).
- the barriers that will need to be addressed in order for our sector to meet its Net Zero ambitions such as policy certainty, advances in technology and real economy decarbonisation.
- measurable milestones for 2025 to keep our sector on track to halving emissions by 2030 and reaching Net Zero by 2050, which are assessed on an annual basis through a member survey.

In 2025 we will issue an updated [Climate Change Roadmap](#) to provide our members with a clear direction of travel between 2025 and 2030. We have held strategy sessions with different member groups, including our Board, to develop this. The new Roadmap will be called ‘The Climate and Nature Roadmap: Supporting a Just Transition to Net Zero.’ This reflects member feedback that nature and a just transition should be even more prominent in our work plan and communications.


Governance: Our Board, Subcommittees and Working Groups (Principles 1.1 – 1.4)

The ABI Board is responsible for setting and overseeing the delivery of the ABI’s Strategy. The Board has an independent Chair (Rt Hon. Baroness Nicky Morgan) and an independent Senior Non-Executive Director (Baroness Dianne Hayter). This ensures that we’re accountable for delivering our Strategy, including our climate and nature commitments. The ABI Board also includes the ABI President and Deputy President, who act as representatives for the industry. The rest of the ABI Board is comprised of senior industry representatives (typically CEOs), who (according to our Standing Orders) “are best placed to have the conversations and make the decisions needed to develop and deliver the [ABI’s] Strategy...”. Our Standing Orders of the Board also includes the ‘Duties and Responsibilities’ of ABI Board members, which includes multiple references to the delivery of the ABI’s Strategy. All of this emphasises that the delivery of our Strategy – which includes work on climate and sustainability, as described above – is a key focus of our Board. Board members have a pre-defined tenure to ensure that the membership regularly changes, without losing continuity, and to ensure independence and fresh thinking. A full list of the ABI Board members is [here](#).

Several committees and advisory groups support the ABI Board to ensure that climate and nature considerations are considered across the ABI and our membership. These are:

- General Insurance Committee (GIC)
- Long Term Savings Committee (LTSC)
- Prudential, Financial and Taxation Committee (PFTC)
- Health and Protection Committee (HPC)
- Consumer Committee (CC)
- Audit & Risk Committee, Appointments and Remuneration Committee
- General Counsel Steering Group

Several of these committees and their sub-groups have taken decisions and actions to address climate and nature risks and



opportunities for the sector and their individual businesses this year. We have included a list of their activity and progress which support our climate and nature agenda in the section titled ‘Leading the industry.’

The ABI’s Chief Sustainability Officer actively engages with and monitors climate and nature-related activity across these groups to ensure that there is alignment across the organisation and member groups. In addition to regular meetings with relevant colleagues and member groups, this is coordinated through our Climate Change Working Group and Climate Change Network.

The Climate Change Working Group consists of members that are signed up to the Race to Zero campaign. This encourages members to sign up to the Race to Zero campaign so they can access this working group. This expert group of members invites other relevant working groups to present their work, share priorities and learnings from across the industry, provide operational guidance on the Climate Change Roadmap and review ABI positions and outputs. During this reporting period, the group has also run a member teach-in on the transition plan process where members who have already published their transition plans gave an overview of the process they went through and how they tackled different challenges.

The Climate Change Network is a wider mailing list so that we can efficiently share updates and resources across our membership. As of July 2024, this has been renamed the Climate and Nature Working Group to ensure that sufficient focus is given to nature.

Governance: Our Team’s Responsibilities (Principles 1.1 – 1.4)

The Director for Regulation has responsibility for setting the ABI’s climate and nature strategy (in conjunction with the ABI Board, as described above), and they are supported by the Chief Sustainability Officer who is responsible for the day-to-day oversight of the ABI’s policy development and advocacy relating to climate, nature and DEI. This involves project management of a broad portfolio of work in collaboration with other relevant ABI departments, members and external stakeholders to ensure a cohesive approach.

The Chief Sustainability Officer also has primary responsibility for identifying, assessing and prioritising climate and nature impacts, risks and opportunities for the sector. This is delivered through daily media and political monitoring, regularly attending events and taking part in industry-wide discussions, as well as regular member engagement to understand their priorities and actions. This is cascaded to relevant member groups through meeting packs, email updates, newsletters and digital content (website and social media).

Every member of the Executive Team, including the Director General, proactively supports this agenda by regularly sharing relevant insight and making connections from the meetings that they have with industry leaders, policymakers and regulators. In addition, as climate change touches on every area of our membership, every Director oversees different elements of our delivery on climate e.g. the Director for General Insurance has responsibility for our work on flooding and home adaptation, whereas our Director for Long-Term Savings has responsibility for our work on responsible stewardship. This ensures that actions are driven by the Director and policy team with the most relevant experience and expertise. Our policy teams have the responsibility for engaging with a range of stakeholders and content to ensure their knowledge is up-to-date and comprehensive.

All our deliverables, including those related to climate and nature, are set out in our annual business plan, which is updated and reported to the Board every quarter (as mentioned previously). The Business Plan also forms the basis of our performance review process, with our objectives linking directly to the Strategy and Business Plan. The performance review process is directly linked to remuneration which ensures these commitments remain a priority throughout the business.

Risk Management (Principles 1.8 – 1.10)

The ABI’s Board has responsibility for the ABI’s Sector Strategic Risk Register, which is reviewed on an annual basis. The Register has five segments, one of which is environmental risks. This covers the following areas and potential scenarios:

1. Financial risk
 - a. Unsustainable growth in extreme weather claims impacting the affordability/availability of insurance, creating uninsurable risks. High claims arising from climate change prompt regulators to review approach to capital.

- b. Simultaneous climate events result in large volumes of claims, for instance resulting from wildfires or flooding. A series of events could impact essential supply chains causing shortages and infrastructure issues, impacting firms' profitability or solvency in extreme circumstances.
 - c. Government failure to deliver or implement policies necessary to achieve 'Net Zero' undermine investments made in transition technologies.
2. Reputational risk
 - a. Accusations of greenwashing from media, consumer groups or campaigners.
 - b. Links to 'enabling' carbon intensive sectors result in sector being seen as an unattractive career option.
 - c. Insufficient or misdirected investment in 'climate adaptation/resilience' means the sector cannot meet stakeholder expectations that such investments will reduce cost of insurance.
 3. Regulatory risk
 - a. FCA uses its proposed 'anti-greenwashing rule' (part of its proposed Sustainability Disclosure Requirements regime) to sanction firms for statements made in corporate disclosures, advertising or within product-level descriptions or applies new SDR rules in a way that suggests firms have previously misled consumers.
 - b. Risks both reputational and regulatory of irresponsible adoption of AI (and associated high demand on natural resources and large carbon footprint) which is inconsistent with the industry's Net Zero commitments.
 4. Litigation risk
 - a. As a result of underwriting or investing in carbon intensive sectors and/or accusations of greenwashing.
 5. Political risk
 - a. The UK's relationship with the EU will be formally reviewed from 2025 following EU and UK elections.
 - b. Increased pressure regarding energy supply and security resulting from geopolitical events contributing to an increase in energy costs for UK citizens, which has a knock-on political impact given wider pressures on the 'cost-of-living'.
 - c. Global trade agreements could impact the supply chain for the transition e.g. China plays a significant role in the manufacturing of EVs.
 - d. Varying levels of commitment to climate action across different countries.
 - e. The UK needs to be pioneering to maximise the opportunities resulting from the transition to Net Zero given the innovation already underway by the European Green Deal and US Inflation Reduction Act.

Our Sector Strategic Risk Register enables us to consider the barriers that we and the sector we represent face in delivering on climate goals, including the failure of the UK Government to uphold its commitments (see 1c above), wider geopolitical risks (see 5b) and technological risks (see 3b), and develop mitigants to these.

There are also many opportunities for our sector, including supporting the government to achieve its climate goals, new investment opportunities, including those being explored by the Investment Delivery Forum, and preventing a protection gap throughout the transition, all by enhancing our collaboration with customers, our value chain, government, regulators and other stakeholders.

The mitigants for these risks and potential scenarios form the basis of our Climate Change Roadmap and in turn our Business Plan as set out in the section on governance.

Principle 2: Engaging Stakeholders

As a trade association, the risks and opportunities presented by climate change will primarily impact us through our member firms. As such our processes for identifying, assessing, and managing climate-related risks and opportunities are focused on analysing the impact of climate change on the members we represent and who ultimately finance the vast majority of the ABI's activities and operations (unlike some other trade associations, a small proportion of our revenue comes from commercial activities).

The first part of this section covers principles 2.1 to 2.3 by discussing our emissions and efforts to reduce them by engaging with colleagues across the organisation and our supply chain. The second part of this section covers our response to principles 2.4 to 2.7 under the heading of 'Leading our industry' as our members are the most significant component of our value chain and this

section captures our research, advocacy and external communications to support their transition to net zero in a way that is just and protects nature.

Our Operations (Principles 2.1 – 2.4)

Our Greenhouse Gas Emissions

| Type | kgCO2e | |
|---------------------|-----------|-----------|
| | 2023/2024 | 2022/2023 |
| Air | 29,266 | 14,936 |
| Train / Tube / Tram | 1,937 | 1,853 |
| Bus | 11 | 15 |
| Taxi | 395 | 168 |
| Car | 272 | 534 |

For the last reporting period the average number of employees was 98 and for this reporting period this increased to 104 employees. Since 2018-19 the ABI has used a consistent method for calculating its emissions, using our financial systems, including staff expenses, evidence from our landlord about energy usage and the National Energy Foundation’s Simple Carbon Calculator.

Summary of Power Usage

July 2023 - June 2024

| Type | kgCO2e | |
|-------------|-----------|-----------|
| | 2023/2024 | 2022/2023 |
| Electricity | 44,456 | 42,747 |

Reducing our operational emissions

The ABI has an [Environmental Charter](#) that is published on our Sustainability Hub. This covers our commitments to reduce the environmental impact of our internal operations, physical assets under our control and supply chain.


The ABI actively seeks to reduce the environmental impacts of our operations by engaging with various partners to assess options as far as is practical. We achieve this through:

- as much as possible working with suppliers with ISO 14001 accreditations, based in the UK and with embedded carbon reduction strategies in place.
- embedding our environmental ambitions within any new partnerships and ensuring any new contracts been assessed against our environmental and social values to create contractual accountability.

An environmental impact survey, (conducted by our general maintenance provider) assessed all areas of plant and equipment directly controlled within our office (including lighting and heating systems) and recommended numerous alterations to become more energy efficient. The steps taken as a direct result of this survey include:

- The reduction of our plant run times (air conditioning/variable air volume (VAV) system) by 1 hour daily.
- Adjusting our server room cooling temperature by +1 degree in line with reduced on-premises equipment.
- Main office lighting controllers adjusted to switch off after three minutes of inactivity from the presets of 10 minutes.
- Switching energy providers to a 100% renewable provider ensuring no fossil fuels are burned in the production of our office energy. Last year, the ABI committed to working with our energy broker to find a supplier to provide 100% renewable energy for the ABI office. This was achieved in November 2023. By negotiating availability and price we are proud that this commitment was achieved in the timelines set and this new relationship provides the foundation for us to continually develop our environmental objectives.

We continue to work closely with a single key office supplier that shares our environmental and social values. This supplier became carbon neutral in 2006 and has a commitment to be carbon net zero by 2028. The ABI has worked closely with them to



understand the impact each product and service has on our business and as a result we order almost exclusively from their core list of ‘products with purpose’. These suppliers have environmental credentials (for example, they are made from recycled materials and FSC certified) and have a positive social impact with a percentage of profits going to the Commercial Foundation, a charity dedicated to offering disadvantaged young people the chance to build a career in the industry. By unifying all our office supply purchases under this one provider, we have also reduced the number of deliveries required and ensured that all deliveries are made by electric vehicles.

We continue to work with our hospitality and cleaning provider to review the products we use and ensure their impact on the environment is positive. Having previously switched to Zoono water-based cleaning products, we have taken further positive steps including the introduction of the UK’s first plastic-negative soap range throughout the office. Serious Soaps removes 1KG of plastic from the ocean for every box of products sold and over 275,000 plastic bottles have been removed as a result of Serious Soap sales. Furthermore, we have removed single-use plastic soap bottles from our premises; instead utilizing automatic soap dispensers in all bathrooms.

Our continued relationship with a B-Corp certified waste removal company for ad-hoc IT equipment, furniture, and general waste removal ensures that any direct waste removal from ABI does not go to landfill but is recycled and reused where possible or goes to waste energy production. We also continue to operate a policy in which equipment is only replaced if it is faulty and not fit for purpose.

Our relationship with our AV partner has been strengthened by their continued participation in the WEEE directive, alongside them becoming the first company in the sector to be awarded the Go Ultra Low Company status for their switch to electric and hybrid vehicles.

Finally, as tenants within a multi-occupant building in London, we understand that we also have a responsibility to drive positive change in relation to the environmental impact of the building. The Business Services team continues to work closely with Building Management at One America Square, communicating ideas and suggesting opportunities where we can work together to improve our environmental stance. Some positive results from these discussions include:

- A new contract with an ISO14001-certified recycling partner resulting in increased recycling streams.
- Zero waste-to-landfill, ensuring any waste not recycled is used in the production of energy at specialist plants (including skip waste).
- Improved bicycle storage facilities in the car park to encourage more people to cycle to work.
- Electrical Vehicle survey to understand potential take-up of EV chargers if implemented.
- Battery recycling service ensuring batteries can be removed from the site safely and with a positive environmental impact.

Looking to the future our existing lease is due to expire at the end of August 2025. Several underpinning considerations are guiding our decision about what to do beyond next year, two of which will reduce our carbon footprint

1. Location: Does it have good transport links and minimise travel to our members.
2. Sustainability: What is its EPC rating and approach to waste management, energy providers and other suppliers.

We have also instructed a third-party supplier to assist with these considerations that has a clear and robust commitment to ESG, including an environmental assessment of any fit-out works that may be required.

Reducing the carbon footprint of our events

The ABI has taken several steps to embed sustainability considerations within its annual events programme. Actions taken:

- Hosted the majority of our in-person events onsite, but where we do host events elsewhere, we ensure that they have relevant green credentials. For example, we moved the venue for our Annual Conference this year to the QEII which has [accredited sustainability practices](#). We also went paperless at this year’s conference and launched a conference app.
- We have increased the use of webinars and moved away from in-person events where possible, and we always offer a hybrid joining option.
- We are conscious of our merchandise suppliers and make sure that our gifts are ethically sourced and if possible, bought from independent retailers.
- We recycle name badges and always have recycling stations available. We also re-use production materials where



possible.

- We have moved to using locally sourced food products and offer more vegetarian options whilst limiting meat options at all our events.

Employee engagement



Business Services recently launched its environmental and sustainability campaign utilising a variety of communication tools including our office's digital signage and a dedicated Microsoft Teams channel. This campaign plan looks to engage colleagues in our commitment to address climate change and suggest ways they can play their part. Recent communications of our new recycling streams have been advertised, alongside information to colleagues on their print and paper usage in an effort to reduce this as far as possible. Other prompts, hints and tips are also communicated such as notes to remember to switch off screens when not in use or to switch off the lights in rooms after meetings end. These communications work in tandem with those from other teams who run communications on new schemes such as the introduction of our electric vehicle leasing scheme. A full communication plan is in place and will continue to run throughout the year.

Alongside our ongoing communications, the ABI new joiner induction process ensures that our commitment to tackling climate change is highlighted on the first day that a new colleague joins. New colleagues are informed of all our environmental initiatives within the Business Services induction and are given guidance on how they can play their part in achieving these. We continue to provide all new joiners with reusable water bottles and mugs to reduce single-use and non-recyclable containers.

Innovate and Advocate (Principles 2.5 – 2.7)

Leading innovation through our member groups

As mentioned for Principle 1 the ABI's Board delegates delivery of our Strategy to several committees. Each of these committees has several sub-groups with specific areas of focus. Below is a summary of the committees and their sub-groups' work on the risks and opportunities arising from climate change and nature degradation over this reporting period.


General Insurance Committee (GIC)

In June 2024 the GIC welcomed Andy Bord, Chief Executive of Flood Re, to provide an update on the scheme's progress and the continued embedding of their 'Build Back Better' (BBB) initiative. Flood Re is funded by a levy on the insurance industry and it enables access to affordable insurance for homeowners at risk of flooding. The scheme enables insurers to fund property-level resilience measures as part of the claims and repair process on homes they have ceded into the scheme, which subsequently flood. This helps to make properties more resilient to flood risk in the future.

The update covered Flood Re's proposal to increase the cap for 'Build Back Better' costs that are reimbursed by the scheme from £10,000 per household to £15,000. This will be considered as part of Flood Re's Quinquennial Review later in the year. Flood Re has also launched a Flood Performance Certificate Roadmap to set out a framework to certify the effectiveness of property flood resilience measures, to enable individual householders to understand their flood risk, reduce it and then demonstrate this protection to others, including their mortgage lender, insurer and a potential future buyer.

Here is further information from two GIC sub-groups that have also taken relevant action this year:

1. Our Electric Vehicles Working Group is in the process of publishing consumer guidance to combat misinformation and disinformation across traditional and social media platforms when talking about EV ownership. This aims to dispel some myths about EV fires and provide more information about some of the insurance considerations surrounding EVs. It is also developing new Winter Driving Advice for EVs. Overall, it hopes to help people make more accurate and informed decisions and facilitate the transition to EV ownership.
2. We have also established a Property and Climate Change Working Group to develop ABI policy positions and inform Government policy development on a range of topics affecting property. This includes existing and emerging perils related to climate change which may impact current or future approaches taken by insurers. Their work will focus on



the use of heat pumps, solar panels, EV chargers, flood resilience and the role of sustainable construction materials e.g. green walls, timber frames etc. We are currently exploring the merits of a Resilient Buildings Blueprint that would help all stakeholders to ensure that sustainability measures are adopted with an informed consideration of safety and risk management.

Long-Term Savings Committee (LTSC)

Shaping the Mansion House narrative: We published a [policy report](#) reflecting members' views on how more investment in the UK can be encouraged but it must be part of a long-term strategy with savers at the heart. Our position has been covered in several trade outlets and we hosted a dinner with the Insurance and Financial Services APPG on the Mansion House reforms in October 2023. Our engagement with the reforms has led to the ABI playing a key role in monitoring the progress of the Compact's ambitions. As part of this, we are also collecting data on private equity investment in infrastructure, although it is excluded from the Compact.

This group has also responded to several consultations and held several meetings with regulators and officials to inform governance improvements to share our expert views on pension scheme consolidation and the need to enhance pension trustees' skills, capability and culture. These improvements would help to ensure that pension schemes have the necessary expertise and resources to respond to climate and nature risks and opportunities.

Health and Protection Committee (HPC)

In June 2023, the Health Sub-group launched a collaborative working group with the Independent Healthcare Providers Network (IHPN) and its members to examine net zero targets, supply chain reporting, and to share best practice. To date, we have worked together to develop a dashboard to streamline reporting by independent healthcare providers to insurers. The aim of the dashboard is to make reporting more efficient, freeing up capacity for action, and to enable aggregation for benchmarking and identifying areas where action will have the most significant impact. We are working towards the dashboard being live from September 2024.

Financial and Corporate Reporting Committee

The ABI's Financial and Corporate Reporting Committee continues to focus on topical issues relating to sustainability, ESG and climate change reporting in both a UK and EU context. Between August 2023 and July 2024, committee meetings have largely focused on:

- The UK's green taxonomy
- Pronouncements from the International Sustainability Standards Board (ISSB) including the Sustainability Standards IFRS S1 and S2
- The International Audit and Assurance Standards Board's (IAASB) sustainability assurance standard. In a UK context, we have also engaged with the Financial Reporting Council's (FRC) UK market study on sustainability reporting assurance
- The FCA's sustainability disclosure requirements and investment labels regime
- Transition planning
- Nature-related financial disclosures.

Annual Member Survey

In addition to research, innovation and advocacy through our member groups, each year we survey our members to find out what actions they're each taking to address climate, and this year for the first time nature. Thirty members responded to this year's survey and the findings show that:

- 87.1% of respondents have set a target to reach Net Zero across their business no later than 2050. 80.6% have set an interim target for 2030. 77% of members have Board-level approval and have published their targets externally.
- 15% of members have published their transition plan either in full or articulated their strategy externally in another format e.g. as part of their Annual Report. 71% of members are yet to publish a Transition Plan but have an internal project underway to assess the impact of climate change and a Net Zero economy on their business. 12% of respondents have not started to develop their Transition Plan.
- 100% of respondents have taken action to reduce their internal and directly controlled emissions. 18% have already reached Net Zero and a further 15% have a transparent plan in place to reach Net Zero by 2025. 56% of members have accurately calculated their greenhouse gas emissions and have put in place measurable actions to reduce emissions.

- 56.7% have made progress against the ABI's Guide to Action on Nature, which was published one year ago at our last Climate Summit.

Leading advocacy through policy insight and advocacy

Here are several examples of policy work that we have led or contributed to in order to support policy developments to enable the flow of finance into the transition.

- The ABI gave evidence to the Business and Trade Committee on how policy can boost the UK's green industries. We briefed the Committee on the insurance industry's priorities around delivering on the £100billion Solvency UK investment commitment and the work of the Investment Delivery Forum. We also set out the broader role of the industry in supporting the transition to net zero and the priorities of the ABI Climate Change Roadmap.
- We provided financial sponsorship and technical expertise to a [Fabian's Society Report 'Whatever the Weather'](#), which looks at the adaptation measures needed in the UK given the rise in global temperatures and extreme weather events. It does this through a social justice lens given those on the lowest income and with underlying health conditions are likely to be worst affected and least able to pay for adaptation measures.
- We also hosted a roundtable with members to contribute to the London Climate Change Resilience Review, which was an independent review commissioned by the Mayor of London to take stock and make recommendations to guide London's preparations for more extreme weather. Here, members shared the perspective of the insurance sector with the Chair of the Review, Emma Howard Boyd, on how we can increase London's Climate Resilience and ensure that it remains insurable in the future.
- To present a united front on pension investment, we and the PLSA set out [four measures](#) to boost UK growth through pension investment, which was covered by [Professional Pensions](#), [Financial Planning](#), [LAPF Investments](#), and [IPE](#).
- We met with Dr Alan Whitehead, who at the time was Shadow Minister for Climate Change and Net Zero, where we briefed him on the work of the Investment Delivery Forum and the key areas of focus for this work. We also updated him on wider climate priorities and our focus for this year. This was a useful opportunity to engage and understand Labour's latest priorities on climate change and investment, as well as share how we can contribute to their priorities.

We have also responded to several relevant consultations this year:

1. **Reporting:** The ABI is fundamentally supportive of the endorsement of IFRS Sustainability Standards for the UK to improve global interoperability and the connection between financial and sustainability reporting requirements. However, some elements of reporting are in their infancy e.g. scope three emissions, meaning there are data gaps and methodologies are still evolving. Therefore, any changes to the UK's regulatory framework must be proportionate. We raised these points in our responses to the FRC's call for evidence on the Endorsement of IFRS Sustainability Standards IFRS S1 and S2 and DESNZ's consultation on Scope Three emissions.

We built on this in our response to the FRC's Market Study on the assurance over sustainability reporting. The ABI is supportive of assurance as it gives companies comfort that what is being disclosed is robust, especially given the data challenges linked with non-financial disclosure requirements. However, it is important that assurance over this information and data is proportionate to the respective companies. We also raised concerns that the assurance market is not functioning as effectively as required due to a lack of expertise across the industry. This increases the risk of assurances being inadequate and an over-reliance on a small pool of experts.

We also responded to the IAIS consultation on climate risk supervisory guidance (ICP guidance and supporting material) highlighting the importance of the rate of transition, the utility of climate scenarios and board-level expertise.

2. **Anti-greenwashing:** The ABI responded to the FCA's GC23/3: Guidance on the anti-greenwashing rule. The ABI does not endorse any form of greenwashing and our Climate Change Roadmap sets out clear expectations that any Net Zero commitments should be transparent, and science based.
3. **Transition Finance Market Review:** We responded to the Transition Finance Market Review as transition finance is necessary and should focus on the credible transition of high emitters and hard-to-abate sectors. These sectors are an integral part of the wider economy's supply chain and so their decarbonisation is essential to ensuring the UK meets its



net zero commitments. We called for:

- Clarity around the definition and scope of transition finance is necessary to mitigate transition finance risks such as litigation, reputation, liability and greenwashing. We agree that the scope must not be overly prescriptive so that it has sufficient flexibility to adapt to different contexts, technologies and our evolving understanding of scientific evidence.
 - To position the UK as a global hub for transition finance the scope must reflect that different jurisdictions will have different pathways to Net Zero. This could lead to an investment being considered transitional in one jurisdiction, but a similar investment would not be considered transitional in another jurisdiction.
 - Our ability to operate with confidence in the scope of what is defined as transition finance would be further enhanced by the publication of national, regional and sectoral transition plans, innovation in blended finance, a Green Taxonomy and regulatory alignment with the ISSB.
4. We issued a joint response to the House of Lords call for evidence on **Electric Vehicles** with the Thatcham Research Institute supporting the government's ambitious 2030 and 2035 goals, which have galvanised progress within the EV ecosystem. We also provided evidence on the steps that still need to be taken before we can achieve those targets including the retooling and reskilling of automotive technicians and a concerted effort to support the independent repair network, particularly in terms of access to proper tools and parts.
 5. In our response to DLUHC's consultation on **infrastructure and the environment** we highlighted the need for the planning process to place greater emphasis on environmental outcomes and to embed climate and flood risk into planning decisions. This includes heatwaves and droughts so that as we adapt to climate change appropriate and effective resilience measures are put in place. We also reiterated our calls for improved sharing of environmental data to enable communities to better understand the risks that may affect them and improve their resilience.

The team at the ABI also sits on several industry-wide groups to ensure that we can act as conduit between the insurance and pensions industry and the wider financial services sector. This also helps to ensure that the ABI has access to the most recent insight and analysis:

- The Taskforce for Social Factors launched a guide intended to provide pension trustees with tools to identify and monitor social risks and opportunities and develop consensus in approaching these across the pension investment landscape. The Taskforce was established by DWP, with representations across pension schemes, asset owners, asset managers, investment consultants and the ABI – Ben Howarth, Chief Sustainability Officer and Maria Busca, Senior Policy Adviser.
- Our Chief Sustainability Officer and Manager for Investment and Climate also represent the ABI on the Climate Change Committee's Business Steering Group, the FCA / PRA Climate Financial Risk Forum (CFRF) and the GFIA Climate Risks Working Group.
- Our Director of General Insurance Policy, Mervyn Skeet is on Flood Re's Consultation Group to provide insight from the sector. In addition, Louise Clark, a Policy Adviser in the General Insurance team, sits on DEFRA and HMT groups regarding Flood Re. Louise also sits on the Local Government Association's group on subsidence and planning.

Our policy analysis and expertise mean that over the last 12 months, the ABI has been referenced over 100 times in media articles on climate change. The majority of our comments focus on the impact adverse weather has on the [cost of claims](#) to home insurers and the need for greater [flood prevention](#) and resilience measures. The total reader and listener reach of these articles exceeds 1 million, and many of these media mentions include reactive spokesperson comments and broadcast interviews, following incidents of [severe storms](#) and flooding.

Amongst the coverage, the ABI's guide to action on nature achieved healthy [pick up](#) across the trades. Rebecca Lea briefed multiple outlets on the guide, including Bloomberg and Insurance ERM. The guide also achieved Insurance ERM's [initiative of the year](#), while the title also recognised [ABI staff](#) for their efforts towards [sustainability](#).

To boost the reach of our 2024 Climate Change Summit, we invited journalists from Insurance ERM and Insurance Times to listen in to the discussion. This resulted in several articles from Insurance ERM on topical comments made by our guest speakers: [Deepak Jobanputra](#), Chief Sustainability Officer at Vitality, [Butch Bacani](#), Head of Insurance at UN Principles, and [Charlie Dixon](#), the UK market engagement lead for the Taskforce on Nature-Related Financial Disclosures.

A Case Study: The Investment Delivery Forum



Rothesay



Phoenix



JUST.

In July 2023 the ABI established the [Investment Delivery Forum](#). This Forum includes several major insurance and long-term savings firms with an interest in large-scale infrastructure and is chaired by Baroness Nicky Morgan. The Forum has been working in partnership with regional governments, academics and green finance experts for the past twelve months.

Its purpose is to help meet insurers' £100 billion pledge to deploy investor capital into UK 'green and good' infrastructure to support the clean energy transition whilst delivering the best returns for the economy, communities and the environment. This investment will be deployed over 10 years following changes to Solvency UK regulations that come into force at the end of this year.

Our efforts have centred on two critical workstreams:

1. Identifying a pipeline of projects that insurers can invest in



The Forum has evaluated more than 20 opportunities spanning housing, energy networks, and energy generation. While many of these opportunities are crucial for the UK's clean energy transition, a significant portion are still in the early stages of development. As these projects mature and scale, we anticipate that they will become attractive candidates for debt investment from the insurance industry. Collaboration among industry, government, and key stakeholders will be vital in overcoming investment constraints and fully maximising the potential of Solvency UK.

To this end we have hosted meetings with the SNIB to discuss investing in offshore wind, as well as with 3Ci, previous Shadow Energy Secretary Ed Miliband, and Dr Alan Whitehead MP, to advocate for private investment in green energy solutions, and

we addressed this at a roundtable with the Private Secretary Office to the King focusing on the industry's role in tackling climate by supporting retrofitting.


2. Building a better system for insurers to invest into a wider range of productive assets

The Forum has successfully raised awareness of the investment power of the insurance industry among key stakeholder audiences through meaningful engagement at both regional and national levels. In parallel, we have collaborated closely with regulators and the government to broaden the scope of investable assets for insurers and to explore approaches to blended finance.

Here are three examples of the Forum's impact to date:

1. Electric vehicle (EV) charging

In partnership with the Green Finance Institute (GFI) and through engagement with central and local government, we are pioneering a Green Road Transition Fund (GRTF) for a nationwide Electric Vehicle (EV) charging solution. This critical infrastructure is fundamental to the UK's transition to clean and low-emission road transportation and given the scale of EV charging needed will create a significant number of green jobs.



The GRTF would blend well-understood project finance techniques and targeted public funding to provide access to subsidised debt finance to charge point operators. This would promote competition and expedite the charge-point rollout. It could also be used to address key public policy objectives such as standardisation, expediting planning and licensing approvals as well as meeting UK network coverage requirements.

Using this blended finance model, instead of small-scale public grants, the UK government could deliver a £20bn nationwide charging infrastructure for under £1bn over 15 years and deliver steady returns to UK insurance and pension funds.

1. Engaging Greater Manchester

There is a knowledge and communication gap between those working at the local government level to develop investment opportunities and Forum members who are seeking significant scale, investment-grade opportunities that provide long-term and predictable returns. To bridge this gap, we commissioned a Manchester-based agency to maximise the impact of the Forum in Manchester. This involved engaging academic, political and business leaders across the city to identify investable opportunities and pilot projects. This has led to a commitment from both the regional government and investors to work together to identify specific opportunities to enhance the role of private finance. This will be the focus of the second year of the Forum's work.

We have also created green investment guides for project sponsors and local authorities to effectively engage with insurance investors. The guides included live investment case studies, investment criteria required from insurers, and end-to-end investment process and checklist against these steps.

2. Engaging with regulators and Government

Before making an investment, insurers follow a rigorous process to assess and manage risks, ensure alignment with policyholder interests, and maintain the security, liquidity, and profitability of their investment portfolios. This approach, known as the "Prudent Person Principle," is a cornerstone of the Solvency II (and future Solvency UK) regulatory regime.

As part of the ongoing regulatory reforms, the insurance industry and the PRA are exploring ways to streamline approval processes that will expand the range of investable assets for insurers, without compromising policyholder protection. These regulatory enhancements will play a crucial role in shaping insurers' investment decisions and their ability to support projects that contribute to the UK's growth and sustainability ambitions.

Forum members are actively leveraging the insights gained from this collaborative work to inform and support the development of HM Treasury's Net Zero Blended Finance initiative. By engaging proactively with regulators and government bodies, the insurance industry is working to create a more favourable environment for responsible and impactful investments, ultimately benefiting policyholders, the industry, and the wider economy.

In addition, the Forum team have secured close to 100 pieces of coverage (93). These include:

- national coverage in the Financial Times, Sky News, The Times, Sunday Times, Politico, Telegraph, Reuters, Bloomberg, and a full-page front page on City AM; plus
- a raft of key trade titles across investment, sustainability and pensions policy trade titles, including FT Adviser, Pensions Age, Pensions Expert, Professional Pensions, Insurance POST, Business Green, Responsible Investor and ESG Insurer.

Leading knowledge sharing through events

Our annual Climate Change Summit is a full-day webinar and this year there were over 200 attendees. The Summit incorporated two keynote speakers and five panels. The two keynotes were by Bernice Lee from Chatham House who spoke about the impact of geopolitics on climate commitments and sentiment and Claire Bousfield who spoke about the work of the ABI's Investment Delivery Forum.

The five panels each covered an aspect of the climate and nature agenda that our members are grappling with in order to meet their targets.

Panel One covered nature risk and nature-based solutions. Charlie Dixon from The Green Finance Institute (GFI) shared his in-depth knowledge of nature-related risks and their impact on the economy, plus GFI’s assessment of several elements of nature and biodiversity for example, soil degradation and food security. Dr Jaroslav Mysiak spoke to us about [Naturance](#) and how insurers can contribute to the restoration of nature. Dr Lena Fuldauer from Allianz gave us examples of insurance innovation in relation to nature.

Panel Two spoke about the elements of, and importance of, credible transition plans that cover investment portfolios and underwriting with insights from Ben Caldecott, Secretariat to the Transition Plan Taskforce, Councillor Irem Yerdelen, who is leading the City of London Corporation’s Secretariat support of the Transition Finance Market Review, and Butch Bacani, UNEP’s Head of Insurance and lead of the newly formed Forum for Insurance Transition.

Panel Three discussed what measures are required to adapt to a climate-changed future. Baroness Brown, Chair of the Adaptation Committee of the Climate Change Committee and Chair of The Carbon Trust explained why adaptation measures are crucial and that we’re already being affected by our lack of preparedness. Andy Harrop followed this by sharing The Fabian Society’s analysis of why adaptation needs to start with low-income households given their increased exposure to heatwaves and flooding combined with their financial circumstances meaning they’re least resilient. Chinyelo Oranefo, Director Sustainability and ESG Finance, Lloyds Bank provided us with practical advice about how insurers can prioritise their efforts.

Panel Four covered innovation and collaboration across the health and motor industry to reduce scope three emissions. Deepak Jobanputra, Chief Sustainability Officer, Vitality and Dan Harrowell from Thatcham Research provided us with practical examples of steps the industry can take. Caroline Dunn, UK Chief Underwriting Officer at Zurich also joined this panel to talk about Zurich’s customer engagement and how this led them to the decision to stop providing new insurance underwriting for oil and gas projects.

The final panel of the day benefitted from the academic rigor of Dr Nicola Ranger and Dr Jesse Abrams who shared the increasing body of research showing that economic models underpinning climate scenario modelling in financial services do not always reflect the threat of climate change and loss of biodiversity poses to our planet and society.

The event was covered in several articles in the trade press.


Other events hosted by the ABI this year to support and educate our members include:

| Event name | Event Type |
|--|---------------------|
| ABI Climate Clinic: Insured Emissions | Webinar |
| ABI Climate Clinic: Measuring greenhouse gas emissions and the data challenges ahead | Roundtable (hybrid) |
| ABI Climate Clinic: Networking | Roundtable |
| ABI Climate Clinic: In conversation with WWF Green Finance team | Webinar |
| ABI Climate Clinic: Taking forward the Climate Roadmap | Hybrid |
| ABI Climate Clinic: A UK Green Taxonomy | Hybrid |
| Associate Member Roundtable - Climate Change | Roundtable (hybrid) |

There was also a session at our Annual Conference hosted by KPMG on ‘Insurance climate transition: Opportunity, Strategy and your Plan’, which led to this blog being published [on our website](#).

In addition to hosting our own events the ABI speaks at events across the sector to share our learnings and insight with others. Notable events during this reporting period include (this list is not exhaustive):

- Hosted a roundtable with the insurance industry and HM Treasury as part of their Net Zero Blended Finance Initiative, to which we have also submitted written evidence.
- In early 2024, we partnered with the Phoenix Group to host a series of roundtables that explored four policy recommendations to [unlock investment in climate solutions](#) – a national transition plan, regional investment in Net Zero,



evolving climate considerations within fiduciary duty in light of the [Financial Markets Law Commission Report](#), and accelerate regulatory and legislative pension reforms such as supporting the consolidation of defined contribution schemes. Attendees included government, peers, industry bodies and MPs, alongside the pensions industry.

- Taking part in Scottish Cities Week to discuss the role of private investment in regional climate solutions.
- Speaking at the British Embassy in Slovenia on Green Finance alongside the City of London Corporation and others given their recent flooding and desire to attract greater private investment in climate solutions.
- “[Health is our greatest wealth: Setting the global sustainability agenda for the life & health insurance industry](#)” - a half-day event where the insurance industry discussed how to amplify the sustainability agenda in the UN Decade of Action. Rebecca Lea spoke on a panel alongside the CEO of Bupa UK, the CEO of Vitality UK, and the Director of Health and Demography at the Geneva Association, amongst others.
- The Nuclear Industry Association’s Annual Conference - speaking about the industry’s perspective on investing in nuclear energy and its role in meeting UK sustainable energy security needs.
- Naturance Festival - speaking about the industry’s role in investing in nature-based solutions and how it ties to the prudential regulation regime in the UK.
- Presenting to over 250 employees at AXA about the importance of climate and nature to their business and the sector and why it matters to them as employees.
- During our annual [ABI future leaders programme](#), for up-and-coming senior leaders, we presented the importance of climate and nature as a systemic risk to the industry and the industry’s role in tackling these risks.
- We also support Parliamentarians in responding to extreme weather such as flooding and storms via our casework service where we share key insights to support constituents and flag key areas in which we can develop a more adaptive and resilient country, such as not building on flood plains.

Principle 3: Enabling Transition

The ABI is exempt from reporting against this Principle.

Principle 4: Disclosing effectively

As stated previously the ABI measures our GHG emissions based on our energy usage and travel. Since 2018-19 the ABI has used a consistent method for calculating its emissions, using our financial systems, including staff expenses, evidence from our landlord about energy usage and the National Energy Foundation’s Simple Carbon Calculator. This consistency avoids material errors or misstatements.

The ABI’s Board reviews the Risk Register and has a Strategy Day every year. Given the prominence of environmental issues on our Sector Risk Register, and that ‘Invested in People and Planet’ is one of the core pillars of our Strategy, the topics of climate and nature risks, opportunities and impacts are discussed each year, which feeds through to our activity through the subsequent annual business planning cycle.

We submit our ClimateWise Report within the submission period and publish our report on our website so that it is publicly available. We are exempt from reporting against Principle 3. Policy Teams from across the ABI, plus the Operations, Legal and External Affairs Teams input to the ABI’s ClimateWise Report to ensure that it is comprehensive and robust.

Our approach to reporting and disclosure is in line with regulations for the type and size of our organisation – an unregulated, unincorporated association with approximately 100 employees. We publish our Annual Report on our website and host an AGM. We are audited by an independent external provider.