

2014

Corporate Social
Responsibility
Report



Introduction from David Stevens, CSR Board Representative

At Admiral Group, one of the UK's largest providers of car insurance, we continue to pursue our commitment to Corporate Social Responsibility. Admiral serves a real social purpose – our business is to protect people, as much as we can, from the adverse consequences of car accidents, or from damage to their home. In addition to providing protection for our customers, we aim to contribute positively to the wider communities in which we operate.

We centre our business on four of our significant stakeholders (our customers, our people, our community, and our environment). These four stakeholders also drive the core focus of our Corporate Social Responsibility strategy.

Admiral exists to help limit the risks faced by more than 4 million customers across 5 countries, often at key moments in their lives – when they learn to drive, when they pass their driving test, when they buy a house....and so on. The ever increasing development of technology is one that we are harnessing to look for new ways to improve the service we offer to our customers. During 2014 we launched customer support twitter accounts to help queries through this channel. We continue to communicate with our customers in smarter ways through the use of email and seek feedback through the use of SMS text. On average our customers rate our staff very highly with all departments scoring over 9/10.

I am very proud of our staff, who go out of their way to provide an excellent service by exceeding our customers' expectations every day. People who like what they do, do it better, so we strive to ensure our staff not only enjoy coming to work, but have a challenging, fun environment where we recognise their talents and allow them to thrive. This year, we were proud to be named 2nd Best place to work in the Sunday Times Best Companies To Work For list.

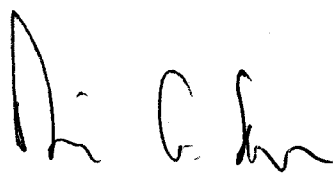
I am very proud of our staff, who go out of their way to provide an excellent service by exceeding our customers' expectations every day.

We are committed to supporting our local community through both charitable giving and community partnerships. In 2014 we donated £148,000 to local and national charities and £202,000 to sponsor events and organisations. Our people are passionate about helping out a good cause and we encourage suggestions on which local organisations and charities we should support. Through the advent of technology we are now able to share some of the good things we do on our Admiral Community Youtube page (www.youtube.com/theadmiralcommunity).

Finally, as we continue to grow and develop as a business, we remain focused on managing and minimising our environmental impact. 2014 marked a major milestone for us, as we moved into brand new buildings in Cardiff and Newport. The Cardiff building has been built to a BREEAM (BRE Environmental Assessment Method) standard of 'excellent' (the leading environment assessment method for buildings) and the Newport building to a 'very good' standard. Both reflect best practice in sustainable design.

This report summarises the Admiral Group's ongoing Corporate Social Responsibility strategy and how we have engaged with our four major stakeholders throughout 2014: our customers, our people, our community and our environment.

Enjoy the read!



David Stevens

Chief Operating Officer

4 March 2015



Admiral Group's Corporate Social Responsibility (CSR) strategy is vital to the sustainable growth of our business, with employee engagement and customer satisfaction both assuming core roles in our business model and strategy (p.12-13, Admiral Group Annual Report 2014).

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1 Our Customers



In 2014, we won Best Motor Insurance Provider at the Personal Finance Awards, which is based on consumer opinion

We value our customers above everything else and believe that good service and customer satisfaction is crucial for success. Very simply, if Admiral didn't have any customers, it wouldn't have a business. With that in mind, it stands to reason that everything we do every day revolves around attracting, keeping and satisfying our customers and ensuring they get good value for money. Our employee incentive schemes have been designed with this ethos in mind, which ensures that appropriate emphasis is placed on the quality of service provided to our customers.

The nature of our business means we may not be able to satisfy every single one of our customers and complaints happen. We have a number of customer-focused metrics to gauge performance. Our contact centres measure complaint volumes and analyse comment forms and/or SMS feedback. We also monitor calls, complaints and breaches. These metrics are continually monitored to ensure we are offering an excellent level of service and to challenge departments to make continual improvements.

Conduct Risk

We have continued the evolution of our conduct risk approach in 2014, ensuring that our customers' experiences of our processes and services match their expectations when they purchase our products. Details of the risks posed to customers, together with relevant mitigating controls, are maintained by each department and are reviewed monthly.

Each business area owns the initial management of conduct risk as they are closest to the processes and procedures we have established. Conduct Risk Management Information (CRMI) is discussed in a committee made up of senior management from each business area.

The committee reports its findings to the UK Risk Management Committee, which will summarise its activities, including conduct risk discussions, at the Group Risk Committee. The Chair of the Group Risk committee provides a quarterly update to the Group Board. If a risk threshold is breached, the relevant business area manager will investigate the issue and provide information on the reason, along with a plan to improve the result.

The information captured as part of the CRMI, combined with detailed knowledge of the risks faced by customers and their relevant controls, helps to formulate both the Compliance Monitoring Programme and activities undertaken by the Risk and Audit areas.

The continued evolution of the conduct risk framework goes further to ensure Admiral customers are treated fairly throughout their insurance journey.

The table below contains some of the measures of customer service from the CRMI report:

Conduct Risk Measure	2013	2014	Target
% customers who would renew following a claim	91%	95%	>85%
Customer Services, New Business and Renewals call answer rates	92%	95%	>90%
Claims call answer rates	95%	98%	>90%
Complaints per 1,000 vehicles	1.2	1.0	<1.4

We encourage our customers to provide feedback on our products and services. The main feedback method is our Customer Comment Form, which is a key measure of the CRMI Report. Our Customer Comment Form enables our customers to rate the service of our contact centre staff on a scale of one to ten in five key areas including helpfulness, efficiency, communication, knowledge, and politeness.

The feedback gained from our Customer Comment Form analysis and SMS feedback allows us to pinpoint areas in need of improvement, and to identify employees who could benefit from further training. This enables us to continue to provide excellent customer service as our business continues to grow.

Enhancing customer experience

During 2014 our Customer Contact Strategy (CCS) team's focus has been on a combination of proactive change and changes driven by customer feedback, with a view to improving the overall customer experience and, as far as possible, reducing customer complaints.

One of the main initiatives our CCS team introduced during 2014 was the launch of a brand new design for the Admiral 'contact us' page. The design provides a simple experience for our customers whilst ensuring they are using the correct contact numbers and channels. Our CCS team also launched twitter accounts for all brands and have been engaging with customers on this channel.



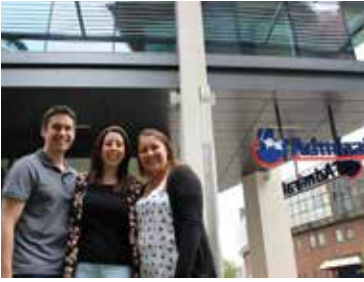
2 Our People

People who like what they do, do it better.

Simple yet strong, this philosophy runs throughout the whole of Admiral and, according to the Great Place to Work Institute, this has helped us to become one of the best employers in both the UK and Europe. In order to understand why we are rated as such a good employer, it is useful to understand the four pillars upholding the working culture at Admiral – **communication, equality, reward & recognition and fun.**

Communication at Admiral is open, transparent and two-way. Our senior managers and Directors sit amongst their teams rather than in their own offices, encouraging dialogue between staff of all levels of seniority and across all areas of our business. Furthermore, our Chief Executive Officer (CEO) operates an 'open door' policy and, if any member of our staff wants to ask him a question, they can email him directly through our 'Ask Henry' intranet initiative. Our senior managers and Directors also participate in regular online chats with staff. This year we have held two online chats with our CEO, Henry Engelhardt, in addition to several online chats with other senior managers.

Our employees benefit from a wide range of communication tools to assist in understanding business goals and objectives, including the annual Staff General Meeting (SGM), internal newsletters, videos, team briefings, suggestion schemes and staff forums. In the 2014 annual Staff Survey, 80% of staff were happy with the amount of information they receive about the company.



The opening of these buildings are key events in the history of our company

Engaging with our staff

2014 has seen the opening of our new headquarters, Tŷ Admiral in Cardiff, and a new office in Newport, Admiral House. The opening of these buildings were key events in the history of our company and provided a huge opportunity for engaging with our employees in the process. Staff were consulted from early on in the planning of the buildings through steering groups.

They gave their input from selecting paint colours for departments and chillout areas, to names for meeting rooms. A canteen steering group for each new site created the design specification for the caterers' contracts based on staff survey feedback. The group then met with the interested caterers and judged them against the specified criteria to shortlist them to the final selection.

As the buildings came nearer to completion we put together fortnightly updates via email and on our staff intranet to keep staff fully informed through three key areas of information - Essential Information, Did you Know? and Latest Updates. These were well received by our staff. We also held online chats with the Head of Facilities, Huw Llewellyn, and face to face meetings with Huw and/or other members of the facilities department with staff from different departments. This way we were able to reach and engage with as many staff as possible. When staff moved into the new buildings they were met by members of the facilities team to give them a personal orientation and they all received specially designed desktop calendars containing important information about the new buildings.

Training and development

Our central training department, Admiral Academy, is an approved Institute of Leadership and Management (ILM) Centre, which provides nationally recognised management qualifications to employees. The programme Admiral Academy has developed with the ILM will mean that from the outset of their career with Admiral, staff can pursue a professional qualification that complements their professional development. It also provides a strong incentive to progress within Admiral.

Since becoming ILM accredited, over 800 employees have gained ILM qualifications through Admiral Academy to date.

Admiral Academy offers a prospectus which contains over 100 pages of courses, workshops and training programmes. Such is the success of the courses on offer, in 2014 Admiral delivered over 7,500 training sessions for our people. This includes training provided for specific UK departments and any training that has been provided by our UK trainers in any of our overseas offices, in addition to courses provided in the UK by Admiral Academy.

In conjunction with an external supplier, Admiral Academy offers a new training course in which over 400 of our staff can brush up on their literacy, language, numeracy and ICT skills. Employee Engagement is the Academy's most recent management programme based on the four pillar principles of communication, equality, reward & recognition and fun. The two day programme ensures teams and individuals are engaged.

Admiral Academy also encourages self learning through its Buy a Book scheme, whereby Admiral Academy will fund the purchase of any book, DVD or download if it will help an individual with their career development. These books are then theirs for the staff member to keep but often many departments keep libraries of books for everyone in the company to share. In 2014 £48,015 was spent on the 2,351 books purchased via the scheme. This brings the total to over £260,000 since the scheme was introduced in 2002.

We also encourage staff to consider using our sponsorship scheme to gain professional qualifications and attend courses externally. We support employees as they complete qualifications with the Chartered Institute of Insurance and other professional bodies.

In order to measure how our people feel about training and development, we ask them to complete evaluation forms after training courses. In 2014 our overall feedback score was 9.4/10.

To further promote diversity, this year Admiral Academy has trained over 358 staff in workplace diversity.

Equality

We have a really simple approach to equality. Our people are our greatest asset and we respect and value the individuality and diversity of all of our people. Our Equality, Diversity and Dignity at Work policy ensures that every employee is treated equally and fairly and that all employees are aware of their obligations. The Group is fully committed to the health and safety and the human rights of its employees, regardless of their background. In addition, we maintain an employee code of conduct regarding appropriate ethical standards in the workplace.

Our Equality, Diversity and Dignity at Work policy includes guidance on how to promote diversity, alongside advice for our people on how to identify and report any instances of unfair discrimination. To further promote diversity, this year Admiral Academy has trained over 358 staff in workplace diversity.

Gender diversity

The table below provides a breakdown of the gender of Company Directors and employees at the end of the financial year:

	Male	Female
Company Directors*¹	7	4
Other senior managers*²	22	12
All employees	3,598	3,601

Notes

[*1] Company Directors consists of the Board of Directors, as detailed on p.42-43 of the Admiral Group Annual Report 2014, excluding Penny James who was appointed to the Board on 1 January 2015.

[*2] 'Other senior managers' is as defined in the Companies Act 2006 (Strategic Report and Directors' Report) and includes: persons responsible for planning, directing or controlling the activities of the Company, or a strategically significant part of the Company, other than Company Directors. Any other Directors of undertakings included in the consolidated accounts that are not considered strategically significant have not been included.

The Group's principles of respect for human rights, diversity, health and safety and workplace ethical standards apply not only to staff directly employed by Admiral, but also to staff employed by the Group's outsourced partner in Bangalore, India. To meet this commitment, Admiral Group maintains regular contact with its outsourcer's management team and the Group's senior managers pay visits to the outsourcer, whilst the Group also provides training and development to ensure that the team uphold these principles. In addition, Admiral Group has appointed a manager based permanently at the outsourced operation, who is responsible for ensuring that the Group's principles are adhered to by the outsourced partner and that the wellbeing of outsourced staff is monitored.



By signing the pledge we wanted to improve knowledge and understanding about mental illness

Happy and healthy

In April this year we signed a pledge with 'Time to Change Wales' which is the first national campaign to end the stigma and discrimination faced by people with mental health problems. We have seen an increase in the number of mental health related cases we deal with, as have many businesses across the UK. Our staff are very important to us and we wanted to demonstrate our support in promoting the awareness of mental health issues and providing greater sign posting of support for staff.

In conjunction with 'Time to Change Wales' we developed an action plan and committed to various activities to promote mental health awareness. Such actions have included stress awareness training with all of our managers, the opportunity to partake in a 6 week health challenge promoting activity and nutrition and greater work with third party agencies like Remploy in order to support our staff.

The campaign is needed because, although mental health problems are very common, it can still be a taboo subject. People who experience mental illness often face stigma and discrimination in the workplace, socially and within families. By signing the pledge we wanted to improve knowledge and understanding about mental illness and, most importantly of all, get people talking about mental health.

Fundamental to equality, and also important for **Reward** and **Recognition**, is our performance-related pay structure and share ownership scheme. We like to reward and recognise our people for both their own personal achievement and the overall performance of the Group. All employees are rewarded for the overall success of the Group through our approved Free Share Incentive Plan (SIP), a key feature of employee remuneration.

According to our annual Staff Survey, 80% of our people are more likely to stay with us because of our staff share schemes.

As of 31 December 2014 an employee who joined us on 1 January 2005 would have received a total of 2,937 shares, of which 2,241 would now have matured and 1,820 which could be sold free of income tax and national insurance. If none of the matured shares had been sold, these shares would be worth £29,648 (based on the share price of £13.23 on 31 December 2014).

In addition to our SIP, we also operate an unapproved Discretionary Free Share Scheme (DFSS) to reward managers and 'star performers' – employees who have excelled in their role, regardless of business location or level of seniority. Further details of our salary structure and our share schemes are available in the Directors' Remuneration Report on p.58-72 of our Annual Report 2014.

Our Board firmly believes that share ownership motivates employees, decreases attrition and makes it easier to recruit successfully. According to our annual Staff Survey, 80% of our people are more likely to stay with us because of our staff share schemes.

Recruitment

In further support of our reputation as a good employer within the local community we received over 10,800 applications for contact centre positions during 2014 (2013: 9,300). The increase in applications is testament to the fact that Admiral is a great place to work and shows the desire from the local community to work with us.

Celebrating excellent performance

We host a series of annual award ceremonies to reward and recognise our people, both for their own individual achievements and for the collective performance of their team, department or site.



The Managers' Awards

Back in 1992, before the first Admiral policy had even been sold, Henry Engelhardt (CEO) gave each senior manager an award to present in their name, to a deserving member of staff. Eighteen awards are now available, such as the David Stevens' 'Large Volume of High Quality Work' Award and Geraint Jones' 'Bend over Backwards' Award. The names of the award winners are permanently inscribed in Admiral's history on plaques displayed in the reception area of our headquarters in Cardiff, South Wales.

Fun plays a vital role in helping us to ensure that our people enjoy their work, encouraging and motivating each and every individual to produce excellent results.

Work hard, play hard

The Ministry of Fun (MOF) operates throughout Admiral, organising exciting events for all of our people to take part in.

A different department takes responsibility for organising games and competitions each month to ensure that the programme remains fresh and to give everyone the opportunity to take ownership. Some of the MOF organised events during 2014 have included egg roulette, treasure hunts and decorate your pumpkin.



So how do we know that this approach works?

Our staff tell us. One of the most important tools that we use to measure employee satisfaction is our anonymous annual Staff Survey, which collects views on what it is like to work for us. The survey results are analysed by department and each department manager shares the findings with their team, exploring any issues and concerns before making improvements.

The most significant results are provided in the table below. There are no specific targets with respect to the survey results, as our executive team use the data to identify trends in employee perception, rather than absolute values.

Staff Survey results

Survey question	2008	2009	2010	2011	2012	2013	2014 ^{*1}
Morale is good within Admiral	90%	93%	89%	90%	93%	89%	75%
Morale is good within my department	90%	86%	84%	85%	87%	75%	67%
I am happy at Admiral	90%	91%	88%	89%	91%	88%	78%
Every effort is made to understand the thoughts and opinions of employees	86%	87%	88%	88%	91%	85%	78%
I am proud to be associated with Admiral	94%	96%	95%	95%	96%	94%	82%
I would recommend Admiral as a good place to work	94%	95%	94%	95%	96%	93%	83%
I am more likely to stay at Admiral because of the share schemes	71%	79%	78%	79%	79%	81%	80%
Admiral is truly customer-orientated	90%	90%	86%	87%	90%	90%	85%
Admiral treats its customers fairly	87%	88%	86%	86%	88%	87%	N/A

^{*1} In 2014 we changed the way we collect our staff survey results. We now use the Great Place to Work (GPTW) Best Workplaces survey as our annual Staff Survey and every single person in Admiral Group (including our overseas operations) will be filling it out. As a result not every question is a direct match to previous years. From 2015 we will present this new question set.

As a Group we participate in a number of independently managed surveys, including The Sunday Times 100 Best Companies to Work For and the Great Place to Work Institute's Best Workplaces in the UK and Best Workplaces in Europe.

This year we have continued to win awards for employee satisfaction, adding to those achieved previously. Notably, Admiral was named 2nd Best Company to Work For in the Sunday Times 100 Best Companies to Work For list, as well as being named 3rd Best Large Workplace in the UK and 3rd Best Multinational Workplace in Europe by the Great Place to Work Institute. The table below shows how we have performed in these surveys historically:

External survey results

			
2001	32nd	32nd	
2002	42nd	42nd	
2003	46th	7th	
2004	60th	16th	
2005	20th	17th	
2006	20th	8th	
2007	21st	Top 10	
2008	57th	10th	
2009	37th	6th	16th
2010	16th	10th	26th
2011	9th	9th	21st
2012	6th	1st	4th
2013	11th	2nd	2nd
2014	2nd	3rd	3rd

3 Our Community

We play a positive role in the community through charitable giving and sponsorship of local community partnerships. As an employer, we promote payroll giving and provide matched funding for eligible staff initiatives. In 2014, the Group donated £148,000 to various local and national charities and £202,000 to support local events and organisations. The amount we donate fluctuates annually due to changes in sponsorship initiatives and employee demand for matched funding.

Our strategy on charitable giving and community sponsorship aims to:

- Contribute to the local communities surrounding our offices;
- Support events that are likely to appeal to our people;
- Reflect our culture of vibrancy and fun; and
- Raise our profile as a good employer within the local community.

Our strategy provides further opportunities for employee engagement by providing opportunities for our people to participate in charity fundraising or community projects. This also enables us to secure additional employee benefits, such as free event tickets and local discounts thereby supporting local businesses and events. It also helps us to attract new staff and to minimise recruitment costs, reinforcing our strategy of focusing on profit and controlling costs in order to maintain our market-leading expense ratio.

Admiral Community Chest

Admiral Community Chest is a fund set up to provide funding for charities and local organisations which our people and their families are involved with. The Chest has been running for over ten years and in that time we have been able to contribute to over 700 charities and organisations. In 2014 we donated £114,000 to over 200 charities and organisations through the Chest (2013: £112,000). This year we helped keep an Age Connect shop running for another year, paid for transport for Clydach Disabled & Friends Social Club to use on a day trip and bought a new kit for a men's Roller Derby Team.



Our WRU sponsorship gives our people the opportunity to train with the Welsh national rugby team.

Supporting the national sport of Wales

We continue to be sponsors of the Welsh Rugby Union (WRU) and the Admiral logo will remain on the national team jersey until the Rugby World Cup in 2015. The agreement enables us to secure staff benefits such as free rugby tickets, kit discounts and opportunities to attend team training sessions and meet players.



4 Our Environment

Our Environmental Policy is aligned with our vision for sustainable growth and our focus on profitability, as outlined by our Group business model and strategy on p12-13 of our Annual Report 2014. By monitoring and reporting on our annual carbon emissions, we can identify areas of the business where energy usage could be reduced, leading to the potential for cost-savings. Furthermore, by improving our buildings to drive energy efficiency, we are able to create a better working environment for our people.

We are committed to:

- Raising and maintaining employee awareness of, and ensuring that all of our people are actively engaged in, activities to reduce our environmental impact;
- Measuring and monitoring key aspects of our environmental performance and regularly reviewing progress to reduce the amount of resources consumed per employee; and
- Complying with the requirement to report annual levels of greenhouse gas emissions in line with guidance provided by the Department for Environment, Food and Rural Affairs (DEFRA) in partnership with the Department for Energy and Climate Change (DECC). We have never been subject to prosecution or fines as a result of non-compliance with environmental reporting regulations.

We have a cross-functional team in place to monitor and report on our annual greenhouse gas (GHG) emissions, including employees from our Finance and Facilities departments. One of the major responsibilities of our Facilities team is to continuously reduce our environmental impact. The reporting process is centralised at our UK head office and our international businesses send their data to the team each month. This way, our people can be engaged in recording and monitoring their environmental impact and we hope that this will encourage each of our sites to make continual improvements. The data is reviewed annually and reported to David Stevens, our Corporate Social Responsibility Board representative.

We uphold a structured consultation process to gauge stakeholder views on our environmental performance. In 2014, the Staff Survey revealed that 84% of our people think we are working to reduce our environmental impact. Each department manager feeds back the results to their employees, encouraging a forum for positive discussion to gain employee ideas on what more we can be doing to limit our environmental impact.

Performance Data

	GHG Emissions (CO ₂ e Tonnes ^{*1})	% Of Group Total	GHG Emissions (CO ₂ e Tonnes ^{*1})	% Of Group Total
	2014	2014	2013	2013
Scope 1				
Owned transport	14	0.02%	36	0.57%
Total Scope 1	14	0.02%	36	0.57%
Scope 2				
Purchased electricity (including green energy)	5,908	86.42%	5,294	82.94%
Total Scope 2	5,908	86.42%	5,294	82.94%
Significant Scope 3				
T & D*2 Electricity	522	7.64%	475	7.44%
Business travel	310	4.53%	523	8.19%
Waste Disposal	82	1.20%	55	0.86%
Total Significant Scope 3	914	13.37%	1,053	16.50%
Total CO₂e Emissions	6,836		6,383	

*1 'Tonnes' refers to metric tonnes

*2 'T&D' refers to the transport and distribution of electricity.

Intensity Ratio

We have used average employees as the measure for our intensity ratio as this is the most relevant indication of our growth and provides for the best comparative measure over time.

Scope 1 CO₂e per employee*¹

1.19 tonnes (2013: 1.11)

*¹ - Average employee number excludes employees from offices for which data could not be collected.

Methodology

Reporting period

1 January 2014 – 31 December 2014

Measuring and reporting approach

We have followed UK government guidance on how to measure and report greenhouse gas emissions. In particular, the data has been prepared with reference to the WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and in accordance with the guidance for corporate reporting issued by DEFRA.

Greenhouse gases

All GHG emissions figures are in tonnes of carbon dioxide equivalents (CO₂e) and include all six GHGs covered by the Kyoto Protocol.

Organisational boundary

We have chosen to use the operational control approach because we maintain the ability to direct the operating policies of each of our organisations, with a view to achieving economic benefits.

Specifically excluded from the organisational boundary is our outsourced contact centre in Bangalore, India, which we do not have control over.

Operational scopes

All Scope 1 (direct GHG emissions), Scope 2 (indirect GHG emissions) and significant Scope 3 emissions have been reported for operations within the organisational boundary, with the exception of exclusions listed below.

Where appropriate, emissions from multi-occupancy offices are determined on the basis of the recharge statement provided to the Group by the relevant managing agents.

Exclusions to operational scopes

We have excluded our call centre in Gurgaon, New Delhi, from our Scope 1, 2 and 3 emissions because this operation was not able to provide us with the data requested. Our operations in France (L'olivier Assurances and LeLynx) and in the US (Elephant Auto and compare.com) are also excluded from all of our emissions scopes. These offices together total less than 8% of our Group headcount and are, therefore, considered immaterial. We are working to set up processes in these offices for the collection of data with the aim to include in future disclosures.

Excluded from our Scope 1 emissions are air conditioning emissions produced by all of our operations. We were unable to obtain data from any sites for this reporting period because our building managing agents are responsible for air conditioning at the majority of sites and they were unable to provide us with emissions data. Gas has also been excluded in this reporting period. Only three of our sites have gas usage and the managing agent does not provide us a breakdown of the gas element of the service charge we pay and therefore this data was not available to collect for inclusion in our reported emissions figures. We continue to work with the managing agents to target obtaining this data in the future.

Operational scopes – calculation approach, conversion tools and emission factors

The carbon emissions linked to the activities listed above have been determined on the basis of measured or estimated energy and fuel use, multiplied by relevant carbon conversion factors.

The large majority of our fuel and energy consumption is based on actual mileage data, purchase invoices and information supplied by the managing agents of our leased buildings. However it has been necessary to make estimations in some circumstances, where this form of evidence has not been available. In particular we have made estimations when monthly invoices have not been available for the full reporting period. Where this was the case, an average of available invoices was applied to the months for which invoices were unavailable. This process of estimation represents less than 10% of data.

We have calculated emissions using the 2014 carbon conversion factors downloaded from the DEFRA website, which are valid until 31 May 2015.

Geographical breakdown

Tonnes of CO2e				
2014	Scope 1	Scope 2	Scope 3	Total
Total global	14	5,908	914	6,836
UK	14	4,971	810	5,795
Italy	-	230	23	253
Spain	-	93	11	104
India	-	90	26	116
Canada	-	524	44	568

Carbon offsetting

We are not a carbon-intensive business and as such, we do not see any significant need to offset our Scope 1 and Scope 2 carbon emissions at present. However, this will continue to be monitored in line with future business growth.

Green tariffs

During 2013 we announced plans to switch to 100% green tariffs in several offices. In 2014, we moved over to green tariffs for all of our UK offices; a total of 10 buildings. In the offices we manage ourselves we have set up our own green tariffs, whereas in our leased offices we have now achieved the same status with our landlords.

Our international offices either select their own tariffs or use those selected by the managing agents of the buildings they reside within. However, international procurement is not yet centralised at our UK head office hence there is no record of the number of international sites using green tariffs.

Annual achievements

- In order to raise employee awareness of our environmental impact, our staff intranet now features a category called 'Help Us Go Green', which includes our Environmental Policy and our annual Greenhouse Gas (GHG) Report. We have seen a positive impact with our staff and we continue to drive this forward through various initiatives such as updates in our employee magazine and through staff forum meetings.
- We introduced a strategy for recycling which has been rolled out to the majority of our offices with the following results – Newport 58% of waste recycled, Cardiff 56% and Swansea 37%. Dry mixed recycling was introduced in Swansea in November 2014 and we have rolled out new, clearly labelled bins in Swansea and we expect to see an improvement here.
- All of our multi function devices (photocopiers and printers) continue to be stocked with recycled paper. We now have all of our offices linked into a secure print function which has seen a reduction in printing of 19%.

- We have an online Customer Portal through which our UK customers can choose to receive electronic copies of their insurance policy documents, instead of having paper copies sent via post. By actively encouraging our customers to use this facility, we have significantly reduced paper usage. As of 31 December 2014, 68% of our policyholders were registered on our Portal.
- Wherever possible, we use SMS to contact our customers in order to provide a convenient service and to further reduce paper usage.
- We have re-used/recycled all of the furniture in Cardiff (450 desks) and in Newport (200 desks) plus all of the chairs and pedestals. All of the meeting room furniture, breakout furniture etc. has been reused in our Swansea office.
- After re-using 120 of the desks from Cardiff in our new office, the remaining desks have been recycled. The wood went to a local company that makes John Lewis sofas. The metal work was recycled and scrap value helped cover some of the cost of the removal.
- We refurbished 1,251 chairs which helped save us £70,000. Chairs over ten years old and cannot be saved as they are no longer fit for use, will be recycled or offered to anyone that wants them.
- We have given a lot of the usable furniture to charity (a local autism charity) and we have reused anything suitable in our Swansea office. We are going to advertise other items to staff on our internal intranet and hold an open day for anyone wanting furniture, used fridges or storage units.

Targets for 2015

Currently, we do not set carbon emission reduction targets. Although we appreciate the potential for such targets to lead to valuable cost-savings and environmental benefits, it would be difficult to set realistic targets at present. This is because in the majority of our buildings we are largely dependent upon property managing agents to reduce the consumption of electricity and gas and the use of air conditioning. As these sources combined account for the majority of our emissions, it would be very challenging to reduce consumption in these areas whilst lacking the authority to directly impact upon them.

It would also be challenging to set realistic targets for 2015 as we moved both our UK head office and our office in Newport, South Wales, to newly built offices in 2014. Although these moves are likely to result in carbon emission reductions because both of our new buildings will be more energy efficient, at present we have no way of predicting how significant these reductions may be. This is an area that we will revisit once we have collected more data and we will aim to set targets in our 2015 Corporate Social Responsibility Report. Another area in which we hope to begin setting targets is that of recycling. We will be using dry mixed recycling (DMR) in both of our new buildings, which will allow us to recycle at least 80% of waste produced by these buildings.

We are currently engaging with our utility consultants on the Energy Saving Operation Scheme (ESOS) this year, and will be reporting the results of this in 2016.

We will qualify for the Carbon Reduction Commitment (CRC) within the next 4 years and will provide an initial view on this in 2016.

As part of the reformation of the electricity market we currently allow for Contracts for Difference (CFD) in our billing where we are the sole occupier of a property.



A green future

During 2014 we moved our head office from a multi-occupancy, 23-floor building erected in 1967, to a brand new, high density building in Cardiff city centre. Our Newport office also moved to a new site within Newport city centre.

The buildings provide the combined capacity for 4,200 staff. The Cardiff building has been built to a BREEAM*¹ standard of 'excellent' and the Newport building to a 'very good' standard. Both buildings encompass thoughtful design features, such as high efficiency glazing and recessed windows to reduce heat solar gain, as well as an automated building management system to reduce electricity consumption. Features such as electricity generating photo-voltaic panels and high-efficiency, energy saving lighting with sensor controls, significantly reduce the impact on the environment.

*¹ BREEAM (BRE Environmental Assessment Method) is the leading and most widely used environmental assessment method for buildings. It sets the standard for best practice in sustainable design and has become the de facto measure used to describe a building's environmental performance.

Assurance statement

We have not received external assurance of our carbon emissions data for the 2014 reporting year. However, as a Group we have completed an internal peer review to assess the reasonableness, accuracy and completeness of the data presented. This included: recalculation of formulae, checking conversion factors applied, agreement of data to detailed breakdowns and sample checks to source data. The process did not highlight any uncorrected deficiencies in the reported data and will help us to improve the efficiency and accuracy of our data collection in future years, through tighter control procedures.



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5 Conclusion

This report summarises our ongoing corporate social responsibility strategy and how this relates to the Group business model and strategic objectives, in addition to outlining the progress we have made during 2014 in relation to our four key stakeholders: our customers, our people, our community and our environment.