

## ABI ClimateWise Report

2021

### Introduction

Building on the ABI's previous track record in its work on climate change the ABI Board promoted climate change to its top priority for 2021, and as a result there have been significant updates and changes to the work of the ABI.

In committing to a step change in both the level of resources and ambition to drive change in 2021, whilst ensuring our sector is in the leading pack across the economy, Ben Wilson, the ABI's Director of Advocacy has been appointed as Executive Sponsor for Climate Change. He has been leading on this work which has included setting up a dedicated Board sub-group comprising the ABI Board Members representing 10 leading insurance and long-term savings providers to drive the agenda; engaging an expert working group to support the Board sub-group; the publication of an industry [Roadmap](#) (the first of its kind across the globe) which sets out targets, best practice and key priorities for how the sector should embed sustainability across all its products and service; hosting the ABI's inaugural Climate Change Summit; creating an internal Climate Change Taskforce; and becoming a member of the UN's Principles for Sustainable Insurance initiative.

Although the ABI already engaged on climate issues as a founding member of ClimateWise and through its work to co-ordinate industry responses to SS3/19 and the CBES (Climate Biennial Exploratory Scenario) exercise, the leadership provided by the Board and the additional resources devoted to this work has allowed the ABI to move from a facilitative role to one where it acts as an industry leader and champion of best practice.

The ABI's unique position as a trade association allows it to bring together experts and leaders from across the industry to ensure regulatory and policy developments are fit for purpose for all involved, as well as providing thought leadership and clarity to an industry which has a diverse and demanding range of challenges to grapple with.

The ABI acts as a hub from which it is able to demonstrate how the industry is working together to adapt, innovate and invest in building a sustainable and financially resilient future whilst ensuring change is achieved as efficiently as possible.

**The ABI**

The Association of British Insurers is the voice of the UK's world-leading insurance and long-term savings industry. A productive and inclusive sector, our industry supports towns and cities across Britain in building back a balanced and innovative economy, employing over 310,000 individuals in high-skilled, lifelong careers, two-thirds of which are outside of London.

The UK insurance industry manages investments of over £1.6 trillion, pays nearly £16 billion in taxes to the Government and supports communities across the UK by enabling trade, risk-taking, investment and innovation. We are also a global success story, the largest in Europe and the fourth largest in the world.

The ABI represents over 200 member companies, including most household names and specialist providers, giving peace of mind to customers across the UK.

We welcome the opportunity to report our climate related activity against the ClimateWise Principles. This report represents the year directly following our previous reporting period, i.e. July 2020 – June 2021. Exemptions have been granted for sub-principles 2.2 & 2.3.

## Detailed comments

| Principle         | Sub-Principle | Comments   |
|-------------------|---------------|--|
| 1. Be Accountable | 1.1.          | <ul style="list-style-type: none"> <li>• Climate change is a top priority of the ABI, with the ABI Board making it a central part of our 2021 Business Plan and increasing the level of ABI resources dedicated to the topic (including approving the appointment of an Executive Sponsor for Climate Change and a new Manager post to lead this work). The specific objectives within the 2021 Business Plan relating to climate change include:               <ul style="list-style-type: none"> <li>○ Develop a consistent industry position on managing the physical and transition risks arising from climate change, while facilitating cross-industry initiatives to position insurance and long-term savings as a key sector in tackling climate change in the lead-up to the UK hosting COP26 in November 2021.</li> <li>○ Develop initiatives, including research, to increase the profile of the ABI and our members on ESG issues, especially climate risk, ahead of COP26 and rollout of requirements on members.</li> <li>○ Highlight the contribution of the sector to the economic recovery and building back better, through expanding and updating the ABI's 'Helping Britain Thrive' campaign and a 'thought leadership' programme on tackling climate change in the run-up to COP26.</li> </ul> </li> <li>• In 2021, climate change has featured on the agenda at all three full meetings of the ABI Board (2 February, 1 April and 29 June). This included two guest speakers addressing the Board members: Andrew Griffith MP (UK Government Net Zero Business Champion) and Lord Deben (Chairman of the Committee on climate change).</li> <li>• At the start of 2021, the ABI began hosting meetings for 10 of our Board members to exclusively discuss climate-related issues and provide leadership direction to ensure the ABI Board's prioritisation of climate change is delivered. This Board Sub-Group is chaired by Andy Briggs, CEO of Phoenix Group and includes ABI Board members representing 10 of the UK's biggest insurance and long-term savings providers. This group has already held three meetings this year, working together collaboratively to tackle climate change as an industry. We will be holding further meetings during the rest of the year.</li> <li>• The Board Sub-Group has six key outputs it works towards, which were reviewed and signed off by the ABI Board. These are:               <ul style="list-style-type: none"> <li>○ Potential cross-sector commitments and roadmap</li> <li>○ Cohesive evidence-led policy recommendations</li> <li>○ ABI's leadership on climate change</li> <li>○ Ongoing engagement with key regulatory initiatives</li> <li>○ The wider sustainability and biodiversity agenda</li> <li>○ ABI operations</li> </ul> </li> </ul> |

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- The process of developing the ABI's Climate Change Roadmap is a good example of how the ABI Board and Board Sub-Group has monitored and overseen the ABI's progress in tackling climate change.
  - The Board Sub-Group provided strategic oversight of the development of our commitments and principles (taking recommendations from a working group of climate experts). During Q1 2021 the Board Sub-Group discussed the desired overall level of ambition for the Roadmap, assessed the feasibility of commitments and the most appropriate timeframes for such commitments, and approved the four pillars that were used to organise the Roadmap. Following conclusions drawn by the expert working group on the four pillars, the Board Sub-Group suggested additional areas to focus on in the Roadmap. ABI Members also commented on whether the Roadmap adequately met the ABI Board's original objective of showcasing a sector that is ambitious on climate change with a unique contribution to make – the Board Sub-Group emphasised the importance of clear targets set for 2025, to fall within their own likely tenures as CEOs and ABI Board members, in addition to targets linked to the 2030 and 2050 Paris milestones.
  - The ABI Board was also heavily involved in overseeing the development of the Roadmap. In early Q1 2021, the Board agreed the six target outputs of the Board Sub-Group for Climate Change, as well as how to prioritise these. Later in Q1 the Board provided its formal approval to publish the Climate Change Roadmap, which included reviewing and approving the key commitments. The Board also discussed and approved the key messages that the ABI would use around the publication.
  - Many of our Board members have spoken publicly about the ABI's commitments to climate change. This includes current ABI Chair Jon Dye (CEO of Allianz) [speaking about climate change being “the biggest challenge facing our industry”](#) at the ABI's 2021 annual conference, and Sub-Group Chair Andy Briggs (CEO Phoenix Group) and Penny James (CEO Direct Line Group) speaking about what our sector can do to ensure its own operations are sustainable at our Climate Change Summit.
  - The ABI's permanent Board Committees (the General Insurance Council, the Long-Term Savings Committee and the Prudential Financial and Taxation Committee) also provide strategic oversight on many issues related to climate change. These committees also comprise of many further CEOs and senior executives from across the sector. Some examples of these committees providing leadership on climate change include:
    - In March, the General Insurance Council discussed the ABI's Climate Change Programme, including the terms of reference for the Board Sub-Group and its target outputs.
    - In March, the Prudential, Financial and Taxation Committee discussed updates on climate change, including the role of the ABI's SMF (Senior management function) Climate Change Group.
    - In June, the General Insurance Council discussed the soon-to-be launched Climate Change Roadmap, considering the key issues within it that are relevant for the general insurance sector. Likewise, in
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June, the Long-Term Savings Committee discussed aspects of the Roadmap that will be relevant for the long-term savings market.

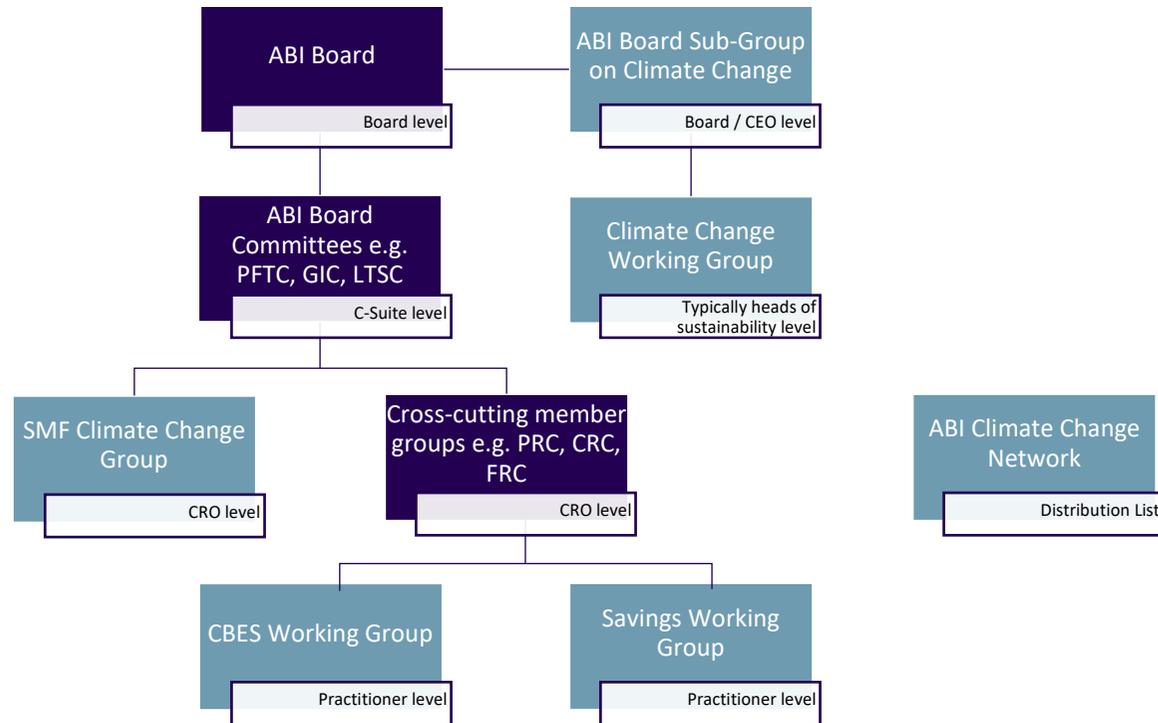
- During an awayday in 2020, the Long-term Savings Committee decided that climate change and ESG should be one of its six priorities for 2021.

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1.2.

- We have a formal governance structure in place to ensure committees and working groups below Board-level are able to report on their work, agenda and priorities to the ABI Board: the chair of each Board-level committee sits on the ABI Board, providing verbal and written updates. In turn, each of the Board-level committees receives updates from the working-level committees which report into them. In addition, the ABI Executive Team attend Board meetings and lead discussions on their respective areas, having been represented on each of the Board-level committees. The full membership of the ABI Board is available on the ABI website [here](#).
- Below our Board-level committees, the ABI has a wide range of more focussed committees, for detailed policy discussions, many of which have discussed climate change in the past 12 months. Some of these include:
  - The ABI's Conduct Regulation Committee which discussed climate change issues in its June 2020, March 2021 and June 2021 meetings. Discussions centred around the FCA's proposals to extend the TCFD to listed issuers, the EU's Sustainable Finance Action Plan and international developments; climate change disclosures, FCA work on sustainable finance and ESG related guiding principles; and updates on the two ABI/FCA roundtables on extending the TCFD to life insurers, pension providers and asset managers.
  - The ABI's Prudential Regulation Committee (PRC) has had climate change on the agenda for eight of the last 10 meetings.
  - The ABI's Financial Reporting Committee, which meets quarterly, has had climate change on every agenda since July 2020.
  - The ABI's Taxation Strategy Committee discussed climate change in respect of ABI member priorities in its March 2021 meeting.
  - Climate change and its implications was also on the agenda at the most recent ABI Health Committee in June 2021. The Committee discussed how health insurers can explore what measurables and best practices they should employ to engage suppliers to help ensure their supply chains meet their own individual climate change targets.

- The below diagram illustrates the hierarchy structure (rather than governance) of ABI Committee and Working groups, with groups with an explicit climate change focus represented in light blue. This is not an exhaustive list, and climate change is regularly an agenda item at other committees and member groups:



- Outside of committee discussions with member firms, changes have also been made internally at the ABI to increase our capacity to address climate change related requirements:
  - Further to the ABI's recognition of the need to identify senior leadership with responsibility and accountability for the strategic direction of the ABI's climate change work, an Executive Sponsor for Climate Change (Ben Wilson) was appointed in January 2021. In the same month, the ABI appointed a Climate Change Manager (Ben Howarth) who has overseen the progress of the ABI's expanding programme of work.

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- In October 2020, an internal Climate Change Taskforce was set up at the ABI which comprises 14 colleagues from across the organisation’s Policy, Regulation and Advocacy Directorates as well as the DG’s Office. The Taskforce is managed by the Climate Change Manager with additional oversight provided by the Executive Sponsor for Climate Change. The Taskforce meets on a fortnightly basis to discuss topics such as the best external frameworks and milestones to measure business action and progress on climate change; how regulatory initiatives will impact the sector; how ESG factors are being applied by different parts of the sector and how this will develop; how mandatory TCFD implementation will be taken forward by different Government departments and regulators and to agree the scope of the ABI’s internal Environmental Charter. The Taskforce was also used to agree the agenda and speakers for the ABI’s inaugural Climate Change Summit.
  - As referenced in last year’s report, the ABI has established a member working group for postholders of the Senior Management Function (SMF) required by regulators. This SMF Group is comprised of those who hold this post within ABI members as per the PRA 2019 Supervisory Statement [SS3/19](#) on enhancing banks’ and insurers’ approaches to managing climate related risk. Membership is open to all ABI members. The group met for the first time in February 2020, and – having been temporarily suspended during 2020 due to the impact of the Covid-19 pandemic – has been reconvened in 2021, with a particular focus on the PRA and FCA’s approach to climate risk.
  - The ABI maintains a Climate Change Network which is open to all members with an interest in climate change issues and currently has over 100 representatives. This group is informed of relevant climate change developments in the insurance and long-term savings industry and related ABI activity, for instance consultations to which the ABI is coordinating responses.
  - Climate change has featured on the agenda at many of the ABI’s Executive Team’s meetings over the last 12 months with work such as the ABI’s Environmental Charter being signed off at the meetings.
- *Planned activity: (1.2) The ABI’s Climate Change Roadmap identifies a number of actions the ABI will work with its members to deliver. The ABI Board Sub-Group on Climate Change will continue to provide strategic leadership and direction for this work, with the working group of sustainability experts providing evidence and insight to support this work. The ABI is committed to reviewing and updating our Roadmap on an annual basis.*
  - *Planned activity: (1.2) Climate change will continue to be a priority topic for discussion at the ABI Board and Board Committees throughout the remainder of 2021 and into 2022. A focus of these discussions will be ensuring the ABI makes significant progress towards the objectives set in our Business Plan.*
  - *Planned activity: (1.2) The actions set out in Pillars 3 and 4 of the Roadmap will be taken forward with the active engagement of ABI member groups, with a particular emphasis on ESG and stewardship (Savings and Platforms*
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*member groups), building energy efficiency (Property Steering Group), electric vehicles (Motor Committee) and a newly formed member group that will focus on the sector's supply chains.*

- *Planned activity: (1.2) The ABI will review and refresh its governance of climate change related committees and member groups, in order to ensure that we are reaching the right people from across the entirety of our membership – particularly with regards to smaller firms.*

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*2. Incorporate 2.1.  
climate-  
related issues  
into our  
strategies and  
investments*

- For a trade association, our performance is determined by value provided to member firms.
- As expectations from regulators, institutional investors, the public and a wide range of other external stakeholders continue to increase regarding climate change, there are a range of possible implications for our members. These may materialise in the short, medium or long-term:
  - In the short-term, the ABI provides value to members through pro-active responses to public policy and regulatory developments on behalf of the insurance and long-term savings industry (see sub-principle 6.1);
  - In the medium-term, the ABI is able to provide value to members through developing industry positions on various aspects of climate change, including the ABI's Climate Change Roadmap and responding to inquiries from Government departments, regulators and Parliamentary select committees and through developing the industry's approach to climate change through, for example, learning events (more detail about how this operates in practice is listed under Principles 5 & 6);
  - In the long-term, the ABI provides value to members through horizon scanning and thought leadership, by highlighting risks and opportunities that may arise to them and ensuring these are discussed by industry leaders in our committees and working groups;
  - The inclusion of climate change as a priority in our 2021 Business Plan (the first time it has been a priority for pro-active ABI action, going beyond the reactive and facilitative approach taken in previous years) ensures that the ABI provides regular updates to its Board and Board Committees on progress and that there is an opportunity for the sector's senior leadership to consider the implications for climate related-issues on the industry;
  - We also work to ensure members are exposed to insights from a wide range of experts. As well as facilitating sessions with the UK Government's Net Zero Champion Andrew Griffith and climate change Committee Chair Lord Deben at the ABI Board, we arranged for Jonathan Davison to present the conclusions of his review of the FCA's approach to climate to our Board Sub-Group. We have also hosted a wide range of external expert speakers, including the CEOs of the WWF and Make My Money Matter, ClimateWise's Programme Manager, and environmentalist Tony Juniper – ensuring

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our members are exposed to the latest scientific evidence and analysis of these issues on a regular basis.

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2.2. • **Exemption granted on 30/04/2021 (Publication of guidance for members)**

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2.3. • **Exemption granted on 30/04/2021 (Publication of guidance for members)**

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- *Planned Activity: (2.1) We expect climate change to be given similar prominence within our 2022 Business Plan and for it to continue to be an organisational priority under the ABI's new leadership (we are in the process of appointing a new Director General and a new Independent Chair)*
  - *Planned Activity: (2.1) Climate change will form a key part of the agenda for the ABI's 2022 annual conference, with dedicated sessions on its implications for the general insurance market and the sector's investments. This will ensure that senior executives from across the sector will be able to learn and feed into the ABI's work on the issue. We are also committed to holding a second Climate Summit in 2022.*
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3. Lead in the identification, understanding and management of climate risk

3.1.

- 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 focussed 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, only a very small proportion of our revenue comes from commercial activities). With the ABI Board making climate change a top priority within the 2021 Business Plan, it reflects the ABI's dedication to understanding and supporting its members' exposure to climate-related risk.
  - The ABI's Climate Change Roadmap represents our in-depth assessment of where the ABI's membership (UK-based firms) are most impacted and, in turn, can have the most impact on climate risk. This document was endorsed by Mark Carney and by UK and Scottish Government Ministers (these endorsements are all available on the [ABI website](#)), as well as by ABI members, and we believe this is the first initiative of this kind by any insurance market in the world. We have shared the document with our counterpart trade associations in other markets and have already met with these organisations to share our experiences with them.
  - In addition to developing the Roadmap, the ABI monitors all relevant developments regarding climate change policy, regulation or news.
    - This monitoring work is delivered to our dedicated Climate Change Network, which has over 100 representatives from a wide range of our member firms. This list not only allows us to ensure relevant information reaches the right people efficiently, but also allows us to gather input from members on key issues as required.
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- If a risk or opportunity is identified, the ABI Committee structure allows for these to be considered by the relevant industry experts, so they can be effectively assessed and managed.
    - For example, when the PRA published updates to its ongoing Climate Biennial Exploratory Scenario (CBES), the ABI quickly flagged this to our members, before ensuring it was discussed by a dedicated CBES Working Group and also by our Prudential Regulation Committee. Nine ABI members are formally participating in the CBES and many other members are voluntarily conducting similar exercises, and so the ABI has been proactive in firstly alerting members to developments as published by the Bank, and secondly in forming joint responses where the industry has collective feedback. For instance, the ABI has fed back to the Bank's approach to incorporating analysis of insurers' corporate counterparties in the CBES exercise to ensure that the exercise was feasible for members. Originally the Bank proposed that insurers would incorporate 80% of their counterparties, but following successive iterative feedback from the ABI this was revised to a more proportionate and feasible approach, distinguishing between General Insurers and Long-term Savings providers in recognition of the differing nature of their balance sheets.
  - The ABI's Climate Change Manager regularly attends external events, conferences and seminars to ensure that the organisation is fully abreast of the key challenges and policy developments related to this area. Other colleagues do the same for their areas of focus, such as ESG for long-term savings; climate risk management; climate taxonomies; and financial reporting.
  - The ABI recognises its role in sharing information and policy developments with the insurance and long-term savings industry and therefore in February 2021 the ABI hosted its flagship Annual Conference which included a plenary session titled "The road to COP26: Insurance and Long-Term Savings' role in addressing climate change". The session was attended by 366 delegates from across the industry.
  - The ABI held its inaugural Climate Change Summit in July 2021 which was attended by 142 delegates and 47 ABI staff members. The Summit featured speakers such as Lucy Siegle, Andrew Griffith MP and Tanya Steele. The feedback received for the Summit was excellent and included comments such as:
    - 'It was so motivating and uplifting to hear from industry leaders about the changes which we need to make and challenges that we face. It was informing and educational.' (Claims Transformation Lead, Covea Insurance)
  - In 2021, the ABI became members of the UN Principles for Sustainable Insurance initiative to ensure that we are able to shape the approach the sector is taking on a global basis and to learn from our international counterparts.
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We also meet regularly with our counterpart international trade associations to share our understanding of this topic across different insurance markets.

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3.2.

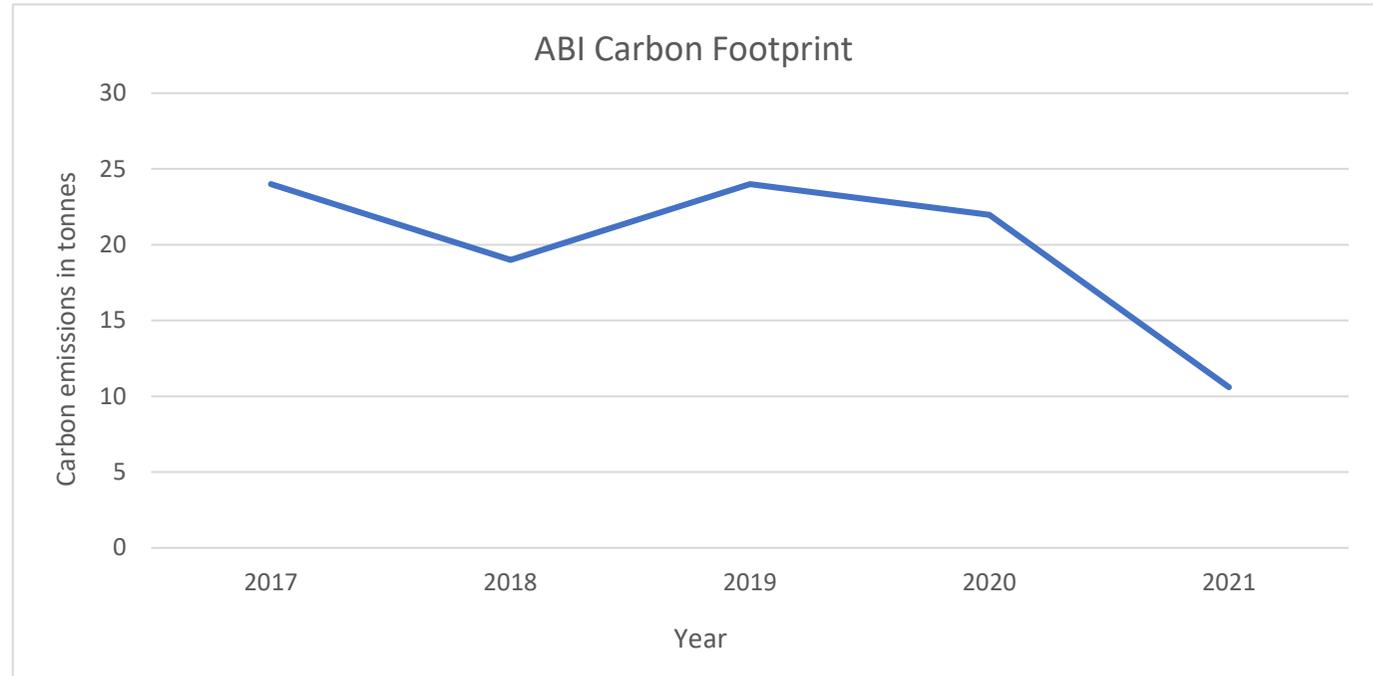
- As a trade association, the ABI is unable to directly engage in the development of new insurance or long-term savings products. However, all our work on climate change has the ability to better inform industry representatives, policy makers and regulators on ways to better adapt to, and mitigate against, climate-related issues. Some examples of this include:
    - The ABI jointly commissioned a piece of research with Flood Re, examining the effect and value of maintenance spend on the adequacy of UK flood defences. This was [published](#) in June 2021, and emphasized the importance of maintaining flood defence – for every £1 spent on flood defence maintenance, £7 is saved in spending on new defences. Quantifying this benefit has enhanced the ABI’s continued lobbying of Government to improve flood defences in the UK. We engage on a regular and proactive basis with a number of key stakeholders in relation to major flooding including Flood Re, the Chartered Institute of Loss Adjusters, the British Damage Management Association, the National Flood Forum, Defra, the Environment Agency, the Scottish Government, the Welsh Government, the Northern Ireland Executive, the Scottish Environment Protection Agency (SEPA), and Natural Resources Wales.
    - In the event of a major flooding incident, the ABI communicates directly with government officials, media and key stakeholders to inform them of insurers’ immediate response on the ground and manage any insurance related issues. Whenever flooding occurs the ABI pro-actively engages with local MPs and local authorities to provide information to those affected. On a more day to day basis the ABI promotes the benefits of Flood Re, the importance of resilient repair, the need for increasing government investment in flood defences and maintenance, as well as campaigning for no inappropriate development in flood risk areas.
    - The ABI continues to actively participate in the joint PRA / FCA convened Climate Financial Risk Forum ([CFRF](#)). This includes an [innovation chapter](#) which examines approaches to a capital allocation framework, new technologies, financial instruments and practices.
  - *Planned activity: (3.1) We intend to launch a new dedicated newsletter on climate change for members in the first week of September. This will be modelled on the ABI’s well-received, regular Brexit newsletters, combining updates on our work as a trade association with analysis of external policy developments and guidance for members on how they should approach their work in this area.*
  - *Planned activity: (3.1) We will continue to accept invitations to speak at industry conferences and to give evidence in Parliament, with a particular emphasis on ensuring the themes in our Climate Roadmap are understood and are part of wider policy development in these areas.*
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|   | <ul style="list-style-type: none"> <li>• <i>Planned activity: (3.1) We will ensure that there is a collective industry response to the publication of the Government's new Net Zero strategy (and will update our Roadmap where necessary to ensure it aligns with any new policy developments contained in this strategy).</i></li> <li>• <i>Planned activity: (3.2) The ABI will be involved in a number of events at COP26 in Glasgow, partnering with the City of London Corporation and working with a number of thinktanks, to showcase the role of the insurance and long term savings sector in the transition to net zero, and the steps the sector has taken so far. We will be engaging with senior policy makers and providing a platform for our members to discuss their work in this space, whilst also working collaboratively alongside sister trade associations in the financial services sector.</i></li> <li>• <i>Planned activity: (3.2) The fourth Pillar of the ABI's Roadmap identifies five areas where we will be working with members to co-ordinate the industry's approach to evolving areas of climate risk. This document sets out specific actions the ABI will be taking forward, with a particular emphasis on improving consumer engagement with the sustainability of their insurance and long-term savings products. This will be a key focus for our work as a trade association following the publication of the Roadmap.</i></li> </ul> |
| <p>4. Reduce the environmental impact of our business</p> | <ul style="list-style-type: none"> <li>• The ABI recognises the importance and urgency of addressing the climate crisis, which is demonstrated by the Board's priority of addressing climate change. We want to uphold the best standards internally to reduce our own environmental impact and are committed to continuously reviewing and improving the ABI's own practices as we drive forward the climate agenda within the wider industry.</li> <li>• To this end we published an external <a href="#">Environmental Charter</a> in July 2021 which outlines our commitments and to which we are held accountable. The Charter was a product of cross-organisational work which involved staff from our Policy and Regulation teams, Business Services team and Finance team with final approval provided by the Executive Team. We have also published an internal version of the Environmental Charter which also includes stretch targets for improving the ABI's commitments. We encourage staff to submit suggestions for the Charter and plan for it to be continuously updated as the ABI achieves its targets.</li> </ul>   |
| <p>4.1</p>  | <ul style="list-style-type: none"> <li>• Within the ABI's public Environmental Charter, we have committed to: "Promoting best practice within our supply chain, embedding supplier environmental approach and practice as core criteria in our decision-making during their selection. We will favour suppliers within the UK or those with carbon reduction strategies for our office supplies to minimise the carbon impact of the purchases we make."</li> <li>• The ABI's Business Services team is currently in communication with our stationery supplier to discuss switching to more sustainable products. This includes switching to stationery made from recycled products where possible and avoiding the use of non-recyclable packaging.</li> </ul>   |
| <p>4.2</p>  | <ul style="list-style-type: none"> <li>• The ABI is a relatively small organisation of 90 to 100 colleagues, with limited resources to measure our environmental impact in detail. In previous years, the ABI has reported our carbon footprint using the National</li> </ul>  |

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Energy Foundation [carbon calculator](#), and will continue to disclose through this method for comparability purposes.

- This year (July 2020 – June 2021) the ABI's carbon production totaled 10 tonnes which is a sharp decrease in our carbon footprint from the previous reporting year.



- This equates to a 51% fall in emissions since the 2019-2020 reporting year and corresponds to the vastly reduced use of the ABI offices throughout the Covid-19 pandemic.
- Whilst Government restrictions have directly impacted the ABI's use of its office space during the last year, we have taken steps to adapt successfully to remote working by utilising technologies such as Microsoft Teams and SharePoint, along with virtual events-hosting technologies such as On24. The ABI will continue to use these technologies in place of hosting in-person meetings, where appropriate, which should contribute to lower carbon emissions in future years given that fewer delegates will be travelling.
- The ABI has paid to offset all emissions arising during the past year through the organisation [ClimateCare](#), and will do this on an annual basis following the ABI's yearly calculation of its carbon footprint.

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#### 4.3

- As stated in last year's Report, the ABI's Business Services team continues to monitor, assess and explore ways to reduce its environmental impact. As such the team has made progress with the following objectives over the last 12 months:
  - As of July 2021, all lightbulbs in the ABI offices have been replaced with energy-saving lightbulbs. There is work in progress to ensure that equipment in the ABI offices will switch to sleep mode when not in use.
  - The ABI has engaged an IT equipment recycling company which ensures that equipment is not disposed of in landfill but is recycled and reused. The ABI also has a policy in which equipment is only replaced if it is faulty and not fit for purpose.
  - Sensors for handwashing stations were installed at the ABI offices to reduce water wastage.
  - To reduce the use of non-recyclable materials, all ABI staff have been provided with a reusable water bottle and cup.
  - The ABI no longer uses branded paper; newspapers subscriptions were changes to digital from paper; recycled toilet paper was introduced and communications were shared with staff to discourage printing and encourage the use of digital platforms such as SharePoint and MS Teams for collaborative work.
- The ABI is a tenant in a managed building and as such the Business Services team engages with the building management by attending regularly scheduled tenant meetings in order to explore opportunities for change within the shared building.
- During the period from July 2020 to June 2021, the ABI hosted 34 events on a virtual-only basis with a total of 4,373 attendees, therefore minimising the carbon impact of the ABI's events. This was achieved through using digital advertising only, extremely minimal amounts of merchandising, zero travel undertaken by delegates and the complete removal of catering. Whilst we recognise that many of the decisions made by the ABI's events team were as a result of the Covid-19 pandemic and restrictions, we are confident in the proven technology and will build on the successes of the last 12 months as we continue to aim to reduce our carbon footprint.

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#### 4.4

- Over the past 12 months, the ABI has worked on a number of new initiatives to engage staff on the subject of climate change.
    - In January 2021, an edition of the bimonthly internal staff communication was published by the Climate Change Manager and included content on how to reduce the carbon impact of working from home, a link to a personal carbon footprint calculator and a list of suggested climate-related podcasts. The list of podcasts was also published on the ABI's staff intranet.
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- Staff were encouraged to attend the ABI's Climate Change Summit in July 2021 in order to engage more fully with the subject and build knowledge of how it applies to many areas of the ABI's work. 47 members of staff attended the Summit which equates to 46% of employees. A recording of the Climate Change Summit is available for staff to watch for free.
  - In July 2021, the ABI launched its internal Environmental Charter at an all-staff Town Hall meeting which sets out the ABI's commitments to continuously reviewing and improving our own practices. The Charter covers a range of areas such as carbon, purchasing and suppliers, and water. It is intended to be a living document which will be updated as the ABI makes progress in each area. An external version of the [Environmental Charter](#) was published on the [Sustainability Hub](#) of the ABI's website, alongside the [Climate Change Roadmap](#) on 7 July 2021.
  - The ABI's Business Services team has shared communications with staff which discourage printing and encourage the use of alternatives such as document sharing technologies like SharePoint and MS Teams.
  - *Planned activity: (4.2) We will continue to review our processes for measuring the ABI's emissions footprint and look to make suitable improvements in this area.*
  - *Planned activity: (4.3) The ABI's Business Services team will continue to work on planned measures for reducing the ABI's carbon emissions. These measures are:*
    - *Encouraging staff to cycle or walk to work where possible and reminding staff about the ABI's Cycle to Work Scheme.*
    - *Investigating the use of cleaning products which have a greatly reduced impact on the environment. The ABI's cleaning supplier is currently trialling a water-based product which we hope to fully implement before the end of 2021.*
    - *Reducing the use of stationery with non-recyclable packaging and switching to recycled stationery products where reduction or elimination is not achievable.*
  - *Planned activity: (4.3) Throughout 2020 and 2021 so far, the ABI has continued to abide by government regulations in respect of the Covid-19 pandemic which has meant that staff have mostly been working remotely. Providing the public health scenario allows for it, between September and December 2021, ABI staff will be required to attend the office for a minimum 40% of their working time over the course of a month, with the remainder of their work being undertaken remotely. This form of hybrid working will continue to positively impact the ABI's carbon emissions as fewer staff will be utilising the office facilities on a full-time basis, therefore reducing the amount of supplies being used and reducing the energy-consumption per FTE. The ABI's Executive Team and Human Resources Department will continue to monitor the situation and will look to implement further updates to the flexible working policies following this period.*
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- *Planned activity: (4.3) In June 2021, the ABI established a cross-organisational Hybrid Working Group with two main objectives which are to examine the technical considerations of hosting hybrid (virtual and in-person) meetings for members, and to produce guidance on conducting effective hybrid meetings. The Hybrid Working Group will be considering how to meet the needs of the ABI's members going forward, whilst also considering any changes to its environmental impact resulting from hosting fewer in-person meetings than in 2019 and prior. Some of these considerations are: the reduction or elimination of printed materials distributed at member meetings; the reduction of catering required; and the reduction or elimination of travel by members to the ABI offices. The Hybrid Working Group has been given a target date of September 2021 for sharing initial guidance on technology and conduct.*

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5. Inform  
public policy  
making

5.1.

### **ABI Climate Change Roadmap**

- The ABI worked with the ten members of our ABI Board Sub-Group on Climate Change, culminating in the UK insurance and long-term savings sector [launching](#) our [Climate Change Roadmap](#) for achieving Net Zero – an ambitious sector plan that we believe is a world-first for a domestic insurance market. The Roadmap sets out ambitious new targets and seeks to identify where ABI members are taking action, where further action is needed, but also where we will need to work collaboratively beyond our sector to achieve the change needed. The Roadmap:
    - Outlines independently validated proposals for unleashing one third of the total investment in the energy and infrastructure transition needed to meet the UK's carbon target budgets (£0.9trn total or £65bn annually), subject to action from the UK Government and regulators;
    - sets out new short- and medium-term milestones ahead of fully decarbonizing activity by 2050, with the sector commitments to reach a 50% reduction in Greenhouse Gas (GHG) emissions by 2030;
    - identifies how industry will work together to support customers to make sustainable choices, for example by making it easier for customers to make green decisions about their pension savings, encouraging sustainable choices in the claims process, and increasing the use of repaired or recycled items.
  - The Roadmap has been endorsed by senior stakeholders, including Mark Carney, the Prime Minister's Finance Adviser for COP26, who described the Roadmap as a 'valuable contribution to ensure that every professional financial decision takes climate change into account'. Other senior stakeholders who endorsed the Roadmap included Anne-Marie Trevelyan MP, the UK Energy and Climate Change Minister, Andrew Griffith MP, the UK's Net Zero Business Champion and Kate Forbes MSP, Cabinet Secretary for Finance and the Economy.
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- *Planned activity:* the ABI will be reviewing and refreshing this Roadmap each year, to ensure it remains consistent with scientific evidence on GHGs, biodiversity and nature conservation and that it reflects the UK Government’s Net Zero strategy, the international agreements made at COP26 and the outputs of the recently launched Taskforce for Nature-related Financial disclosure.

**UK Regulatory and Policy Engagement**

- In our capacity as a trade body looking to influence public policy, we have continued to engage with a wide range of regulatory and policy stakeholders and initiatives to advance the climate change agenda within our industry, as demonstrated by the following table:

| Body     | Initiative / Policy title | ABI engagement   |
|----------|---------------------------|--|
| BoE      | CBES                      | Nine ABI members are formally participating in the Bank of England’s Climate Biennial Exploratory Scenario (CBES), and many more members are voluntarily conducting similar exercises. The ABI was involved in the design of the exercise, including through responding to BoE consultations and attending roundtables discussing the design of the exercise, e.g. with respect to flood risks. The ABI facilitates a monthly CBES Working Group sharing experiences and challenges. We also share feedback with the Bank, including submitting formal responses to the Bank’s publications. |
| PRA      | SS3/19                    | ABI members are under the scope of <a href="#">SS3/19</a> , requiring them to implement their plans to managing climate related risks by the end of 2021 (including the establishment of Senior Management Function holders with responsibilities for identifying and managing climate related risks). The ABI has convened these SMF holders to discuss experiences in meeting SS3/19 expectations, among other agenda items.   |
| PRA, FCA | CFRF                      | The ABI has continued to sit on the PRA / FCA convened Climate Financial Risk Forum, actively participating in the Scenario Analysis and Risk Management working groups. The ABI has facilitated three roundtables to gather member feedback on the groups’ work so far, with additional roundtables still to be held. <i>Planned activity: the ABI will continue to hold CFRF roundtables as appropriate, as well as contributing to the development of the ongoing programmes of work.</i>   |

|               |                                 |  |
|---------------|---------------------------------|--|
| FCA           | TCFD Disclosures                | <a href="#">CP21/17</a> : The ABI is responding to the FCA’s consultation on “Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers”, which is looking at entity and product or portfolio-level disclosures. Prior to the launch of this consultation, the ABI also attended roundtables with the FCA and members to provide preliminary views. |
|               |                                 | <a href="#">CP21/18</a> : The ABI is in the process of coordinating an industry response to the FCA’s consultation on “Enhancing climate-related disclosures by standard listed companies and seeking views on ESG topics in capital markets”. Prior to the launch of this consultation, the ABI also attended roundtables with the FCA and members to provide preliminary views.                    |
| BEIS          |                                 | The ABI has responded to a consultation on <a href="#">Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs</a> .  |
| DWP           |                                 | In March 2021, the ABI responded to the DWP consultation on climate risk reporting and governance <a href="#">rules</a> , which were published alongside the <a href="#">outcome</a> of the recent consultation on TCFD.   |
| BEIS          | Retail investors’ voting rights | The ABI has engaged with a BEIS working group looking at expanding voting rights to retail investors.  |
| DWP           | Stewardship working group       | The ABI has engaged with a DWP working group on stewardship and the role of pension schemes in voting by asset managers with pooled funds  |
| TPR           | 15-year strategy                | The ABI provided feedback to the Pension Regulator’s 15-year <a href="#">strategy</a> , emphasising the need to include a view on climate change given the long-term horizon.  |
| Parliament    | Work and Pensions Committee     | The ABI responded to the Work and Pensions Committee’s call for evidence on pension stewardship and COP26.   |
|               | Treasury Select Committee       | The ABI responded to the Treasury Select Committee’s <a href="#">Decarbonisation and Green Finance Inquiry</a> and provided written follow up responses to the Director General Huw Evans’ evidence session.   |
| HMT, FCA      | SFDR and taxonomy               | The ABI has engaged with both HMT and the FCA on the UK’s approach to onshoring parts of the EU SFDR and green taxonomy. The ABI shared Insurance Europe’s experiences with these pieces of legislation.   |
| HMT, BoE, FCA | Productive Finance Initiative   | As part of our engagement with the Government’s Productive Finance Initiative, the ABI is represented on the Technical Expert Group and Senior Steering Group,   |

|                     |                                  |   |
|---------------------|----------------------------------|---|
|                     |                                  | which meet regularly. This follows from November 2020 when the Chancellor <a href="#">announced</a> an ambition to have the UK's first Long-Term Asset Fund (LTAF) launched within a year, and the regulators and government subsequently launched these working groups to investigate barriers to investment in productive finance.  |
| HMT                 | Solvency II Review               | The ABI continues to lobby for reform to unleash insurers' assets to invest in long-term sustainable assets. This work is high-profile and ongoing, regularly featuring in ABI lobbying fora and forming a key priority of the prudential regulation team. The ABI also commissioned independent <a href="#">analysis</a> by KPMG on the economic impacts of proposed Solvency II reforms, highlighting the potential for up to c£96bn to be contributed to the economy – a figure which has garnered significant attention from regulators and government. |
|                     | Wholesale Market Reform          | The ABI is in the process of engaging with members on the HMT consultation, for which one area focuses on how HMT can help financial services transition towards a low carbon economy.  |
|                     | Budget                           | The ABI submitted representations to HMT ahead of the budget in March 2021, highlighting the role of the industry as institutional investors in supporting the transition to net zero.  |
|                     | Comprehensive Spending Review    | The ABI responded to the Comprehensive Spending Review, highlighting the role of industry in investing in infrastructure and achieving government net zero targets.   |
| Scottish Government | Property Flood Resilience        | The ABI and two member firms are represented on the Scottish Government's Property Flood Resilience Delivery Group and contributed to its Living With Flooding Action Plan published in November 2019 and its progress review in summer 2021. The ABI and member firms continue to discuss PFR issue and awareness raising with the group to help property owners understand flood risk and take steps to protect their assets.   |
|                     | Net Zero roundtables             | The ABI attended two roundtable events on Net Zero and attracting green infrastructure investment to address climate change as part of preparations for COP26 in Glasgow.   |
| NRW                 | Public information on flood risk | The ABI worked with Natural Resources Wales (NRW) to discuss its reforms for providing flood risk information to the public and insurers use of NRW data assets, as well as changes to the insurer related request letter service.  |

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| Welsh Government           | Wales Flood and Coastal Erosion Committee | The ABI gave a presentation on insurance for communities at higher risk of flooding to the Welsh Government's Flood and Coastal Erosion Committee, covering insurers approach to flood risk, collaboration with public bodies on data, the role of Property Flood Resilience, and how Flood Re is improving affordability. |
| Northern Ireland Executive | Property Flood Resilience                 | The ABI met with the Department for Infrastructure to discuss its policy on property flood resilience and the effectiveness of grant funding for property improvements.  |

### **International Regulatory and Policy Engagement**

| <b>Body</b> | <b>Initiative / Policy title</b>                               | <b>ABI engagement</b>  |
|-------------|--|--|
| FSB         | TCFD   | The ABI responded to the Financial Stability Board's <a href="#">Public consultation on forward-looking climate metrics for financial firms</a> .  |
| TCFD        |  | <a href="#">Proposed Guidance on Climate-related Metrics, Targets and Transition Plans</a> : The ABI fed member comments into the draft Insurance Europe response; and communicated high-level ABI support to the Taskforce for Climate-related Financial Disclosures (TCFD) secretariat.  |
| IFRS        |  | The ABI monitored developments and updated members on the IFRS Foundation's plans to establish a Sustainability Standards Board (SSB) and its related constitutional change consultation, and encouraged the UK's government's support to the IFRS Foundation's plans for an SSB in responding to the Financial Reporting Council's discussion paper, <a href="#">A Matter of Principles: The Future of Corporate Reporting</a> .        |
| IAIS        | Questionnaire on infrastructure and strategic equity under ICS | The ABI produced its own response to the International Association of Insurance Supervisors (IAIS) questionnaire, as well as leading the formation of a GFIA response and contributing to the Insurance Europe response. Within the ABI response, a reference was included to the need for enabling firms to increase the proportion of their assets to green infrastructure through the design of the Insurance Capital Standard (ICS). |
|             | Supervision of climate-related risks Application paper         | The ABI contributed to both the Insurance Europe and GFIA responses to the IAIS' Application Paper on the Supervision of Climate-related risks in the Insurance Sector.  |

**Engagement with other relevant Forums focused on climate change**

| <b>Body</b>  | <b>Initiative / Policy title</b> | <b>ABI engagement</b>   |
|--------------|----------------------------------|---|
| GFIA         | Climate Risks Working Group      | The ABI attends the monthly GFIA Climate Risks Working Group, which shares experiences across jurisdictions on relevant policy and regulatory developments, as well as producing position statements.   |
| Climate Wise | Net Zero Underwriting            | The ABI attends the ClimateWise Net Zero Underwriting Project Group, sharing expertise on Solvency II reform proposals and relevance to net-zero underwriting practices.  |
| UNEP         | PSI                              | The ABI became a formal supporter of the UNEP's Principles for Sustainable Insurance.   |
| Earth Watch  | Tiny forests                     | As part of our increasing focus on nature and biodiversity, the ABI has engaged with EarthWatch to understand its work on <a href="#">'tiny forests'</a> . We also invited EarthWatch to give an in-depth presentation to the ABI Climate Change Working Group. |

**COP26**

- Given the importance of the upcoming COP26, the ABI has been engaging extensively with members and other trade bodies to plan the ABI's presence at COP26, including the City of London Corporation and the Global Federation of Insurance Associations (GFIA). Whilst there remains a degree of uncertainty on the format of COP26 and whether any in-person events will be permitted due to the ongoing Covid-19 pandemic, the ABI recognises the pivotal moment COP26 represents for the insurance and long-term savings industry and the world more broadly.

5.2.

**Research conducted or commissioned by the ABI**

| <b>Body</b> | <b>Research Title</b>             | <b>Description</b>   |
|-------------|-----------------------------------|--|
| PPI         | Engaging with ESG: Climate Change | The ABI co-sponsored <a href="#">research</a> by the Pensions Policy Institute on the attitudes and behaviour affecting consideration of climate change in pension scheme investments. Yvonne Braun, Director of Long-Term Savings and Protection at the ABI, spoke at a launch event for the research. She highlighted the gigantic task of preventing irreversible global warming and the crucial role the long-term savings industry has to |

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|  |                |   | play in decarbonising the economy, supported by a growing number of savers who want their money to drive positive change.   |
|  | ABI            | Automatic enrolment and providing ESG policies                          | In an effort to understand how ABI membership is approaching ESG in pensions and serving customers, the ABI undertook a survey of members who are Automatic Enrolment providers. We asked questions on how they engage with consumers on ESG, how ESG is incorporated into default funds and investment pathways and how providers expect Independent Governance Committees to scrutinise their proposition. The survey was followed up by interviews with several participants and analysis of ABI members' ESG/responsible investing policies. This was published in a <a href="#">blog</a> on our website as well as in a column in Pensions Age. <i>Planned activity: the ABI will conduct a similar survey of ESG policies for Defined Benefit pensions.</i> |
|  | ABI / Flood Re | Modelling the impact of spending on defence maintenance on flood losses | A joint ABI and Flood Re <a href="#">report</a> highlighted the need for adequate maintenance of the UK's flood defences, finding that for every £1 spent on flood defence maintenance, £7 is saved on spending on new defences, and that river flood defences provide a financial benefit of £568m a year.   |

6. Support climate awareness amongst our customers / clients

6.1.

- The ABI has a wide range of weekly, monthly and quarterly newsletters, aimed at audiences from across the industry. Although the newsletters will cover a range of issues, climate-related developments are often included.
- In our engagement with our members, we have focussed in particular on promoting the 'Race To Zero' campaign and on the importance of firms working with credible external experts to set emissions reduction targets and measure progress against regular milestones that are in line with the Paris Goals. Our approach to this and the commitments the ABI Board has made to making climate targets and measuring progress are set out in detail in Pillar One of the ABI's Climate Change Roadmap. In addition, we conducted a detailed analysis of the international and national pledges/commitments that firms could make to demonstrate and measure progress, and provided this to members, to help firms identify where these are relevant to their particular line of business and to ensure members have all the information they need.
- With a combined total of 42,000 followers across Twitter, LinkedIn, Facebook and Instagram, communicating our climate change work through our social media channels is a key way to highlight how the ABI and wider sector can contribute to achieving Net Zero by 2050. Our followers include ABI members, MPs, journalists, policy makers and industry influencers, many of whom regularly engage with our content.

- Over the past year our Climate Change posts have included: the ABI’s Climate Change Roadmap; the UN PSI initiative; a series of blogs by ABI staff and members exploring the industry’s approach to the Climate Crisis and necessary action; a month long social media campaign highlighting our sustainability pillars (Adapt, Innovate, Invest) along with case studies featuring members climate work and sustained promotion of our Climate Summit linking in with keynote speakers and live tweeting on the day.
- The ABI follows key brand accounts such as COP26, ClimateWise, London Climate Action Week and WWF (and relevant individuals within those organisations) amplifying their work to our audience as well as sharing the Climate Change work our members post about.
- The ABI encourages employees to use their own platforms, particularly LinkedIn, to further promote our Climate Change work and uses the Executive Team’s profiles to assist with this.

**Sustainability hub**

- As part of the ABI’s coordinated communications strategy we have launched the ABI’s sustainability hub, which publicly brings together our work on climate change to inform external stakeholders.

| Publication                        | Publication date | Description   |
|------------------------------------|------------------|---|
| <a href="#">Sustainability hub</a> | February 2021    | The ABI published an external sustainability hub on our website to better reflect publicly our priority focus on climate change.<br><br>This includes further detail on how insurers and long-term savings providers are adapting, innovating and investing in response to climate change, with member case studies to illustrate these points.   |
|                                    | July 2021        | The ABI <a href="#">Climate Change Roadmap</a> features prominently within our Sustainability hub to emphasise the importance of our climate change agenda. The Roadmap has received significant external support through a comprehensive stakeholder plan, reaching people ranging from Secretaries of State to regulators, sister trade associations and key figures in the climate world. The Roadmap received national (including a detailed report by the Daily Mail alongside coverage by the FT and BBC) and extensive trade press coverage alongside a high level of social media engagement. In addition, our counterpart international trade associations have already expressed praise for the Roadmap and desire to learn from the ABI’s experience developing it with our members. |

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|  | July 2021 | The ABI published our own <a href="#">Environmental Charter</a> which outlines the actions which we have already committed to in order to reduce our environmental impact internally. As agreed by the ABI Executive Team, this will be a living document which we revise as we set ourselves more ambitious targets, and will encourage engagement with staff to submit any suggestions on how we can improve our own environmental impact. |
|--|-----------|--|

**Press releases and publications**

| Publication | Publication date | Description   |
|-------------|------------------|---|
| Blog        | July 2021        | Kelly Coombes published a blog on the ABI’s website “ <a href="#">Racing climate change: how insurers are picking up speed</a> ” <b>on insurers’ approach to the race to zero</b> – including the importance of having a strategy, getting in the right mindset and running scenarios.  |
| Comment     | July 2021        | Commenting on the response from HM Treasury to its <a href="#">call for evidence on the review of Solvency II</a> , Charlotte Clark, ABI Director of Regulation said “We welcome the Government’s confirmation it will reform Solvency II as soon as possible so our sector can meet the Government’s ambitions and maximise our contribution to climate change investment”. She went on to emphasise the importance and urgency of Solvency II reform to drive investment in the green economy.  |
| Comment     | June 2021        | Huw Evans, Director General, <a href="#">commented</a> on the Taskforce on Innovation, Growth and Regulatory Reform report emphasising the importance of making Solvency II fit for purpose for the UK given the demands of climate change adaptation and post-pandemic economic investment.  |
| Blog        | June 2021        | Ray Dhirani, Head of Sustainable Finance, WWF-UK, wrote a <a href="#">blog</a> for the ABI ahead of our Climate Change Summit on ‘building resilience in a fragile world’. This thought provoking and challenging blog referenced the recent WWF and Greenpeace UK <a href="#">report</a> on the financed emissions caused by the UK finance sector, providing a call to action for insurers: “You have access to vast amounts of capital, which can be invested at scale in the low carbon economy, so you can direct the course we follow.” |

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| Report        | June 2021     | As referenced previously, a joint ABI and Flood Re <a href="#">report</a> highlighted the need for adequate maintenance of the UK’s flood defences, finding that for every £1 spent on flood defence maintenance £7 is saved on spending on new defences, and that river flood defences provide a financial benefit of £568m a year.   |
| Press release | May 2021      | The ABI <a href="#">announced</a> that we have joined the UN Environment Programme’s Principles for Sustainable Insurance Initiative (PSI).  |
| Blog          | April 2021    | Tony Burdon, CEO of Make My Money Matter, wrote a <a href="#">blog</a> for the ABI on how pension funds can better serve their members, outlining that the campaign wants “all UK pension holders to contact their provider or employer, and all UK businesses their staff pension scheme, and get them to commit to net zero, and if that fails move, where possible, to a leading pension fund that is aligned to net zero”.   |
| Press release | March 2021    | The ABI <a href="#">announced</a> that Andy Briggs, Group CEO of Phoenix Group and former Chair of the ABI, is to chair a new Board climate change committee for the Association of British Insurers to help co-ordinate and drive collective focus on climate change and sustainability.  |
| Comment       | March 2021    | The ABI <a href="#">welcomed</a> a record £36m investment in the Welsh Flood and Coastal Risk Management Programme for 2021-22   |
| Blog          | March 2021    | Sir James Bevan, Chief Executive of the Environment Agency, delivered opening remarks at the ABI’s Annual Conference which were replicated into a <a href="#">blog</a> . In this he described the climate emergency as the unseen pandemic, “because left unchecked it will kill more people, and do much more harm, than Covid 19”. He outlined that over the last few years the Reasonable Worst Case for several of the flood incidents the EA has responded to has actually happened, and the Reasonable Worst Case scenarios are getting larger. This was picked up in national <a href="#">press</a> . |
| Report        | February 2021 | The ABI <a href="#">published</a> findings that post-Brexit reforms to financial regulations could release £95bn to boost the UK economy and tackle climate change. Independent analysis undertaken by KPMG shows how the industry could boost the UK economy and support the fight against climate change if refinements are made to Solvency II following the UK’s departure from the EU. Improvements to the Solvency II regulatory regime for the insurance and  |

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|         |               | long-term savings sector could free up billions while upholding high level protections for customers.   |
| Report  | February 2021 | As referenced previously, the Pension Policy Institute launched the second <a href="#">report</a> in the Engaging with ESG series which was <a href="#">co-sponsored by the ABI</a> . This report focusses on Climate Change and looks at the attitudes and behaviour affecting consideration of climate change in pension scheme investment. ABI Director of Long-Terms Savings and Protection, Yvonne Braun, was a panellist at the launch event.   |
| Blog    | February 2021 | The ABI published a blog about the role of pensions in driving ESG investment <a href="#">blog</a> by Reuben Overmark, Senior Policy Adviser in the Long-terms Savings team. This blog outlined the ABI's work to try to understand how ABI membership is approaching ESG in pensions and serving customers, where the ABI undertook a survey of members who are Automatic Enrolment providers.   |
| Blog    | February 2021 | Ahead of the ABI's annual conference in 2021, Matt Francis, lead of KPMG UK's Insurance regulatory technical team, wrote a <a href="#">blog</a> entitled "Climate Change: insuring a net-zero world and financing the journey to get there". This outlined ways in which insurers can play a critical role in responding to climate change, including through building resilience and reducing losses and driving the transition through expertise and investment.  |
| Comment | November 2020 | In response to the Chancellor of the Exchequer's Comprehensive Spending Review Statement, the ABI issued the following <a href="#">comments</a> : <ul style="list-style-type: none"> <li>• Huw Evans, Director General: "We welcome the new National Infrastructure Bank and the Government's recognition of the huge opportunity for our sector to support significant green and infrastructure investment."</li> <li>• James Dalton, Director of General Insurance Policy: "The ABI welcomed the Government's commitment to £5.2billion flood defence investment in the March Budget and continue to call for a long-term funding settlement of at least £1.2billion per annum in flood defence capital and maintenance spending."</li> </ul> |
| Comment | November 2020 | In response to the Prime Minister's Green Industrial Revolution ten point plan, Huw Evans, Director General, <a href="#">welcomed</a> the government's ambitious agenda to  |

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|         |                | stimulate a greener industrial economy and highlighted the important role which the insurance and long-term savings sector will play in this.  |
| Comment | November 2020  | The ABI <a href="#">welcomed</a> the Chancellor’s statement on the future of UK financial services, including the announcement of the first UK Sovereign Green Bond and the move towards a comprehensive approach on TCFD disclosure requirements. |
| Comment | September 2020 | The ABI <a href="#">welcomed</a> the announcement of an additional £150m funding for flood risk management in Scotland as part of ongoing dialogue with officials on the importance of Flood Risk Management funding.                              |
| Comment | July 2020      | The ABI <a href="#">welcomed</a> the DEFRA announcement on flood defence spending, emphasising the importance of working towards the goal of reducing the damage caused by flooding with Flood Re due to end in 2039.                              |

6.2. **Events and Speaking Engagements**

The ABI has continued our outreach work and engagement with events to further inform our membership and the wider industry of climate-related risk.

| <b>Host</b> | <b>Event Title</b> | <b>ABI Engagement</b>  |
|-------------|--------------------|--|
| ABI         | Climate Summit     | In July 2021 the ABI hosted an all-day Climate Summit to discuss action by the insurance and long-term savings industry to meet Net Zero targets by 2050. Attendees heard from senior industry leaders, senior figures from Government and regulators, as well as champions for action on climate change on how the sector can prepare and adapt. Five keynote speeches were delivered by: Andrew Griffith MP, Net Zero Business Champion, BEIS; Tanya Steele, CEO, WWF-UK; Mikaela Loach, Climate Justice Activist, Co-host of The Yikes Podcast and Writer; Kate Forbes MSP, Cabinet Secretary for Finance and the Economy, Scottish Government; and Tony Juniper CBE, Environmentalist. Panel discussions focused on transitioning to a Net Zero economy, embedding transparency and innovative financial risk management across the sector, and maximising the sector’s roadmap to COP26 and beyond. 148 industry representatives attended, with overwhelmingly positive feedback – for instance, one delegate described it as “motivating and invigorating” in a LinkedIn post. Another described the event as ‘one of the best virtual |

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|                           |   | conferences I've attended, excellent content, knowledgeable speakers, well-paced with a good balance of both the challenges and opportunities arising from climate change', and all attendees who provided feedback said they would like to see a similar event again.   |
|                           | Annual Conference 2021                        | In February 2021 the ABI held a virtual annual conference, and the main afternoon panel session entitled "the road to COP26: Insurance and Long-Term Savings' role in addressing Climate Change" included speakers: Sir James Bevan, Chief Executive, Environment Agency; Andy Briggs, Group CEO, Phoenix; Tony Burdon, CEO, Make My Money Matter; Matthew Francis, Director, Insurance, KPMG in the UK; and Penny James, Chief Executive Officer, Direct Line Group.  |
|                           | Prudential Regulation Webinar                 | During the ABI's annual Prudential Regulation Webinar in May 2021, the second panel entitled "Managing and modelling climate change: CBES and beyond" included speakers: Dr Bronwyn Claire, Senior Programme Manager, ClimateWise, Cambridge Institute for Sustainability Leadership; Peter Kohlhagen, General Manager, Advice and Approvals, Australian Prudential Regulation Authority and Executive Committee member, IAIS; Lyn Pickering, Head of Balance Sheet Oversight, Phoenix Group; and JinWee Tan, Head of ESG & Regulatory, M&G. |
| Willis Towers Watson      | Climate Risk and Financial Stewardship Summit | In May 2021 the ABI's Director General, Huw Evans, was as a panellist on Willis Towers Watson's Climate Risk and Financial Stewardship Summit on a session entitled "The evolving climate risk regulatory landscape and what (re)insurers should be thinking about". Huw spoke about the drivers and enablers for insurers and long-term savings providers to embed climate risk, as part of the broader integration of ESG into business decisions.   |
| Treasury Select Committee | Decarbonisation and Green Finance Inquiry     | In October 2020 the ABI's Director General, Huw Evans, gave evidence to the Treasury Select Committee's Decarbonisation and Green Finance Enquiry, following the ABI's formal submission covering topics such as financing a just transition, disclosures and stewardship. This evidence was well received and resulted in further discussion between the ABI and the committee on our members' role in the net-zero transition.   |
| S&P Global                | ESG event                                     | Yvonne Braun, Director of Long-Term Savings and Protection at the ABI, spoke at a launch event for research undertaken by the ABI and PPI on ESG and pensions (see above for further details on the research).   |

|                              |                            |   |
|------------------------------|----------------------------|---|
| Parliamentarians             | Various                    | The ABI has had 16 meetings with Parliamentarians on climate change, and has briefed into multiple Parliamentary debates on the industry's work on climate change. We have also met with external organisations including the Conservative Environment Network and have also regularly with Government departments. |
| Labour party conference 2020 | Insurance & Climate change | Ben Wilson spoke at a panel event alongside Wes Streeting MP at Labour Party conference, on the role of the insurance sector in climate change.   |
| Institute for Government     | Net Zero Conference        | The ABI sponsored this IfG event in February 2021. Ben Wilson, Director of Advocacy, introduced the panel 'Delivering Net Zero'.  |

- The ABI also has a wide range of consumer facing resources to provide support to insurance customers who may be affected by the impacts of climate change, especially severe flooding. The [ABI Flooding](#) pages, which are regularly updated, including [Responding to Floods – What you need to know](#) and a [Guide to Resistant and Resilient Repair after a Flood](#), alongside a range of other resources and support for consumers.
- *Planned activity: the ABI will continue to pursue our coordinated communications strategy, including through authoring and publishing blogs, creating and accepting speaking opportunities, continuing to respond to regulatory, policy and other climate change developments, and through engaging with COP26.*

7. Enhance reporting

7.1.

- The ABI has submitted its report against all ClimateWise sub-principles (aside from 2.2 & 2.3, for which exemptions were granted), on time and in full. Our aim is to make this as comprehensive and transparent as possible, given that this is our primary mechanism of reporting our climate related work.

7.2.

- The ABI will make our 2020 Climate-Wise Principles report publicly available on our [website](#).
- We do not produce an annual report. However, the ABI does produce bi-yearly reports for our members. This has included highlighting our climate change work, for instance: “The ABI has ramped up the industry’s engagement on climate change as the UK prepares to host COP26, with our key focus being the development of an [industry Roadmap](#) that will showcase the collective contribution ABI members can make and identify where action from Government and regulators can allow us to do more.”