





Responsible Business Report highlights

Socially-positive

74% suppliers paid within 30 days	£2.5m to charity direct; £23.5m from the Group overall	★★ 2 Star Company demonstrating outstanding levels of employee engagement – judged by Best Companies
 Award-winning across the Group including Best Ethical Investment Provider for thirteen consecutive years	100% sign-up to employee Code of Conduct	
Top 4 Corporate Giver – according to the DSC's 2021/22 Guide to UK Company Giving	Signatory to the ABI's Making Flexible Work Charter 	>150 virtual development sessions organised to keep connected despite Covid-19

Environmentally-positive

£250,000 Nearly £250,000 of charitable funding for climate-related projects	 'Very good' BREEAM sustainability standard achieved for new build head office	
 1.5° potential temperature – Group business fund alignment with the Sustainable Development Scenario compared to 3.6 degree benchmark	> 1,600 desktop surveys completed in the UK which reduced environmental impact	 0.23 tonnes carbon footprint; or 0.23 tonnes – carbon intensity per employee
ClimateWise member of voluntary industry initiative	 Net Zero commitment by 2023 for direct impact, 2040 for the Group	

Overview

Our charitable ownership and commitment to our customers and communities means we have a unique opportunity to create a positive social and environmental impact in the world.

This means using our unique business model to give to charities and communities everywhere, reaching out to help our customers tackle their climate challenges and being a beacon of best practice for responsible business.

An expectation to uphold responsible business standards is engrained in what we do but it also has formal governance in place which includes Board visibility and responsibility for overarching strategy; a senior-level steering group providing leadership; and local business ownership of activity.

Independent assessment and accreditation continues to be important – it ensures we challenge ourselves and live up to the highest standards. We continue to hold standards including Living Wage, Women in Finance and the Fairer Finance Gold Ribbon and we are a voluntary member of ClimateWise and the ABI's Making Flexible Work Charter. Our ethical investment business EdenTree maintains a number of memberships including the UK Sustainable Investment and Finance Association, UN Principles for Responsible Investment and the Institutional Investors Group on Climate Change.

In particular, in 2021, we continued to support our colleagues, customers and communities through difficult times and developed our climate strategy. Read on to find out more.



Socially-positive

Charitable giving

Social impact is central to the purpose of the Group. Its unique business model enables it to give millions of pounds to hundreds of charities every year. 2021 was another year of sustained giving affirmed by a fourth-place ranking in the Directory of Social Change's Guide to UK Company Giving.

The Group distributed £2.5m in its own right, primarily through its Movement for Good awards which give £1m to charities in a combination of small donations to a huge diversity of causes and more targeted large grants. In 2021 the campaign was developed to directly involve employees from all over the Group in 'giving panels' to find the charities closest to communities the Group supports.

Around the Group business giving programmes continued to make a significant impact. In Canada the now well-established Community Impact Grants gave CAN\$250,000 to 12 charitable organisations across Canada and in December it released a further CAN\$250,000 to support 89 charities continuing to help their communities during the pandemic. In Australia the Community Education Programme continues to equip Australians under the age of 25 with the tools to achieve a higher quality of life. Ansvar UK launched funds to promote healthy lifestyles to children and young adults. EdenTree's community fund supports small, innovative organisations that are having a remarkable impact working with marginalised people. Our Irish business provides a wide range of support to Jigsaw, the national centre for youth mental health.

Employee engagement and wellbeing

Support for employees was paramount throughout 2021 as we all battled the ongoing challenging circumstances. The Group continued to take a supportive and pragmatic approach, using flexibility and technology to enable our people to work at their best, ensuring we continued to deliver for customers and partners.

We improved our wellbeing offer even further with the launch of an app which 25% of employees signed-up to and we made the process for counselling referral much easier. Despite the challenging working restrictions we grasped the opportunity to launch Group-wide future flexible working principles and became a signatory to the ABI's Making Flexible Work Charter. As we were able to move back to an effective balance of office working we invested in fantastic office spaces to support flexible working in the short and long term. 2021 marked the opening of the Group's new head office in Gloucester. The building is built to high sustainability standard BREEAM and designed with flexibility and wellbeing in mind with FitWel.

It was particularly heartening to receive external recognition of the Group's levels of engagement – in the first year of participation in the Best Companies assessment the Group was awarded a 2 star accreditation demonstrating 'outstanding' levels of employee engagement, with many teams being recognised at the highest 3 star level, or 'world class.' Employees feel particularly positive, and the results score above benchmark, on some key topics including running the organisation on strong values and principles and making a positive difference in the world. In a year that brought personal challenges for all of us, and in which we developed our approach to flexible working, we also exceeded benchmark on feeling supported by our managers and finding a positive working balance.

The Group continued to keep focused on its approach to diversity and inclusion. During the year a campaign to improve the quality and quantity of data was launched, policies and tone of voice were reviewed resulting in the launch of a new campaign 'we all belong'. The Group continued to be a founding and supportive signatory to the Women in Finance Charter and published gender pay reporting.

Despite the ongoing pandemic we continued to invest in our people, ensuring their ongoing personal growth and professional development. We ensured employees completed regulatory training across the Group, renewed our



Environmentally-positive

UK General Insurance Corporate Chartered Status with the CII and supported leaders through an in-house programme and sponsorship of several senior leaders through Windsor Leadership Programmes and with Cranfield University.

We also ran over 150 virtual learning sessions to colleagues across our UK and Ireland businesses, provided tools for managers to develop and supported a large number of colleagues with professional qualification programmes, using our apprenticeship levy scheme where appropriate.

We developed and agreed Group-wide values and a refreshed culture model which was launched internally alongside our new Group Brand.

Customers and partners

The Group showed the same level of care and commitment to supporting customers and partners. We launched mental health and wellbeing training for our UK brokers and continued to develop fundraising tools to help charities sustain their activities. Our dedicated fundraising site was visited by over 12,000 users and over 750 charities attended a webinar jointly organised with the Directory of Social Change to network, ask questions and hear the latest from a range of fundraising experts.

Key employee statistics

Gender by level

	Male	Female	Total
Group Management Board	5	3	8
Senior Leader	67	28	95
Manager	255	182	437
Team Member	452	643	1068
Grand Total	779	856	1635

Gender pay gap

	2021	2020	2019
Fixed pay gap mean/median	27.7%/20.4%	28.0%/21.1%	27.6%/22.4%
Bonus pay gap mean/median	51.2%/32.9%	49.3%/28.9%	50.1%/32.4%

Ethnicity

White	Prefer not to say	BME	Total
1250	312	73	1635

We believe we're doing the right things, but it's particularly encouraging when the Group receives external awards and recognition. The list of awards for 2021 includes Top Employer for Young People for the 9th time (Canada); top ranking for the 13th time for trust, happiness, transparency and complaint handling in the Fairer Finance ratings (UK direct insurance); digital innovation at the British Insurance Awards (UK general insurance); growth company of the year at the National Insurance Awards (broking); best specialist lines producer (Ireland); and Best Ethical Investment Provider for 13 consecutive years (investment).

We recognise the social impact and influence our business can have on the partners and suppliers we work with. To ensure we uphold the highest standards regarding human rights, anti-corruption and anti-bribery we have a range of measures including robust risk management, employee Code of Conduct and employee regulatory training on topics such as data protection and whistleblowing. 100% of employees attested to our Code of Conduct in 2021.

We continue to submit our Modern Slavery Act declaration and we reported a continuing improvement in the number of suppliers paid within 30 days to 74% under the Payment Practices and Performance Reporting (2020: 72%).

Climate change is one of the biggest challenges facing our colleagues, customers, partners and communities. The Group is committed to grasping its opportunity to make a positive environmental impact and support customers and communities to tackle their climate challenges too.

That's why the Group continues to be a voluntary member of ClimateWise, a group of organisations ambitious about climate action. The Group reports annually

to ClimateWise's framework which is in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Group will continue to integrate the assessment of climate-related risks and opportunities into governance, strategy, risk management and reporting to both improve its response and enhance its disclosures in line with guidance and best practice from TCFD. We have made significant progress in 2021, which is summarised over the following sections.



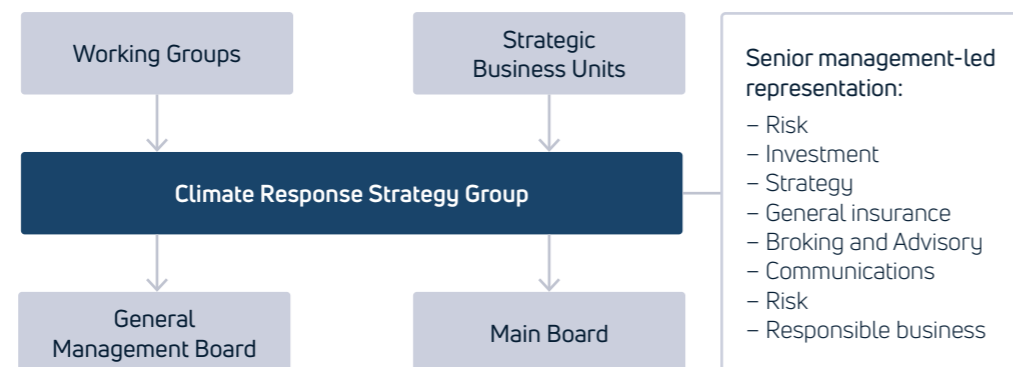
1. Be accountable – governance

The Group ensures climate risk has strong governance and oversight in a number of ways:

- Climate risk is a key consideration of the Group's enterprise-wide risk management framework overseen by the Group Risk Committee (GRC).
- Board engagement and oversight was strengthened in 2021 – an extraordinary climate strategy session was held to discuss the Group's position and future ambitions. A Non-Executive Director has been appointed to be accountable for climate. Progress against our climate strategy and plans will be reported to the Board regularly.
- The Board has delegated responsibility for oversight of risk arising from climate change to the GRC. Updates are provided through quarterly reports and ad-hoc updates provided to GRC meetings.
- Climate risk is assessed and managed through the Group risk function, reinsurance management and investment advisory panel.
- Under the Senior Managers and Certification Regime (SMCR) climate responsibilities have been included in Statements of Responsibilities for specific senior management functions, including all 3 Lines of Defence. Leaders of all Strategic Business

Units in the Group have been assigned responsibility for managing the risks arising in their businesses.

- A requirement for businesses to consider the impact of climate change has been introduced into key risk policies of the Group that are owned by the Board.
- A climate strategy response group was established in 2021 to strengthen existing governance. It is senior management-led and includes representation from risk, investment, strategy, general insurance, Broking and Advisory, communications, risk and responsible business. This group reports to the GMB and co-ordinates communication of climate-related issues to management across the Group and to the Board. This includes external information and sharing of specific issues that have been identified and are being managed at Group or individual business levels. Relevant information is also shared through existing governance bodies such as Centres of Excellence in the insurance businesses.
- Group level risk management committees, the Insurance Risk Committee and the Market & Investment Risk Committee have been assigned responsibility for oversight of the assessment and management of climate related risks arising in those areas.



2. Strategies and investments

Climate risk and opportunity continues to be integrated into the Group's core strategy for general insurance, investment and advisory business. We recognise our responsibility and opportunity as an insurer, investor and advisor.

- In 2021 the Group set out a new five-year strategy which includes a key focus on climate response and action.
- A strategic and emerging risk process is core to assessing and monitoring the impact, probability and exposure of the Group to climate risk.
- The key risks to the Group's general insurance businesses arise from the physical risk of the impact of increased frequency and severity of weather-related events, changes in precipitation and rises in sea levels and temperature variations. These risks primarily relate to property insurance based on the location of insured risks. The Group also recognises the likely impacts on its customers and seeks to support them to address these through underwriting, claims management and risk management activities.
- The Group uses a range of data and tools to assess its insurance risk and is seeking to develop external partnerships to strengthen its approach.

- The Group's main exposure to transition risks is on the value of its investment assets through the impact of changes to a low carbon economy on investee companies.
- The Group adopted a new responsible and sustainable investment policy in February 2021 strengthening its climate response. The new policy evolves exclusion criteria by fully removing fossil fuel exploration and production and thermal coal, so widening the previous policy of excluding material exposure to oil sands and Arctic drilling. The policy also features a new ESG portfolio risk overlay approach, which will consider how companies manage their ESG risks as a factor in investment decisions and put more pressure on companies the Group invests in to improve. The new policy has already resulted in divestment in some key areas.
- The Group has invested in a tool to complete carbon footprinting of equity and corporate bond assets. 80% of funds under management were included in an internal footprint review in 2021 and this analysis will continue to be developed.
- The Group has identified opportunities to benefit from the effects of climate change including greater resource efficiency, using expertise to help customers and directing investment assets towards areas that will profit from changes made in transition to a low carbon economy.

3. Managing climate risk

The Group has continued to embed the identification, assessment, management, monitoring and reporting of climate-related risks within the Risk Management Framework.

- The Group's emerging risk process continues to place climate risk at the heart of our consideration of risk.
- Scenario analysis is a key tool in this process and it is being developed to consider short- (up to 5 years), medium- (5 to 20 years) and longer-term (20 to 30 years) time horizons. Key scenarios used by the Group in identifying and assessing climate risks are an 'early action' scenario, whereby alignment with the Paris agreement to limit warming to no more than two degrees is successful, in which transition risks are most prominent and a 'no further action' scenario, where warming continues to increase and physical risks become much greater.
- The Group held risk identification workshops across all of its territories to consider the impact of climate change on the operations of the local businesses. These have resulted in climate change risk registers owned by business management. These workshops considered weather-related perils relevant for each territory in which the Group operates, based on scientific projections of the impact of the climate change scenarios, and identified the main impacts of these on the local underwriting portfolios.

- Local insurance underwriting businesses have considered how these impacts can be more integrated into underwriting, claims and risk management strategies.
- The Group's investment manager EdenTree engages at portfolio, issuer and individual holding levels with oversight from the investment advisory panel.
- In 2021 the Group continued to develop approaches to help customers strategically manage their climate risk. For example:
 - brokers continue to provide advice and cover in a range of climate-related areas including cover for woodlands and renewable energy; and
 - the UK general insurance business launched a partnership with a third party to more intelligently manage properties to reduce risk and climate impact. The Ecclesiastical Smart Properties initiative is in its trial phase but we plan to roll it out widely.

4. Metrics and targets – our own impact

In 2021 the Group set out its net zero ambitions:

- Achieve net zero for direct impact (scopes 1+2) by 2023;
- Eliminate historic emissions (scopes 1+2) by 2030; and
- Net zero for the Group for all scopes by 2040.

The Group recognises that these ambitions are long-term, challenging and will stimulate accelerated climate action.

Methodology

We have reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Our reporting year runs from January to December 2021. The emissions reporting boundary is defined as all entities and facilities either owned or under operational control of Ecclesiastical Insurance Office, therefore emissions relating to our premises and associated travel by staff based at those premises. It includes data covering 72% of our Group by headcount. We continue to improve the coverage and quality of data which informs our report.

We have recalculated 2020 emissions and are restating these figures. These include a broader scope of operations and improved quantification methodology. Scope 1 Emissions from fluorinated gas losses and fuel combustion in premises / vehicles, Scope 2 Emissions from electricity and cooling in premises, and Scope 3 Emissions associated with business travel, waste and water use have been calculated using UK government greenhouse gas reporting emission factors 2021 (Department for Environment, Food and Rural Affairs), and independently verified according to ISO – 14064-3:2019 Specifications with Guidance for the Validation and Verification of Greenhouse Gas Statements.

In line with the Streamlined Energy and Carbon Reports the Group's 2021 carbon footprint is detailed here including carbon intensity:

	2021 (2020)		
	UK	Non-UK	Total
Scope 1	97 (378)	6 (40)	104 (446)
Scope 2 – Location Based	383 (414)	97 (106)	480 (521)
Scope 2 – Market Based (not previously reported in 2020)	68	97	165
Scope 3	172 (273)	22 (46)	195 (319)
TOTAL	338 (1,093)	126 (192)	463¹ (1,286²)

¹ Assuming Scope 2 Market Based

² Total using Scope 2 Location Based

Total energy use 59,585,679kWh of which 48,147,143kWh is UK and 11,438,536kWh non-UK. tCO2e/employee: 0.23 (0.54)

Commentary

The Group's carbon footprint continues to develop for a number of reasons:

- It covers the entire Group's operations, either using actual or extrapolated data (average data is only used for 28% of operations by headcount).
- It continues to be impacted by the Covid-19 period which has influenced reduced office attendance and business travel. Some of this influence we expect to stay with us for the long term – increased use of meeting technologies and more flexible work – but we also expect office occupancy to increase, but not to pre-Covid levels. To grasp the learnings from the pandemic period the Group launched future flexible working principles supported by investment in technology and fantastic office environments. The environmental benefits will be monitored over the long term.
- A dedicated desktop surveying service has been established by the UK general insurance business. Its target is to reduce site visits by more than 3,000 by 2022 to both improve customer experience and reduce environmental impact. In 2021 over 1,600 desk top surveys were completed.
- A Scope 3 initial footprint was completed and assured by a third party in 2021 for the first time. Although this year's reporting only includes business travel, waste and water in Scope 3, the initial exercise has given a greater understanding of Scope 3 impacts and will continue to broaden our reporting in the future.
- The carbon intensity of the Group's investments continues to be a key part of its footprint and opportunity for influence. The Group's investments were 61.3% less emission intense than its benchmark in 2020 and, based on current targets, the fund is expected to align to the Sustainable Development Scenario of 1.5 degrees by 2050 compared to 3.6 degrees for the benchmark.
- 2021 was a transitional year in terms of head office premises. The footprint includes occupancy of both an old and a new head office which was officially

opened in late January. The new head office has been designed to a 'very good' BREEAM sustainability standard featuring heat recycling, solar panels and electric charging points. These enhancements have had a significant impact on our footprint already and will make further contributions to our direct reduction plans in the future.

5. and 6. Informing public policy and customer / client awareness

Improved communication of climate change to a wide range of stakeholder groups including customers, clients, employees and partners is also a key consideration of the Group's strategy.

- Public engagement activity includes briefings and publications led by investment management business EdenTree which continue to have a presence and show support for key initiatives such as the Global Investor Statement to Governments on the Climate Crisis to demonstrate our commitment and influence. Topics included energy and fossil fuel divestment.
- Customer and partner engagement activities include issuing advice on cold weather, storms and floods. The Group also researches and promotes climate impact for specific customer groups, such as the education sector, through webinars and guidance.
- In 2021 we made significant shifts to direct some of our charitable funding towards environment and climate-related projects:
 - Our £1m Movement for Good awards gave £94,000 to climate-related charities including the Transition Network and Sheffield Wildlife Trust; and
 - Our owner Benefact Trust, formerly Allchurches Trust, has awarded £150,000 to Eco Church, a charity which will be supporting one of our key customer groups, the Church, with advice on reducing carbon impact.

7. Enhance reporting

The Group's climate-related communication and reporting will continue to evolve in line with TCFD requirements. References or commentary on climate-related issues relevant to TCFD are included in a number of different areas in this Annual Report & Accounts highlighted in each section of the report above.

Topic	Disclosure area	See also...
Governance	Disclose the organisation's governance around climate-related risks and opportunities	<ul style="list-style-type: none"> - Risk Management Report • More in-depth description of the Group's governance of risk
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	<ul style="list-style-type: none"> - Global trends in financial services • Global context and how this shapes our strategy - Strategy in Action • Consideration of climate risk in the Group's strategy - Chief Executive's Report • Statement of commitment to tackling climate challenge
Risk Management	Disclose how the organisation identifies, assesses and manages climate-related risks	<ul style="list-style-type: none"> - Risk Management Report • More detailed description of the Group's management of climate risk
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	<ul style="list-style-type: none"> - Group Remuneration Report • Commentary on the inclusion of Environmental and Social targets in bonus schemes