Sustainable Markets Initiative
Insurance Task Force

Global pledge for sustainable supply chains
A key feature of the insurance sector is its role as an ‘enabler’, providing services across the whole of the global economy, with every home and business reliant on a range of insurance products. Our industry is making progress with reducing the footprint of our direct operations, incentivising customers to reduce their environmental impact and supporting them through the transition.

We are already making significant efforts with our direct operations and incentivising customers to reduce their environmental impact. Our role is to support customers so they can manage the transition, alongside wider governmental policies that can create the frameworks, incentives and enable the product developments necessary to green the economy.

As we set Net-Zero strategies, we want to take account of the emissions within the supply chains where we have direct control, which means the goods and services we buy.

While we have different supply chain models, we recognise our operational supply chains carry emissions. We take this to mean the goods and services we procure to fulfil claims for individuals and businesses; and the services we commission to manage our ongoing relationships with policyholders. These services are procured by insurance companies and then provided in partnership with an extensive supply chain network of local SMEs and traders - including loss adjusters, engineers, technicians as well as home repair specialists (decorators, electricians, plumbers). For commercial clients, insurers will also arrange a wide range of technical and risk management support. The insurance supply chain also includes brokers and reinsurers, who in turn have their own operational infrastructure, and consume technology, modelling and other services.

Our global supply chain is an area where we can actively incentivise sustainable choices in households and business - whenever we manage risks or handle claims.

By supporting our supply chain to make the transition they will, over time, deliver greener products, which will further benefit customers and societies around the world who wish to reduce their environmental impact.
Our Pledge

Recognising our role with suppliers, members of the SMI Insurance Task Force are committed to the following global supply chain pledge, which will work alongside the industry’s wider net-zero efforts:

1. **Encourage and help suppliers to set meaningful sustainability targets with an ultimate goal of adopting Paris-aligned net-zero Targets:**

   As firms begin to implement net-zero strategies, during procurement processes and then through ongoing engagement with suppliers, insurers will encourage firms to set meaningful sustainability targets with the ultimate goal of adopting net-zero targets that are aligned with the Paris climate change goals – for example a 50% reduction in global emissions by 2030 in advance of reaching net-zero by no later than 2050. The sector will aim to use consistent frameworks and metrics, so suppliers do not face unnecessary complications adopting targets and individual firms are committed to providing practical support to suppliers to help them set these targets and measure progress against their own direct emissions.

2. **Advance initiatives with a goal of measuring the carbon footprint of insurance supply chains and report transparently on progress:**

   To support more sustainable supply chains, the sector will develop methodologies for assessing and measuring the carbon intensity of suppliers to identify hotspots and, once established, use these methodologies to identify suppliers that have lower footprints or where active steps are being taken to increase sustainability. To do this signatories are committed to dedicating resource to develop measurement methodologies for their operational supply chains. Alongside measurement, we are committed to reporting transparently on progress to improve the sustainability of insurance supply chains which will allow consumers and clients to make more informed decisions about which insurance provider will offer them the most sustainable options when they make a claim. To ensure accountability signatories will engage suppliers in order to develop and in the long-term report progress through existing reporting mechanisms which guide firms.

3. **Work across the industry to tackle supply chain carbon hotspots:**

   To tackle supply chain carbon hotspots, we are committed to promoting engagement across the sector to address parts of the supply chain where there is the largest carbon footprint and facilitate best practice to driving up sustainability. This will allow insurers to replicate and build on the stewardship approaches adopted by investors and drive change in the supply chain at a sectoral level, rather than only on a case-by-case basis.
Founding Signatories

- ABI
- AON
- Ascot
- AXA
- AXIS
- Conduit RE
- Direct Line Group
- Howden Group Holdings
- Legal & General
- Lloyd's
- McGill and Partners
- Phoenix
- Tokio Marine Kiln