



Liberty
Specialty Markets

Carbon Reduction Plan

2024



Commitment to achieving Net Zero

Liberty Specialty Markets (LSM) is committed to work towards achieving net zero emissions by 2050 in our UK operations. This includes scope 1 and 2 and the required subset of Scope 3 emissions (category 3.4 Upstream transportation and distribution, category 3.5 Waste generated in operations, category 3.6 Business travel, category 3.7 Employee commuting and category 3.9 Downstream transportation and distribution).

Liberty Mutual, the Company's ultimate parent organisation, has committed to a 50% absolute reduction of Scope 1 and 2 (location based) emissions by 2030 from 2019 levels. LSM has committed to 42% absolute reduction target of Scope 1 and 2 (market based) emissions by 2030 from 2023 levels, because of our recent baselining¹. LSM has also committed to a 90% absolute reduction by 2050 on scope 1 and 2 (market based) emissions from 2023 levels.

For our scope 3 emissions, LSM commits to reduce absolute Scope 3 GHG emissions 90% absolute reduction by 2050 from a 2023 base year. This target includes category 3.5 Waste generated in operations, category 3.6 Business travel and category 3.7 Employee commuting.

¹ Green tariffs and Renewable energy guarantees of origin (REGOs) may be used to meet this target.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

On the Carbon Reduction Plan published the baseline year was 2022, due to recent changes on the total base year emissions (more than 5%). LSM has decided to choose 2023 as the new base year as we have added additional scope 3 categories in the calculations (Category 3.5: Waste generated in operations, and category 3.7: Employee Commuting).

Baseline Year: 2023

Additional Details relating to the Baseline Emissions calculations.

Operational Control Approach has been applied to consolidate LSM emissions. Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard. Transportation and distribution of products and services scope 3 category 4 is not material for LSM. Scope 3 Category 9 relating to downstream transportation/distribution of products sold is not applicable due to the nature of our business.

Baseline year emissions: 2023

EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	251
Scope 2	479 (Location-based) 31 (Market-based)
Scope 3 (included sources)	7,122 (Category 3.5: Waste generated in operations, Category 3.6: Business Travel and category 3.7: Employee Commuting)
Total Emissions	7,852 (Location-based) 7,404 (Market-based)

Current Emissions Reporting

Reporting Year: 2023

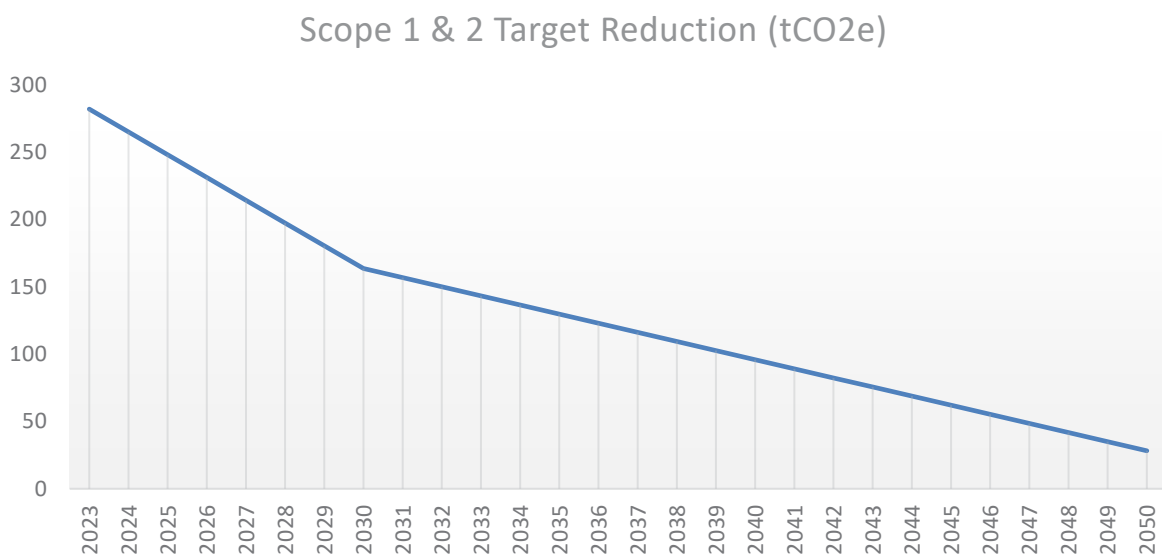
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Emissions reduction targets

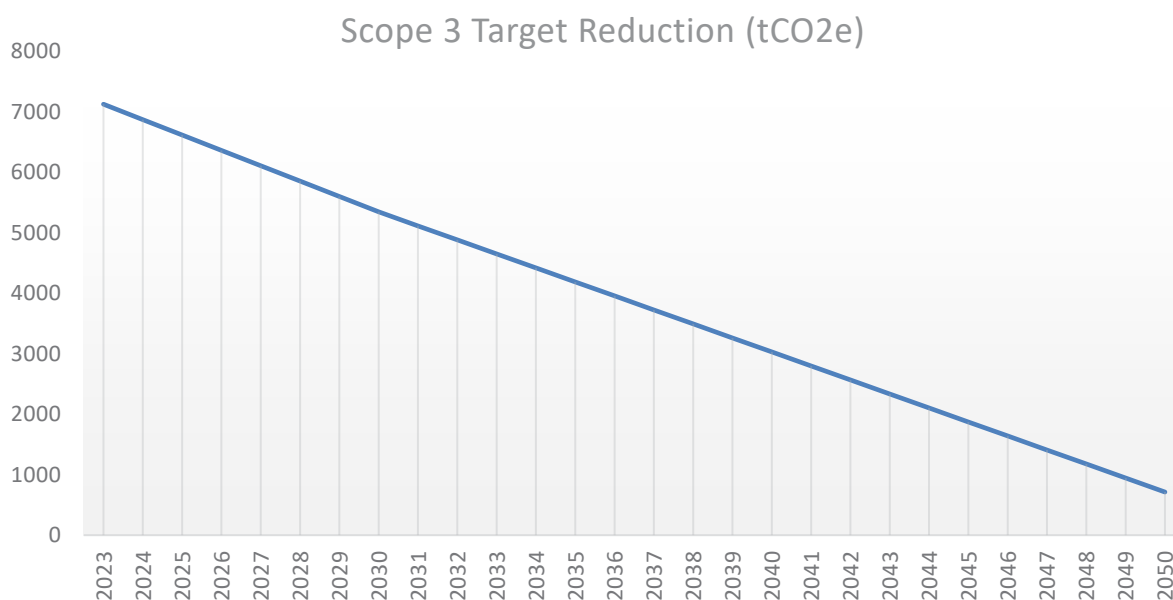
In order to continue our progress to achieving net zero, we have adopted the following carbon reduction targets.

Liberty Mutual, the Company’s ultimate parent organisation, has committed to a 50% absolute reduction of Scope 1 and 2 (location based) emissions by 2030 from 2019 levels. LSM has committed to 42% absolute reduction target of Scope 1 and 2 (market based) emissions by 2030 from 2023 levels, due to our recent baselining. LSM has also committed to a 90% absolute reduction by 2050 on scope 1 and 2 (market based) emissions.

LSM has already committed to supply 100% renewable energy to our sites which will lead to zero emissions in scope 2. There are additional site-level measures being considered to reduce our scope 1 emissions.



Scope 3 emissions are significant relative to scopes 1 and 2, with the majority of emissions for Scope 3 arising from Category 6 Business travel, although these emissions are outside our operational control LSM commits to reducing absolute Scope 3 GHG emissions by 25% by 2030 and 90% by 2050 from a 2023 base year. This target category 3.5 Waste generated in operations, category 3.6 Business travel and category 3.7 Employee commuting. Scope 3 carbon emissions of the required subset of categories will decrease through Business as Usual (BAU).



We are proposing to implement emissions reduction measures for the required scope 3 categories by 2050. We are exploring many potential ways to meet our target, including our business travel strategy.

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

Scope 1 and 2 implemented measures

The Company's office in London already operates with low levels of emissions, with the building achieving a BREEAM (Building Research Establishment Environmental Assessment Method) 'excellent' environmental performance rating. Gas and Electricity supplies for the office are generated from 100% renewable energy, as accredited by OFGEM. In addition, the office has ISO 14001 certification (Environmental management system). This is an environmental management system that helps organizations minimize how their operations and processes negatively affect the environment.

Property energy reduction strategies include:

- Adjusting the timing of the operation of heating, ventilation and air conditioning system in line with evening, weekend, and public holiday use of the offices. This includes adjustments to operating fan coil units on Fridays, when the building is less occupied.
- Implementing a smart working strategy, reducing the number of desks and subsequent power use.
- The renewal of kitchen equipment servicing the canteen selected for more energy efficient models.

Scope 3 implemented measures

Business travel increased during 2023 as employees continued to more fully return to meetings and engagements, including internationally as the geographic footprint of the company has also changed. There are a number of additional factors at play in the increase between 2022 and 2023 travel emissions, including:

- i. A change in wellbeing policy to allow flights over 8 hours long to quality for business class (from premium economy previously) resulting in higher emissions allocated per seat.
- ii. An increased number of conference and events attendees in 2023.
- iii. 2023 being a high year of natural disaster and weather events, resulting in a higher number of employees traveling for surveying purposes and to meet brokers and clients following loss events.
- iv. In 2023 we are able to calculate emissions in the air and rail calculations including 'Well to Tank' (WTT) for the first time according to best practice, which has led to an increase in emissions.
- v. Due to the onerous nature of manual data collection, road vehicle estimates have not been broken down by vehicle type and size. In order to be conservative, we have in-stead considered all vehicles as 'large petrol vehicles', which will be overstating our emissions.

We encourage staff to use the most efficient routes and to use rail for shorter routes. We are currently focused on reviewing our travel policy and practice, including considering ways to incentivise lower-carbon travel options. We have also mitigated some flight emissions through an air travel partner to purchase sustainable aviation fuel (SAF), and we pay for carbon offsets to compensate for business travel related emissions and will continue to evolve this offsetting strategy.

Other additional measures:

- Created recycling and waste sorting stations and removed the majority of desk bins.
- Reduced our paper usage with Follow-me-printing devices.
- We have collected employee commuting data to calculate the emissions related to the transportation between their homes and our sites.

In the future we are exploring the implementation of further measures, which may include:

Scope 1 & 2 related measures:

- Convert all offices to green energy tariffs reducing our total scope 2 market emissions to zero.
- Through our energy efficiency initiatives program for our facilities, we have looked to identify opportunities for improved efficiency and to leverage energy reduction projects.
- Consider options to reduce natural gas consumption in the office. We are engaging with the landlord in the office in London to consider different long-term options to replace natural gas such as electrifying space heating or switching to heat pumps replacing natural gas.

Scope 3 related measures:

- Category 5 (Waste generated in operations): Emissions are immaterial for this category. Further waste monitoring with waste reduction measures, waste recycling and circular economy initiatives can be applied.

- Category 6 (Business Travel): We are reviewing our travel policy and practices, reviewing class of travel, airline selection and how to incentivise lower emission travel.
- Category 7 (Employee commuting): Further surveying in future to get more precise (rather than estimated) data.

Additional measures:

- From 2024 LSM has started purchasing green gas using RGGO certificates for all UK consumption.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard² and uses the appropriate Government emission conversion factors for greenhouse gas company reporting³.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard⁴.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors for Liberty Specialty Markets Limited and reflects in-scope emissions for all related UK businesses and affiliates.



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Nigel Davenport, Director, Liberty Specialty Markets Limited

Date: 23 August 2024



²<https://ghgprotocol.org/corporate-standard>

³<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

⁴<https://ghgprotocol.org/standards/scope-3-standard>