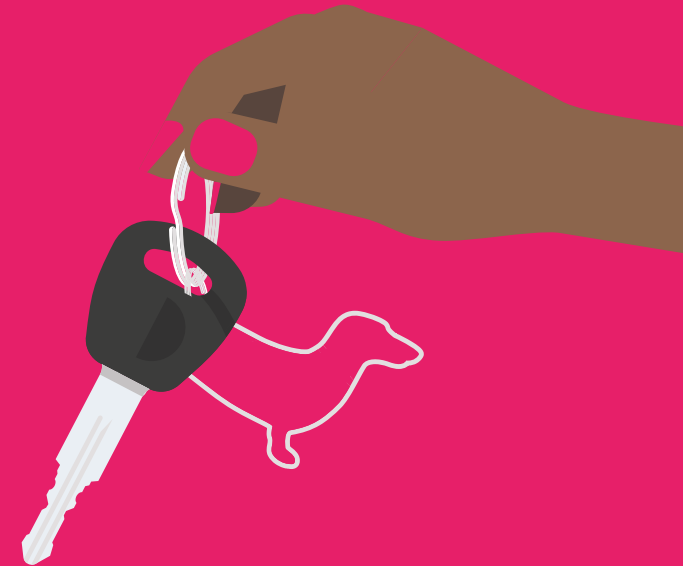
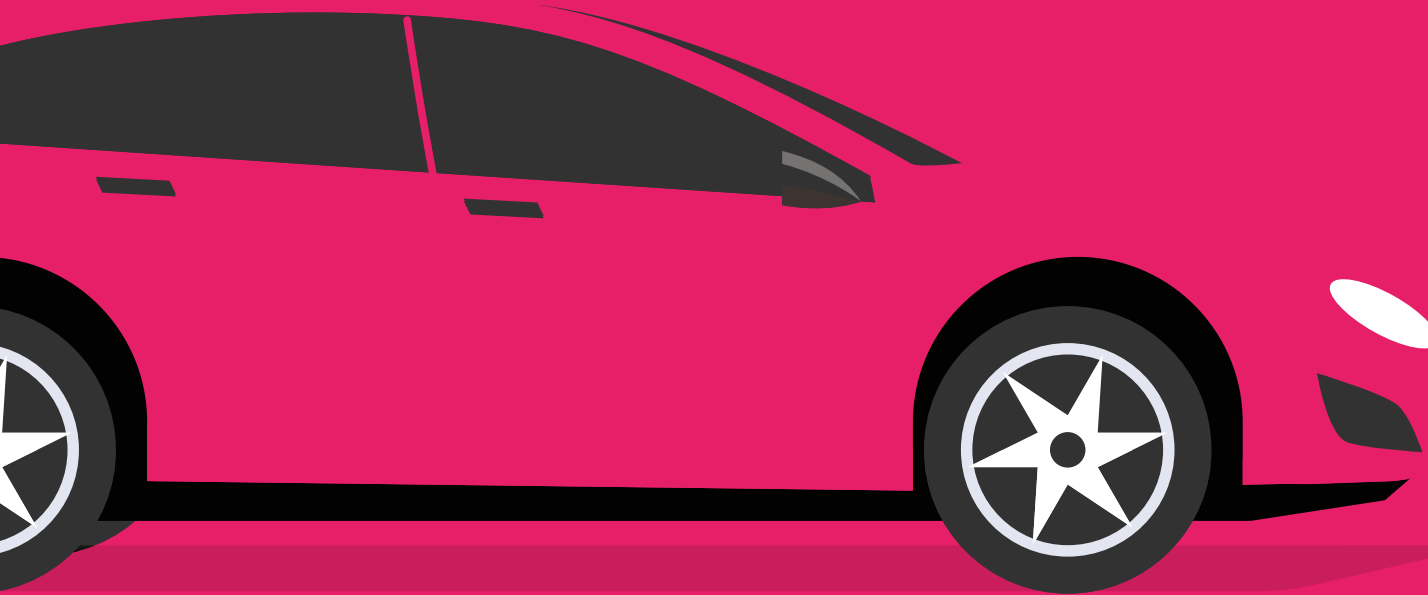


Sharing the benefits
of good driving



The science behind Shared Value Car Insurance.

Contents.

The Shared Value Insurance Model	4
The Vitality Programme	6
Expanding the Shared Value model to car insurance	8
Decoding the science of good driving	11
Good driving is also green driving	14
How to change driving behaviour	18
Carbon offsetting FAQs	23

Vitality's core purpose and business methodology.

It's relatively straightforward to describe what we do: in the UK we're a car insurer, life insurer and health insurer. Yet we're increasingly discovering, as organisations within society, the importance of a why. We have always been an organisation that aims to be a force for good. Since our parent company Discovery was established in 1992, we have been guided by a clear core purpose:

**To make people healthier
and to enhance
and protect their lives.**

To enact our core purpose, we created the Vitality Programme. It's based on the insight that if we can bring about positive lifestyle change, it benefits our members, our society and our business.

This in turn has become a systematic business methodology we call Shared Value insurance, and it's the foundation of everything we do - the how behind Vitality.

The Shared Value insurance model.

Overview

The rise of lifestyle-related illness is emerging as one of the biggest threats of our time, with diseases related to physical inactivity, poor nutrition, smoking and alcohol consumption accounting for 60% of deaths worldwide and 80% of total healthcare costs.¹

At the same time, we're learning from behavioural economics that we tend to act against our own best interests when it comes to making positive choices about our health, so while we have more immediate years of healthy life immediately in our control, we tend to do little about it.

The Vitality Programme utilises behavioural economics, incentivising members to make positive lifestyle choices. This enables them to benefit from better health and tangible financial benefits, such as lower premiums on their insurance and valuable rewards.

We benefit as an insurer because healthier members make fewer claims. Also, the more engaged they are in the programme, the longer they stay with us.

This also enables us to share with members some of the surplus generated in the form of further incentives, fuelling a self-reinforcing cycle of health improvement and value creation.

In the process, broader societal groups, such as employers and public healthcare systems, benefit from the improved health and productivity of the population.

This virtuous cycle, where all stakeholders benefit, is known as Shared Value insurance.

Shared Value Model

Better health, better levels of cover and better premiums.



100K+
new devices
linked per
month

150+
programme
partners

30m
members

40
markets



The Vitality Programme.

A programme proven to work.

Over the last 20 years and more of operating the Vitality Programme, we have pioneered the practical application of behavioural economics in a large-scale health promotion programme that addresses all major modifiable risk factors and stretches across the continuum of people's current states of health.

We have collected data, at an individual entity level, of associations between healthcare costs, mortality, productivity, and lifestyle health behaviour. This has been the basis of an ongoing research programme, now totalling 18 academic studies, into the effect of Vitality on behaviour change and health outcomes.

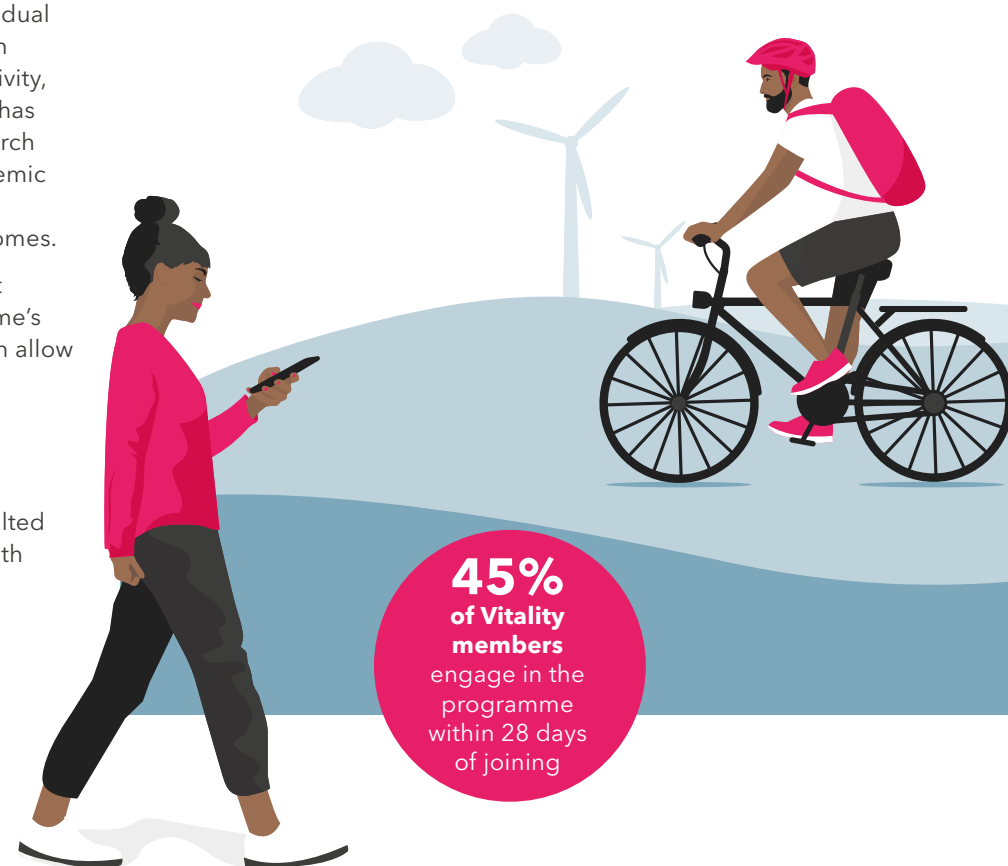
The results reveal several important findings, but perhaps the programme's most useful insights are those which allow us to assess:

1. Are members engaging?
2. Is their behaviour changing?
3. Has any behaviour change resulted in demonstrably improved health outcomes?

1

Are members engaging?

In the corporate health insurance market, where we have a comparable benchmark, we find that **45% of Vitality members engage** in the programme **within 28 days of joining**, compared with just 8.5% who engage, at any time, with similar programmes in the market¹.



45%
of Vitality
members
engage in the
programme
within 28 days
of joining

¹ Based on responses to the Britain's Healthiest Workplace survey | ² Estimated marginal means from a set of regression models estimated on data from all 16,198 Vitality members who completed their first and second Healthcheck and all 109,875 Vitality members who completed their first and second

2

Is their behaviour changing?

Vitality members are **40% more likely** to make positive changes over the course of a year across dimensions like improved nutrition, increased levels of physical activity and stopping smoking than the general population².

3

Have health outcomes improved?

As a result of the one-year change in behaviour in the study mentioned above, Vitality members experience 1.5 years greater life expectancy³ and those who increase physical activity have up to 51% lower risk of being hospitalised than those who do not.⁴

Our most engaged members also have a 90% reduction in mortality rate through improving lifestyle factors⁵. Members can also benefit through other broader Shared Value benefits including savings and rewards through the Vitality Programme. VitalityLife members can save on their life insurance premiums through our Vitality Optimiser and VitalityHealth members receive value through features including ABC pricing, Vitality status linked excess and Premier Consultant Cashback.

40%
more likely
to make
positive
changes



51%
lower risk
of being
hospitalised



1

Expanding the Shared Value insurance model to car insurance.

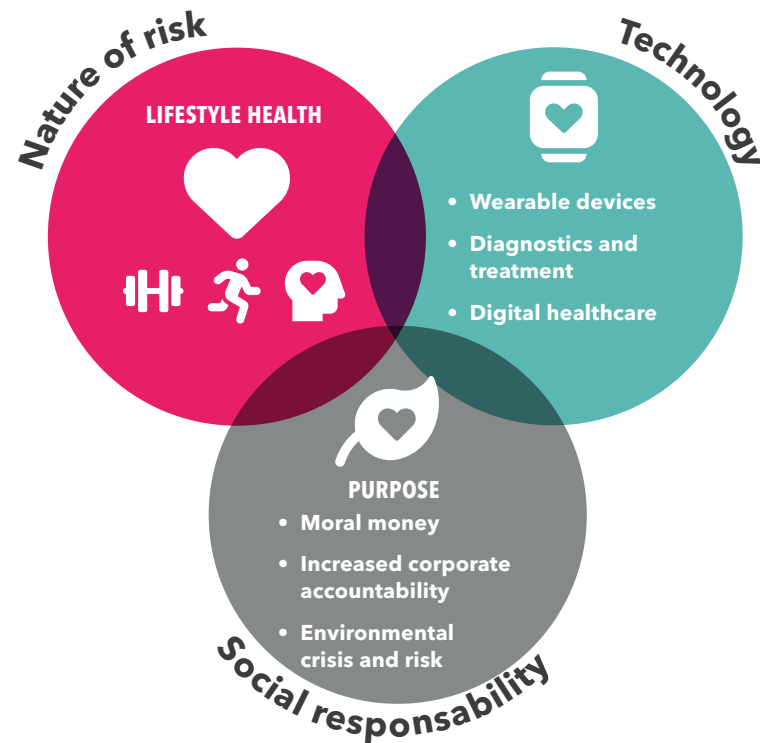
We are at a unique moment in history for insurance. Three macro trends are exerting significant influence on the development of the industry.

Firstly, we now have a strong understanding of the behavioural nature of risk, with the global disease burden overwhelmingly driven by lifestyle diseases caused by personal choices.

Secondly, new technologies such as wearables are becoming powerful enablers of health, wellness, and behaviour change. Finally, society is demanding that business focus not only on profits but social purpose too.

The link between these trends, and how our Shared Value model manifests for health insurance and life insurance is clear.

We believe that in many ways these trends apply equally if not more powerfully to car insurance.

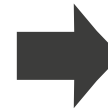


The nature of car insurance risk is behavioural

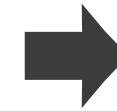
When it comes to driving, the nature of risk is behavioural as well. No matter how safe the car is or how good the weather, road conditions, traffic signs and regulations are, if the driver makes a significant error, an accident will most likely occur.

The UK Department of Transport's reported road accident data shows that driver error, behaviour and distraction contributed to 51% of all reported road accidents in 2020. When we look at which behaviours are most likely to result in these road accidents, harsh acceleration, harsh braking, harsh cornering, driver distraction and speeding, are identified as significant factors.

- Harsh acceleration
- Harsh braking
- Harsh cornering
- Distracted driving
- Speeding

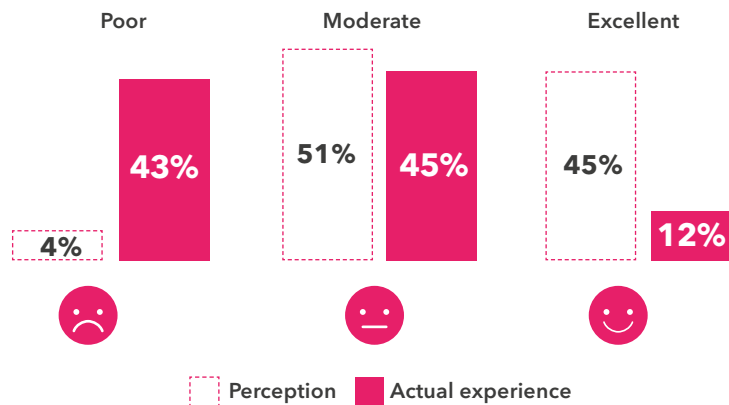


- Inattentive driving
- Loss of vehicle control
- Placing the vehicle in harms way



51%
of all reported
road accidents

While the benefits of safer driving are immediate and visible, we know from behavioural economics that people display several cognitive biases when it comes to their driving. For example, 45% of drivers perceive themselves as an excellent driver when only 12% actually are.⁷ This reinforces the cognitive bias that people are highly overoptimistic about their driving abilities.



Advances in in-car technologies

There have been significant advances in the technology that allows you to understand your driving behaviour. For example, modern vehicles today have hundreds of sensors and microprocessors in them, and there have also been significant advances in technologies like dash cams.

Vehicle trackers have also moved from expensive devices that were difficult to install, to smart trackers that can be self-installed in a vehicle in a couple of minutes and that track the vehicle's movements to a high degree of accuracy.

Given the success, and widespread adoption, of wearable technology to both measure and incentivise an individual's health and wellness choices, there is a significant opportunity to use smart car trackers to enable sustained driving behaviour change.



6. Department of Transport: Contributory factors to reported road accidents 2022

7. Actual experience is based on our distribution of driving points with 160+, 120-159 and 1-119 being excellent, moderate and poor respectively. Perception was based on a consumer survey from July 2022, with the question 'Do you think you are a good driver?'

Social responsibility.

When it comes to applying the Vitality Programme and Shared Value to car insurance, there are two great social imperatives we need to face: safer roads and a greener planet. According to the most recent World Economic Forum Risk Report published earlier this year, environmental risks are perceived to be the five most critical long-term threats to the world, with 'climate action failure' ranking as the most severe. The Transport Decarbonisation plan launched by the Department for Transport in March 2020 and expanded on in July 2021, embraces the UK ambition of achieving Net Zero by 2050 and recognises the significant role that transport must play in achieving that goal.

Amongst the Transport Decarbonisation plan's key strategic priorities, it emphasises the need to accelerate a shift to public transport and active travel (such as walking and cycling), and the decarbonisation of road vehicles.

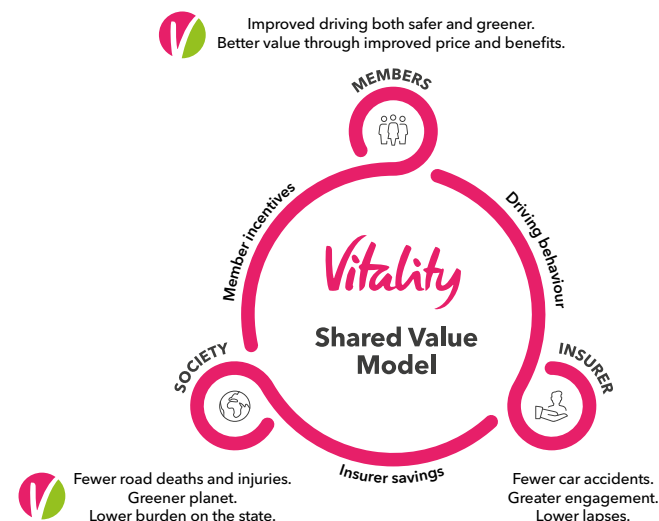
It recognises that individuals have a critical role to play in adapting their behaviour to realise these priorities, which is corroborated by Climate Change Committee (CCC) research which indicates that 59% of emissions reductions to reach net zero will involve some form of societal behaviour change.¹

Furthermore, active travel can help reduce the £8.2 billion indirect costs that physical inactivity has on the NHS. The ability to change behaviour on the road is therefore critical, not only for insurers, but for individuals and society.

At the same time, there are approximately 160,000 road casualties in the UK every year. Road accidents in the UK kill or severely injure someone every 20 minutes and have a substantial economic impact.

The Shared Value model for VitalityCar insurance

We believe that Shared Value insurance has a key role to play in addressing these social imperatives. Therefore, in a very similar way to health insurance and life insurance, our car insurance uses the Shared Value insurance model to celebrate and reward good driving:



Through the Vitality Good Driving programme (see page 18), the Shared Value Model incentivises members to practice good driving behaviours. Members can benefit from improved driving and receive tangible financial benefits, including cashback and reduced claim excess. For us, as an insurer, good drivers have fewer and less severe accidents.

Some of the surplus generated can be shared with members in the form of further incentives, fuelling a self-reinforcing cycle of driving improvement and value creation.

As a result of being engaged, our members stay with us for longer. In the process, society benefits from safer roads, a lower burden on the state and a greener planet.

This is Shared Value Insurance and we believe that it will create a profound shift in Britain's approach to driving - in a way that makes life better for everyone.



2

Decoding the science of good driving.

Safe driving is defined as anything that reduces the risk of having an accident or makes an accident less severe. The behaviours which make up safe driving also turn out to be better for the environment, so we define driving that is both safe and green as good driving.

Three elements contribute to the probability of having a car accident: the car, the environment, and the behaviour of the driver. The behaviours which form the basis of the Good Driving programme are those which are cited as being most likely to result in loss of control of the vehicle: harsh acceleration, harsh braking, harsh cornering, distracted driving and speeding.

Harsh acceleration, braking and cornering: behaviours that can cause a vehicle to exceed its Performance Envelope

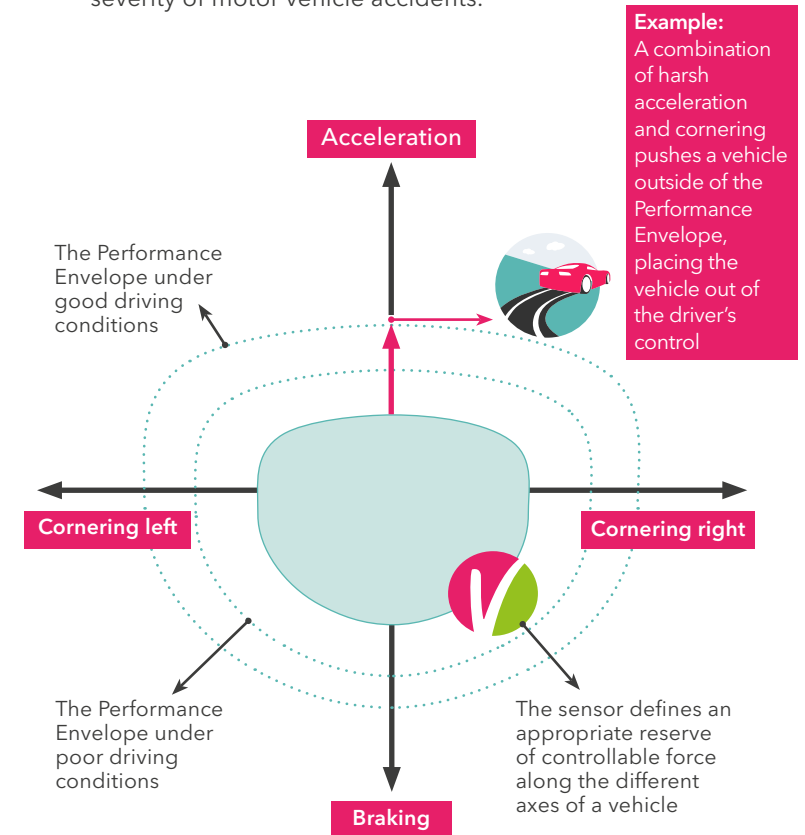
Motor vehicle dynamics theory recognises that there are several forces acting on a moving vehicle at any time due to driver actions such as acceleration, braking and cornering.

There are limits to the forces a vehicle can withstand in any direction and still be within the control of the driver - these are defined by a measure called the Performance Envelope. If a driver's actions place excessive force on a vehicle in any direction, they'll lose control of the vehicle.

The Performance Envelope can be used to define a reserve of controllable force that drivers should have at their disposal.

The complexity of driving necessitates this reserve - the unpredictable actions of other drivers and the different directions, speeds and flows of traffic means drivers need to be able to take evasive action without losing control of their vehicle. Drivers who drive within the bounds of the Performance Envelope are less likely to lose control of their vehicle.

These thresholds are applied to the data collected by the Vitality sensor to identify harsh acceleration, braking or cornering events which cause a vehicle to exceed the Performance Envelope. Our data shows that each of these events identified by our technology contribute significantly towards the frequency and severity of motor vehicle accidents.



Speeding and distracted driving: behaviours governed by law

The dangers of distracted driving, in particularly using a mobile phone while driving, and exceeding the speeding limit are well-established and governed by law. In addition to GPS determined speed limits, the Vitality sensor utilises the phone's gyroscope to detect movement of the phone while driving to monitor and discourage phone use when the vehicle is in motion.

A recent report released by Cambridge Mobile Telematics (CMT) found that phone use is one of the most predictive factors of motor vehicle accidents. Critically, the impact of phone distraction on the risk of having an accident continues after the driver has been distracted, dubbed the "distraction hangover".

In addition to the Department of Transport's data on causes of road accidents, analysis of Vitality data also shows that individually, each of these elements are highly predictive of the frequency and severity of motor vehicle accidents. When combined, improving these behaviours significantly reduces a driver's risk of being involved in a motor vehicle accident.

Drivers are 70% more at risk 10 seconds after phone distraction has ended than during normal, distraction-free driving.⁸



By combining these two components we can create a comprehensive definition of good driving that includes five driving behaviours - the ABCDS of good driving:



Harsh **A**cceleration



Harsh **B**raking



Harsh **C**ornering



Distracted Driving



Speeding

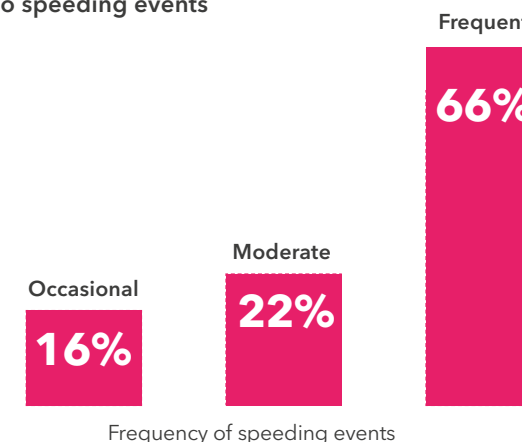
In order to test the validity of these factors, we analysed available driving and accident data over a two-year period.⁹ This allows us to link an individual's level of harsh accelerating, braking, cornering, distracted driving and speeding to their likelihood of being in an accident and the severity of that accident.

Likelihood of being in an accident relative to members with no events

	Occasional events	Frequent events
Acceleration	+35%	+59%
Braking	+3%	+61%
Cornering	+23%	+89%
Distracted Driving	+89%	+131%
Speeding	+34%	+72%

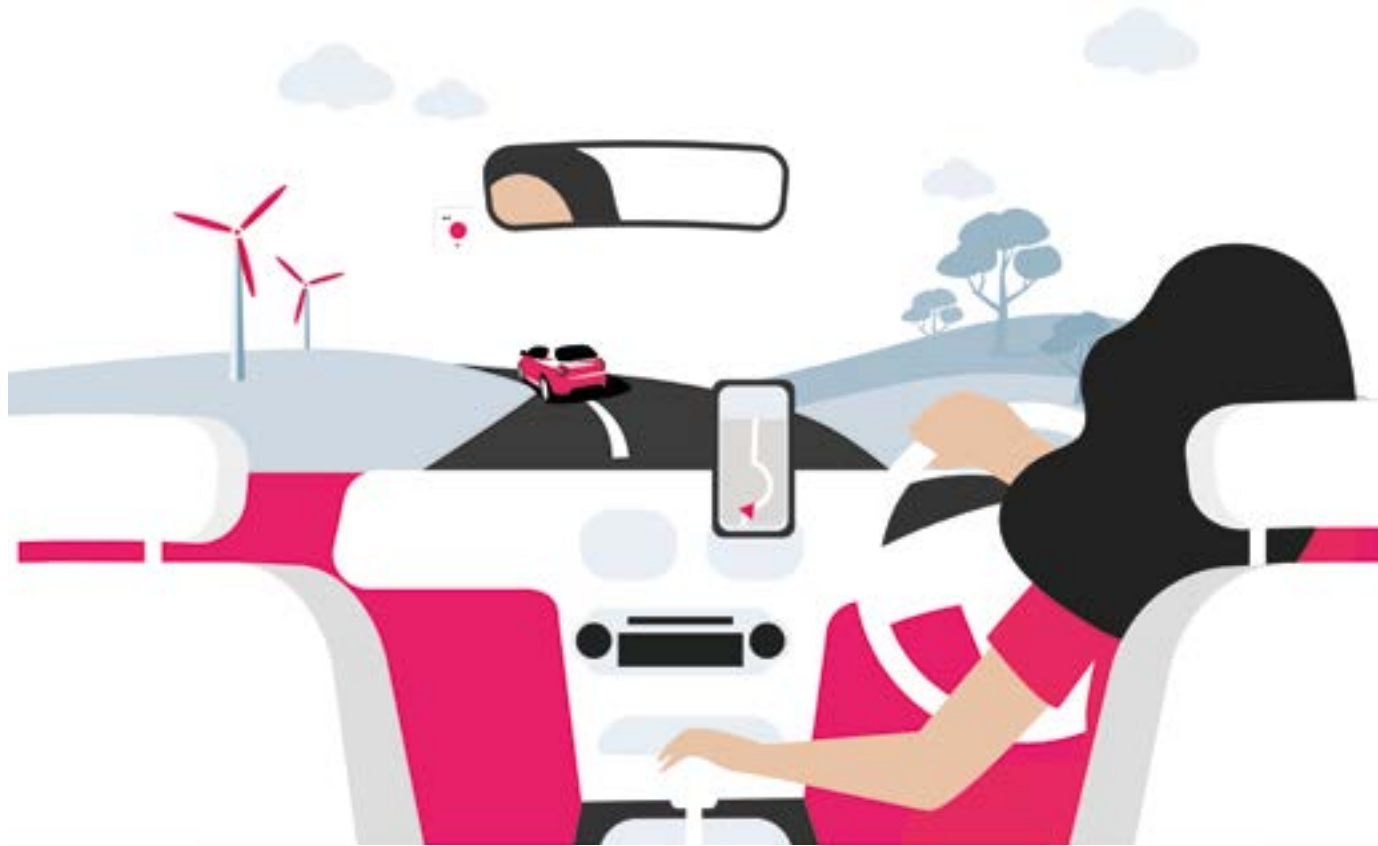
In addition, regular harsh accelerations, cornering, and speeding were linked to more severe accidents with speeding resulting in significant increases in severity even when it is infrequent.

Severity of accident relative to members with no speeding events



⁸ Cambridge Mobile Telematics: The Harsh Realities of Phone Distraction, 2020

⁹ Analysis of CMT driving data and Discovery accident data between Jan 2017 to May 2018



Data from our Good Driving programme highlights that good drivers are less likely to be in an accident with a 20% reduction in claims frequency, and the severity of any accidents are 23% lower on a risk-adjusted basis¹⁰.

¹⁰Analysis is based on VitalityCar data from 1 October 2021 – 30 September 2022 with claims being risk-adjusted for age, vehicle value and location. Good drivers are defined as drivers who average 4 or more Good Driving points per day.

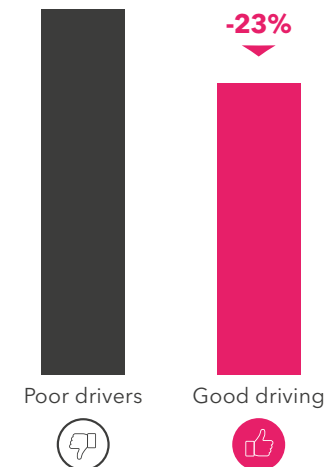
Combined impact of all factors

While each of these behaviours are important in isolation, safe driving comes by practicing all of them simultaneously.

Accident frequency



Accident severity



3

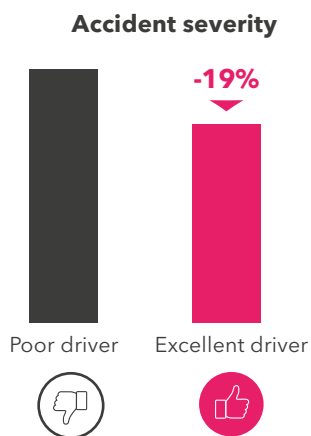
Good driving is also green driving.

Our commitment to be a force for social good demands that we act in the best interests of society. Driving makes up 14% of the average UK person's carbon footprint with the impact of driving being directly proportional to how frequently a vehicle is used and the vehicle's fuel consumption.

As we've seen, our data shows that the safest drivers - those with the fewest acceleration and braking events - have 19% lower fuel consumption than the least safe drivers due to their smoother driving style.

This is corroborated by the Royal Automobile Club (RAC) Foundation who have found that aggressive driving (harsh accelerating and braking) can raise fuel consumption by 37%¹¹.

Good drivers have lower fuel consumption



Source: Transport and environment statistics 2021, Decarbonising Transport 2021

In addition, reducing travel by car reduces emissions and reduces risk on the road - when substituted with walking or cycling, it delivers compound benefits of being green and safe and healthy. As a result, Vitality car insurance will reward greener choices by:

- Rewarding members for driving less, through **car-free days**.
- On days our members do drive, we provide them with the opportunity to offset up to 100% of the carbon emissions from their trip, based on how well they drive.

Car-free days

The UK Government's national travel survey in 2019 found that 43% of trips are less than 2 miles and 36% of these trips are taken by private car¹². Substituting short drives by walking or cycling is not only beneficial for the environment, but it also delivers significant health benefits.

Physical activity reduces the risk of cardiovascular disease, hypertension, diabetes, and breast and colon cancer. It is also an important trigger event for other health-promoting behaviours such as healthy eating and preventive screenings. Exercise also has positive effects on mental health, delays the onset of dementia, improves cognitive functioning and improves your sleep.

These improvements in overall health are evident even after just one physical activity session and take some effect immediately, although most of the benefits are achieved through regular exercise over a longer time period, due to the substantial links between physical activity and other risk factors.

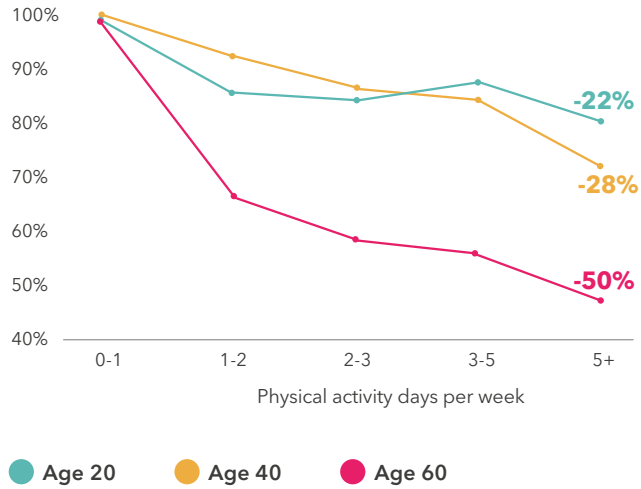
Our analysis shows that while the relative benefits of physical activity are greatest when moving from no physical activity to some, the overall risk decreases rather linearly beyond that point, i.e. it is always better to do more physical activity (in a way that avoids harm or injury).

¹¹ racfoundation.org/assets/rac_foundation/content/downloadables/easy_on_the_gas-wengraf-aug2012.pdf

¹² Department of Transport: Mode of travel, NTS0308a, Average number of trips by trip length and main mode: England

The magnitude of the health improvement increases significantly with age.

Risk of being hospitalised for an illness or injury over the next 12 months

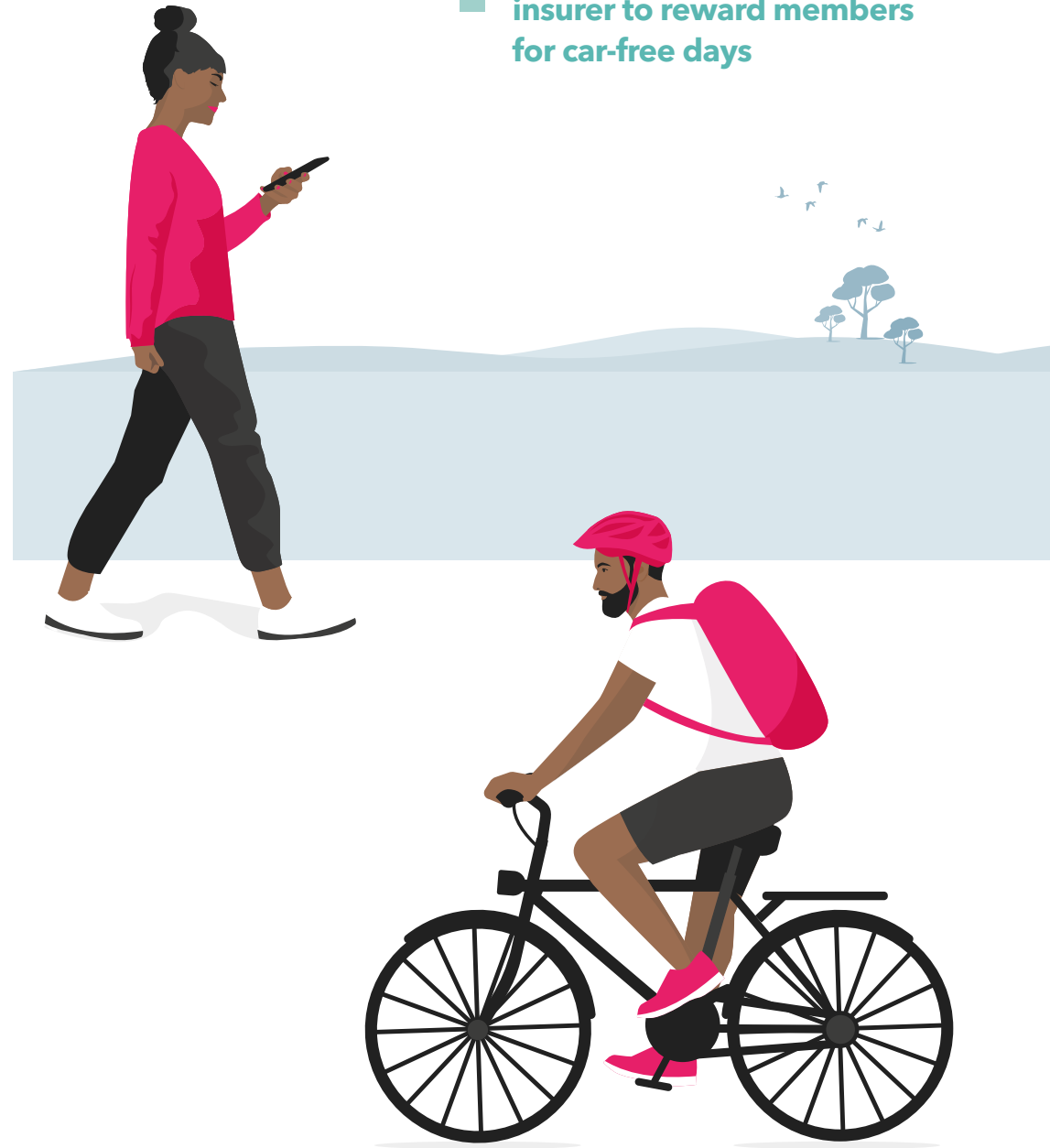


*A Bayesian Network was used for causal inference and the expected impact of changes in lifestyle behaviours estimated using do-calculus. Models were built on Vitality Life and Health customer data between 2016 and 2020.

Vitality is the first and only insurer to reward members for car-free days. Members will receive maximum Vitality Good Driving points (6 points) for each car-free day, getting them closer to their weekly rewards as well as contributing to their Good Driving status.

This will also allow them to control their insurance costs, through a reduction in their excess.

Vitality is the first and only insurer to reward members for car-free days



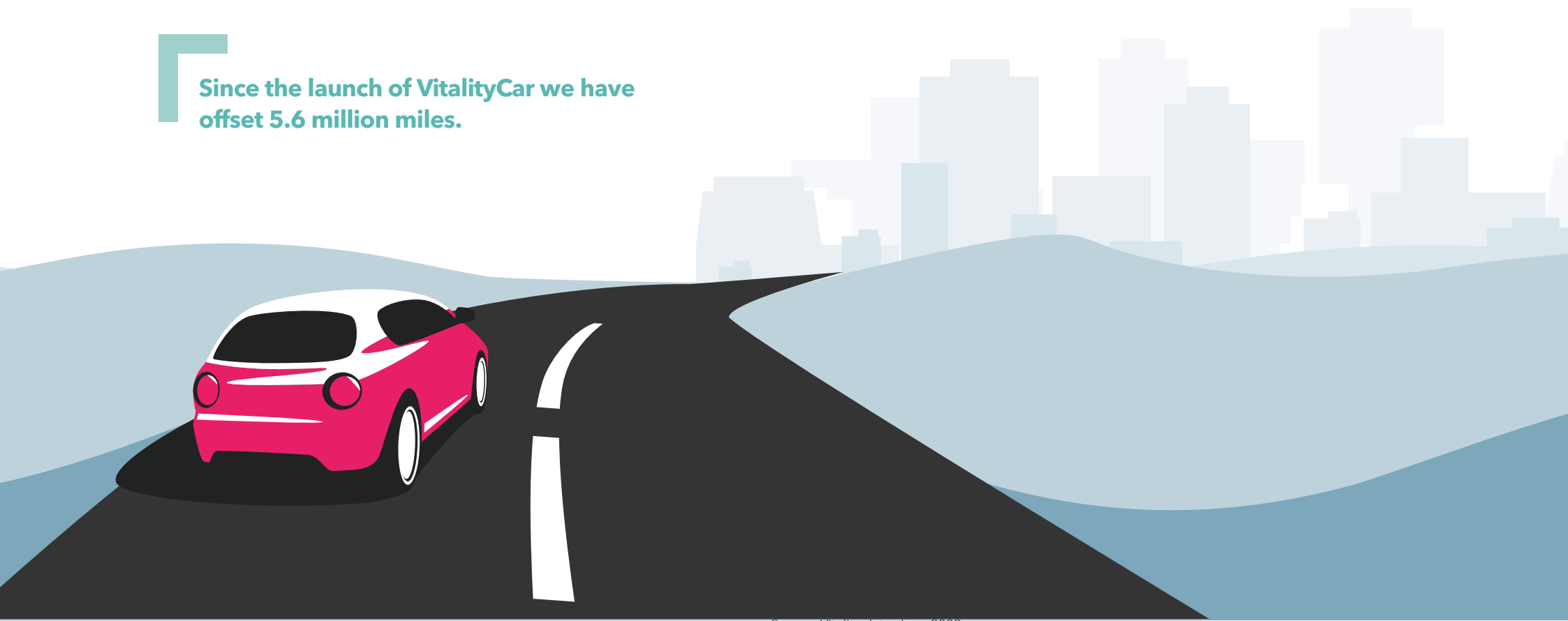
Carbon offsetting

Reducing vehicle emissions is also a priority for many of Vitality members.

To help our members reduce the environmental impact of their driving, Vitality provides members with the opportunity to offset up to 100% of the carbon emissions from each trip based on how well they drive. We calculate carbon emissions per mile for each member's vehicle (no matter whether it uses fossil fuel or electricity) using the vehicle emission data from the Driver and Vehicle Licensing Agency, as well as Vitality drive data.

Daily Good Driving points	Percentage of daily driving emissions offset
6	100%
5	70%
4	50%
3	30%
2	10%
0-1	0%

Since the launch of VitalityCar we have offset 5.6 million miles.



Source: Vitality date, June 2022.

Our partner Carbon Footprint is a Quality Assurance Standard (QAS) certified carbon offset provider. Through them, we've chosen to fund the following portfolio of projects in the UK and around the world.

Our portfolio of carbon offsetting projects includes:

- Local support in the UK through biodiversity projects such as tree planting.
- Health, wellbeing, and education-focused projects that are community-based.
- Renewable energy projects to work towards the decarbonisation of the grid.

Carbon Footprint has been a climate change solutions provider for over 15 years and are a founding member of the Quality Assurance Standard (QAS) for carbon offsetting. They support around 100 internationally verified carbon offsetting projects around the world, all of which adhere to globally recognised and leading standards such as the Verified Carbon Standard (VCS), Gold Standard Verified Emission Reduction (GS VER) and Certified Emissions Reductions (CER).

Current projects in our portfolio include:

UK tree planting and Protecting the Amazon

Your greener choices can help to boost local biodiversity. Help us to plant trees in UK schools & nature reserves so they remove carbon dioxide, protect biodiversity, and teach kids about climate change. For each tree planted in a UK school, we'll go one step further and protect a tree in the Amazon rainforest, preventing it from being cut down.

carbonfootprint.com/plantingtrees



Renewable Energy

Members greener choices can help to fund more renewable energy. Help us to invest in the construction of a new wind farm in Thailand. This will reduce their reliance on fossil fuels for energy production and effectively decarbonise its national grid.

carbonfootprint.com/thailand_wind



Community projects

Your greener choices can help to improve the health and lives of women in local communities in Darfur, in Sudan - one of the poorest countries of the world. Help us to replace wood burning stone fires with EzyStoves®. This will offer 40% savings in wood burned and will reduce smoke particles by 70% that are harmful to eyes and lungs.

carbonfootprint.com/gd_darfur_cookstoves_offset



4

How to change driving behaviour.

Vitality Good Driving programme.

Vitality is a global leader in Shared Value insurance, incentivising behaviour change for the benefit of all stakeholders. In order to sustainably change the driving behaviour of our members, we created the Vitality Good Driving programme.

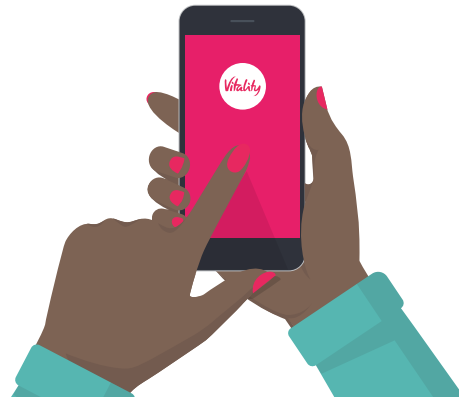
The programme rewards members for good driving. It guides them on a journey of driving improvement through three simple steps:

Step 1 - Understand your driving

Using the latest telematics technology, developed in partnership with Cambridge Mobile Telematics (CMT), we can provide members with the detailed view of their driving behaviour using only their mobile phone and a small car sensor.

The combined data from the phone and sensor readings is translated into simple metrics of good driving which have been shown to be highly predictive of risk: the Vitality ABCDS.

Members are provided with instant and granular trip feedback in the Vitality Member app. This allows them to get an accurate understanding of their driving, while also enabling them to make immediate changes to their driving.



Step 2 - Drive well

To encourage sustained behaviour change, the Vitality app and sensor offers members actionable insights from the underlying app data, as well as daily Good driving points (up to 6 a day) which they can use to build a good driving status. The points and Good Driving status system provide the structure, pathways, and incentive for members to drive better.

The points structure is based on the five behaviours which increase the risk of an accident: harsh acceleration, harsh braking, harsh cornering, distracted driving, and speeding (ABCDS).

The fewer ABCDS a member incurs throughout the day, the more points they can earn. They can see not only where, but also why they lost points, which feeds into a daily loss aversion structure, motivating members to improve on their next trip.

At the end of each day, the remaining points contribute to a member's weekly Active Rewards as well as their Good Driving status.

The daily points system makes the Good Driving programme transparent and easy for members to understand. This gives members more control and makes it easier for them to improve their driving behaviour.

To recognise members' efforts to reduce their environmental impact, we also reward car-free days. And when they do drive, we provide them with the opportunity to offset up to 100% of their carbon emissions.

An infographic on a teal background. At the top is a speedometer icon. Below it, the text reads 'Up to 6 Good Driving points based on how well they drive'. Five circular icons represent driving metrics: a speedometer for 'Accelerating smoothly', a hand on a brake pedal for 'Braking smoothly', a steering wheel for 'Cornering smoothly', a smartphone for 'Avoiding mobile use', and a speedometer with a red line for 'Avoiding speeding'. At the bottom, a large '6pts' is displayed with a downward-pointing arrow above it.

Step 3 - Get rewarded

The Good Driving programme uses powerful short and long-term rewards to encourage sustained engagement and improved driving.

Drive well. Get cashback

Earn up to 25% cashback every month, based on your premium¹³. So it really pays to drive well with Vitality.

Qualifying members¹⁴ can earn 1% cashback for every good driving day they earn in the month e.g. if a member earns 20 good driving days, they receive 20% cashback

What's a good driving day?

When you get the maximum 6 driving points on the app by driving well or having a car-free day. You can earn up to 10 good driving days a month for car-free days.

Weekly Active Reward with Caffè Nero - uses the principles of micro goals, loss aversion and rewards as motivation to change and sustain driving behaviour. Members earning at least 32 points in a week will receive a free weekly coffee at Caffè Nero and 25% off food.

Status Rewards - are incentives designed to sustain positive behaviour change in the long-term. Weekly points help the member build a Good Driving status throughout the plan year - from Bronze up to Platinum - enabling them to control their insurance costs.

As a member's excess is linked to their Vitality status, **members on Platinum status can reduce their excess by £250.**

Our Good Driving programme means that members are rewarded for driving well, regardless of whether they make a claim or not.

13. Optional extras and interest charges are excluded. Terms and conditions apply.

14. Qualifying members must purchase a Vitality car insurance plan, fit our sensor & connect it to Vitality and earn at least 10 good driving days a month.

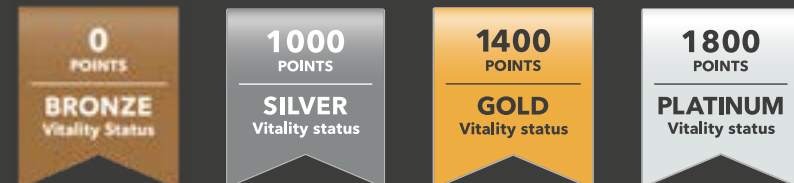
Drive well. Get cashback.



Get Rewarded

UP TO 25% CASHBACK

CAFFÈ
NERO



	Bronze	Silver	Gold	Platinum
Excess reduction	£0	£50	£125	£250

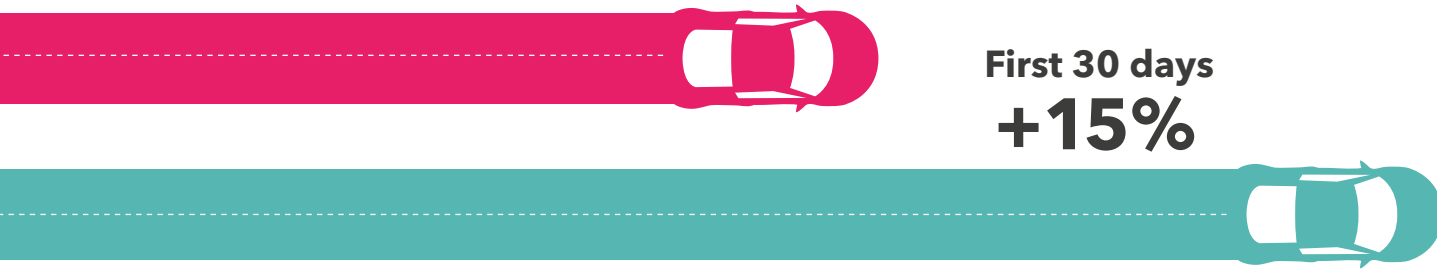
A programme based on behavioural economics

We know from Department of Transport statistics that 50% of car accidents are caused either fully or partially by the behaviour of the driver. At the same time, while the benefits of safer driving are immediate and visible, we know that people display several cognitive biases when it comes to their driving. For example, 45% of people think they are excellent drivers when only 12% actually are.

Our experience shows that the use of rich and aspirational rewards is far more effective than appealing to individuals to change behaviour for health or safety reasons alone. Therefore, at each step of the Good Driving programme, we've incorporated learnings from behavioural economics into the design of the programme.

Our data shows that on average, drivers can expect a 15% improvement in driving behaviour within the first 30 days of using our programme.¹⁵

Improvement in driving behaviour



Some of the key principles utilised within the programme are:

Behavioural economics principle	Application in the Vitality Good Driving programme
OVER-CONFIDENCE AND OVER-OPTIMISM People are generally overconfident in their own abilities and prospects, including their health	The instant and granular trip feedback in the Vitality App allows members to get an accurate understanding of their driving, while also enabling them to make immediate behavioural changes.
LOSS AVERSION Individuals generally dislike losing something twice as much as they like gaining something.	The programme uses a daily loss aversion points structure. Each day members receive 6 Good Driving points and must drive well to maintain these points. The better members drive, the fewer points they lose during the day. At the end of each day, the remaining points contribute to the member's rewards.
HYPERBOLIC DISCOUNTING Future rewards of a good driving are significantly undervalued relative to cost today	The Vitality Good Driving programme allows members to benefit from good driving immediately through receiving weekly coffees and rewards.



15. The journey of creating a nation of good drivers: A Vitality Drive White Paper, December 2020

Using the latest technology as a powerful enabler for behaviour change

Technology has consistently been at the forefront of initiatives in motor vehicle design, environmental safety and driver education aimed at making roads safer and preventing and reducing the impact of car accidents. Some examples of this life-saving technology include air bags, shatterproof windows, crumple zone, safety belts, daylight running lights, electronic stability control, anti-lock brake system and traction control.

Even though driver behaviour has been identified as the primary factor contributing to motor vehicle accidents, little has been done to use technology to encourage individuals to drive more safely. Smart vehicle tracking technology provides the tools to enable this approach, but current adoption levels have left its promise largely unfulfilled. Counterintuitively, the reason for this has less to do with the science of tracking technology or insurance underwriting, but with the transactional and punitive nature of the insurance products that support it.

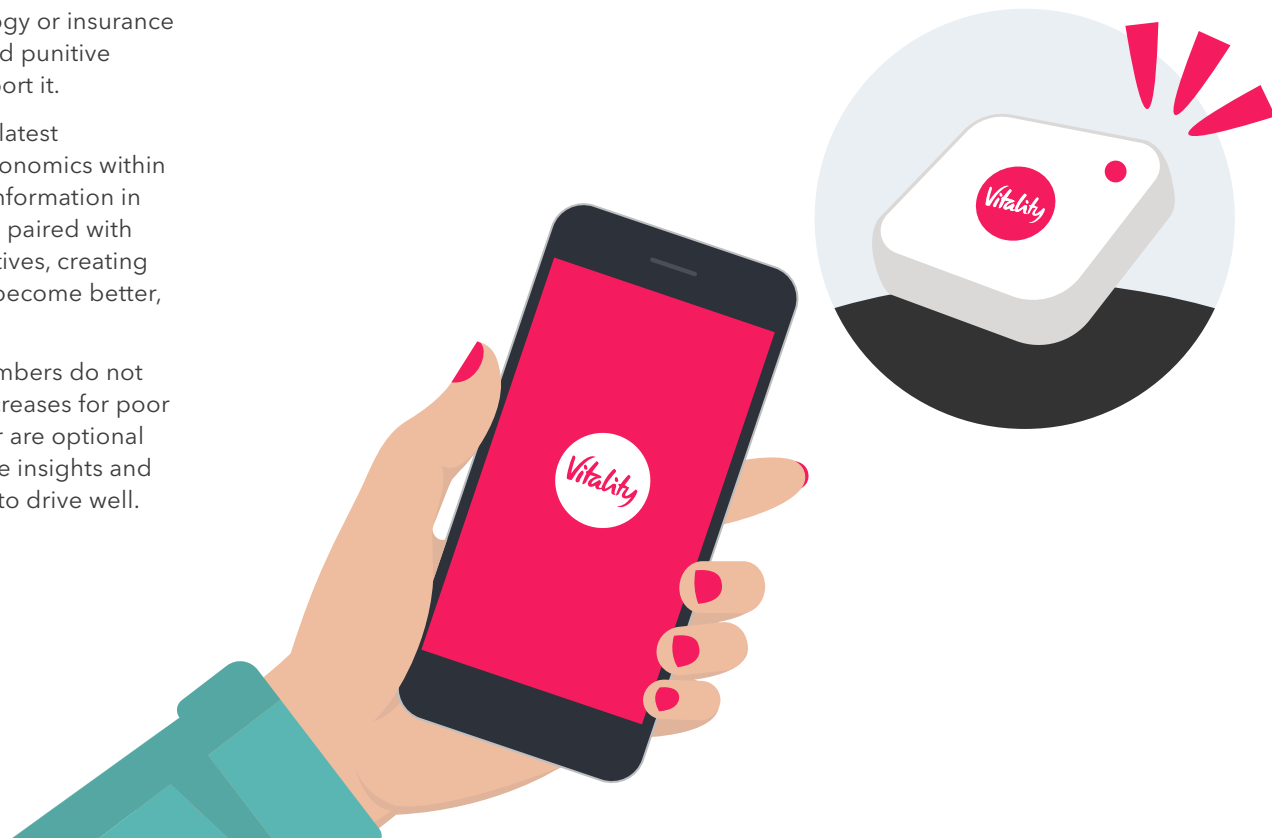
The Good Driving programme utilises the latest technology combined with behavioural economics within its design. This provides detailed driving information in an easily accessible, cost effective manner, paired with improvement tools and appropriate incentives, creating the desire, need and ability for people to become better, safer drivers.

Unlike traditional telematics solutions, members do not face premium uncertainty with punitive increases for poor driving. Rather, the Programme and sensor are optional and are designed to foreground actionable insights and provide a compelling upside to members to drive well.

They do this in the form of weekly rewards and a reduced claims excess.

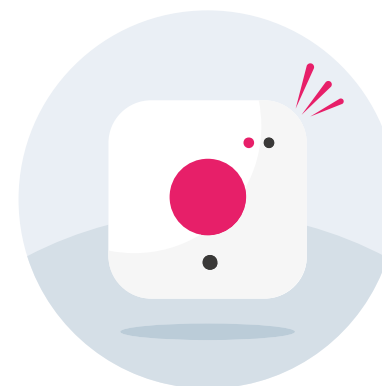
It is these regular and positive interactions with the member that transform car insurance from a transactional contract to an engaging relationship.

Vitality Car Insurance provides members with an award-winning smartphone-enabled vehicle tracking sensor. The app and sensor were developed in partnership with CMT, which is a US-based telematics technology provider founded by computer scientists from Massachusetts Institute of Technology (MIT). The Vitality sensor is easily installed on the inside of a member's windscreen and, with the Vitality app, gives them immediate, granular trip feedback that helps them improve their driving.



Our Vitality sensor and smartphone app combination provides superior technology and benefits:

- We can incentivise members to practise good driving behaviours with benefits such as a reduced excess.
- Since the sensor is inside the vehicle, there is an improved accuracy of driving behaviour data, compared to an app alone.
- We are able to provide detailed, real-time trip feedback shown on a map so a member can immediately see how well they drove during each trip and where they can improve.
- Easy installation, with members able to install the sensor themselves.
- The ability to match the sensor to the vehicle, so that it is clear when the sensor is used by the primary driver in the insured vehicle.
- Allows the measurement of phone use while driving.
- Cost-effective technology, the sensor is included at no cost as part of a Vitality car insurance policy.
- Allows for state-of-the-art safety features like Crash Detection, which can detect whether a member has been in an accident and alerts a phone call to the member to check if they are okay. In severe cases, the Crash Detection feature allows us to call an ambulance to the location of the member.
- The Vitality sensor has been internationally recognised:
 - The Most Innovative New Digital Product and Overall EMEA Digital Champion at the 2015 Gartner Financial Services Cool Business Awards in Barcelona in 2015.
 - 2018 Celent Model Insure Award in the Innovation and Emerging Technologies category.
 - Best Commercial IoT solution in the 2019 MTN Business Internet of Things (IoT) Awards.
 - Best Use of Technology in the 2022 UK Customer Experience Awards (CXA).



What is a carbon offset and carbon offsetting?

Our everyday actions, at home and at work, consume energy and produce carbon emissions. A carbon offset is a way to compensate for your emissions, by funding a carbon saving elsewhere.

Carbon offsetting is the process of funding projects around the world that help to reduce carbon emissions by a measurable and verifiable amount.

Our carbon offsetting projects also provide wider societal benefits:

- Biodiversity
- Education
- Jobs
- Food security
- Health & wellbeing.

www.carbonfootprint.com/carbonoffset

carbonfootprint.com/carbonoffset_faq

What does it mean to be carbon neutral?

An activity is carbon neutral if all the carbon emissions resulting from that activity has been mitigated or balanced out by offsetting.

Is offsetting the solution to climate change?

It's not the solution if done in isolation, but it does play a vital role in rapidly helping to combat climate change.

Individuals, businesses, and government organisations can all take steps to reduce carbon emissions.

Carbon offsetting can then be used for unavoidable carbon emissions.

www.carbonfootprint.com/carbonoffset

Find out more.

**For more information please speak to your
adviser or visit our website vitality.co.uk/carinsurance**

VitalityCar is trading name of Vitality Corporate Services Limited which is authorised and regulated by the Financial Conduct Authority.

J6507_09/2022