



RSA's Response to the ClimateWise Principles

June 2015

RSA is one of the world's leading multinational quoted insurance groups. We have major operations in the UK, Scandinavia, Canada, Ireland and Latin America with the capability to write business in around 130 countries.

Focusing on general insurance, we have around 19,000 employees and, in 2014, [our net written premiums were £7.5 billion](#).

Our products include:

- Commercial insurance services for businesses (e.g. property, motor, marine and energy generation);
- Personal insurance products (e.g. household, motor and pet insurance) sold directly to consumers; and
- Personal insurance sold to consumers through intermediaries such as insurance brokers and agents.

Within our regions, we operate under several different brands of which some are mentioned in our response below. These are summarised below.

Country	Brand
UK	More Than
Scandinavia	Trygg Hansa
	Codan
Canada	Johnson

Our 2015 ClimateWise Response

RSA Group is a member of ClimateWise, an insurance industry group committed to stimulating action and new thinking to reduce the long-term risk from climate change. We continue to actively support ClimateWise both directly in its governance and through promotion of its ongoing aims and activities as well as in our own actions.

Our major actions relating to the six ClimateWise principles in 2014 are detailed below. More information about these activities can be found on our [Corporate Responsibility website](#) and in our [Annual Report and Accounts 2014](#), or alternatively email [Jennie Colville, Group Corporate Responsibility Manager](#).

Principle 1: Lead in risk analysis

1.1 Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests. Where appropriate share this research with scientists, society, business, governments and NGOs in order to advance a common interest.

The risks from climate change and extreme weather are of great concern to our business and stakeholders. The cost of weather-related disasters in the last five years is almost half a trillion dollars (\$490 billion) – three times more than for the 1970s. Furthermore, according to the World Bank, weather related losses and damage have risen from an annual level of about \$50bn in the 1980s to close to \$200bn in the present day. We are working to get a better understanding of environmental risks so as to help our customers and wider society mitigate and adapt to them. Below are some examples of this work from across the business.

Environmental Systemic Risk

In 2014, following research with WWF and PwC on understanding the implications of environmental systemic risk on our customers and businesses, we published a whitepaper entitled: [Environmental Systemic Risk and Insurance](#). In June, we [co-hosted a round table to launch the report](#) and bring together insurers, environmental analysts, policymakers and campaigners to discuss environmental systemic risk (ESR). We wanted to identify the steps insurers need to take, individually and collectively, to protect natural assets as well as the jobs and communities which depend on them, both locally and further afield. Environmental systemic risk can be defined as a risk that is caused by an environmental trigger that is not contained due to interlinkages and interdependencies between different places, activities or assets. An example of this is demonstrated by the 2011 floods in Thailand where there were more than 800 deaths and more than five million people in total were affected. Around 10,000 factories were forced to close and 50,000 workers were laid off while production was suspended. But the damage spread beyond Thailand's shores. The country is an important supplier for the consumer electronics, textiles and automotive industries. Manufacturing output in November 2011 fell to half of what it was in June of the same year. For those relying on Thai suppliers as part of their global supply chain, the effect was extremely damaging.

The report assesses how ESR might impact insurers, the barriers to management of ESR, recommendations for insurers and a number of case studies showing how an environmental catastrophe can lead to wider economic, social and environmental impacts.

Due to changes within RSA, further work on this research has not been taken, however, we anticipate to review the recommendations (see below) and assess how we can take some of them forward in 2015/16.

But more can be done to improve this, including:	For individual insurers, some or all of the following might be appropriate:
<ul style="list-style-type: none"> • Talking to governments and regulators. This will help tackle unhelpful variations in different jurisdictions, give clearer market signals, remove obstacles in the way of responsible action and help ensure officials and insurers work together on prevention and mitigation plans such as flood defences; • Collaborating with other insurers and reinsurers. A consistent message is that no insurer or reinsurer can go it alone. Market-wide approaches are needed which also balance against anti-trust concerns. Regulators should be brought in at an early stage; • Building close relations with information providers. Outside the insurance industry itself these include academics, NGOs and risk modellers; • Engaging more with customers. Larger clients can be an especially useful source of information which enriches risk-management strategies. Where the cost of one-to-one interactions is prohibitive, trade groups or strategic partnerships can help; and • Participating in industry initiatives. These can identify shared views, spread best practice and provide a neutral forum for co-operation. 	<ul style="list-style-type: none"> • Establish a clear mandate from the Board for identifying environmental systemic risk, both financial and non-financial, and integrating its management into all core insurance processes; • Conduct a portfolio review to assess the impacts of environmental systemic risk across all business lines, both on the insurance and investment sides of the balance sheet; • Identify any opportunities for competitive advantage in areas such as new product development and risk modelling; • Review underwriting guidelines to reflect environmental systemic risks; • Undertake more research and identify better data to inform levels of pricing, capital and reserves to match changing risks; and • Provide information, tools and training to employees to develop environmental systemic risk-management skills.

Understanding implications of climate change

In July 2014, we responded to a survey from the Prudential Regulation Authority (PRA) to detail the current and future impacts of climate change on our business, our approach to managing climate change risk, including climate change risk thresholds; and the role of the insurance industry, and within this, insurance regulation, in supporting adaptation to potential climate change.

The PRA created the survey to respond to a request from the Department of Environment, Food and Rural Affairs (DEFRA) to inform the Climate Change Risk Assessment review due in 2017.

Renewable energy mapping with WWF Canada

In February 2015, as partner of WWF Canada, RSA Canada hosted a Renewable Energy Mapping Consultation where industry professionals including some of our broker partners were invited to discuss and provide feedback on WWF Canada's Renewable Energy mapping project undertaken in 2014. In 2014, WWF Canada worked in partnership with the Waterloo Institute for Sustainable Energy (WISE) to develop a map that shows the potential of Renewable Energy across the country. Upon completion, WWF Canada will be using the map to demonstrate the feasibility of low-impact, habitat friendly Renewable Energy to meet electricity in priority regions.

The goal of this consultation session was to provide participants with an opportunity to influence the direction of the map to ensure the end product would be of value to the industry. It was a very engaging discussion; having participants from all areas of the Renewable Energy sector including investors, industry experts, brokers and RSA as an insurer, provide WWF Canada and WISE with a holistic view of the requirements needed to succeed in their goal of increasing the use of renewable energy in Canada.

It also provided RSA Canada with the opportunity to demonstrate our expertise in Renewable Energy and it was a great demonstration of the impact that collaboration and sharing of expertise can have on the future of Renewable Energy in Canada.

WWF Canada and WISE are now working on the feedback from the consultation to finalise the research.

1.2 Support national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.

In the UK, our Loss Adjusting Services use Eurotempest, a company who supplies detailed meteorological information, to provide us with accurate alerts and forecasts for impending extreme weather events. Using these alerts, we identify customers in the affected areas informing them of the upcoming event via SMS messages, social media and/or phonecalls so that they have time to make their homes and possessions safe.

Given the inherent natural uncertainty of weather losses, we monitor and model weather and extreme weather as these are the events that cause claims, not climate. We use a range of external models to review windstorm, hail, river flood and storm surge plus internal models and analysis for freeze and cloudburst. The models do not assume future meteorological trends as they are statistically calibrated based upon historical weather and insured loss data. Virtually all of our insurance business is transacted on an annual basis and therefore, premiums can be adjusted quickly if need be.

We have made considerable investments in developing GeoRisk tools. We are able to record (geo-coding) the physical location of risks worldwide to improve risk selection, the management of accumulations and for the rapid identification and management of claims, especially flood. Apart from enabling us to provide a proactive event response service to our customers, this also brings benefits in buying reinsurance.

1.3 Use research and improve data quality to inform levels of pricing, capital and reserves to match changing risks.

RSA uses many explicit and implicit assumptions within pricing, reserving and capital modelling. RSA works alongside other industry members (e.g. catastrophe modelling experts) to update model assumptions periodically to respond to new research and development including the impacts of climate change. RSA has employees interested and involved in climate change research that will feed back in to modelling approaches and uncertainty estimates at appropriate times. Employees have recently attended events on the impact of climate change e.g. on European windstorm clustering and European hail events.

1.4 Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with technological developments.

Reducing the costs of renewable energy, enabling projects to proceed and supporting innovation

Since we insured the first offshore wind farm in 1991, we have continued to lead the Renewable Energy industry. Our international team of Renewable Energy underwriters have experience totalling over 600 years and can cover insurance needs in over 130 countries. We provide insurance across the full customer experience – from the manufacturing of the technology and the early transportation of materials, through to the construction phases and on to the provision of a full insurance solution for the operational life of the facilities. We have also built our strength on grid-to-grid connections which supports the flow of energy between countries as well as being engaged in offshore wind cluster projects.

With the largest number of Renewable Energy insurance experts in the world, we have Centres of Excellence specialising in a number of technologies, including:

- Wind energy – Onshore and Offshore
- Solar energy – Photovoltaics, Concentrated and Thermal installations
- Hydro energy
- Bio energy – Biomass, Biogas and Biofuel
- Wave and Tidal energy.

Our products cover:

- Transit – Marine Transit and Marine Delay in Start-up
- Construction – Contract Works, Advanced Loss of Profits and Liability covers
- Operations – Property All Risks, including Machinery
- Breakdown, Business Interruption and Liability covers.

With our experience, we are willing to evaluate the risks of new technologies and prototypes. When underwriting prototypes, RSA limits exposure to certain risks by offering restricted cover. However, we will still underwrite the project to a certain extent, e.g. weather damage. RSA can then build its expertise over time as it insures these projects.

In December 2014, we presented at the UK Offshore Wind Programme Board describing how through effective risk management and early engagement with the insurer in development/design phase, the risks and costs of offshore wind can be reduced. This in turn can create a positive investment environment for new and emerging technologies. For example, following Codan insuring the world's first operational deep-water floating wind farm in Norwegian waters, Hywind; additional floating wind turbines have been built elsewhere e.g. Windfloat in Portugal and there is interest in Japan for the technology. The benefits of floating wind turbines is that servicing is much easier as they can be towed into harbour rather than having people attempt repairs in dangerous high seas. Meanwhile spare turbines can be kept so that capacity is maintained and no ship voyage to and from the floating installation is wasted. Without expensive fixed foundations, as scale is achieved floating platforms could bring down the cost per MWh considerably.

There will always be new technologies and methods and RSA is prepared to follow them. We are continually learning risks and bettering technology, giving us the opportunity to get ahead of our competitors.

Of recent, RSA has been participating on the projects listed below which are the first of their kind and test projects:

- Wind Float – Portugal
- Hywind – Norway
- Fukushima project – Japan

For more information about RSA's expertise managing risks associated with renewable energy, download our [Renewable Energy brochure](#).

Improving road safety and reducing fuel consumption through telematics

Motor insurance is a substantial part of our business and we have a clear commercial interest in making the world's roads safer. That is why we are promoting the use of telematics for our motor insurance customers as one of the incentives to promote safer motoring for all users.

Telematics is not a new invention and has been used for over a decade in commercial vehicles, by the emergency services and Formula One teams. However, the technology is now widely being used in road cars. The benefits of telematics are numerous but generally include improved mileage and time management of fleet vehicles, lower fuel consumption and associated emissions and improved safety and security by identifying speeding, harsh braking and acceleration, sudden steering changes and over-revving.

The way it works is that a "black-box" is fitted to a vehicle and the driver's behaviour is monitored by taking account of factors such as acceleration, braking and speeding. In the case of our MORE TH>N SMART WHEELS product, drivers can also download a mobile app and access a personalised web-

based dashboard which provides feedback on the performance of their driving and offers tips on how to improve, helping them to become safer and reduce fuel consumption. Drivers also earn a quarterly cash reward related to their driving score, meaning the amount paid for the premium is reduced. RSA Canada will be launching their telematics product later this year.

Principle 2: Inform public policy making

2.1 Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk. This should include supporting the implementation of emissions reductions targets and where applicable supporting Government action that seeks to enhance the resilience and reduce the environmental impact of infrastructure and communities.

RSA engages with ministers, civil servants, political advisers, parliamentarians, regulators and trade bodies to ensure that our voice is heard at European, UK and devolved nation levels on a wide range of issues of concern to the company including climate change.

We work through existing networks of parliamentarians, such as the All-Party Parliamentary Group on Insurance & Financial Services, as well as attending events with parliamentary speakers and attendees hosted by trade and membership bodies such as the ABI, CBI and TheCityUK. We have regular meetings with officials from relevant government departments to discuss more technical or in-depth policy issues and more specialist briefings with financial regulators.

We are also members of several insurance sector groups and business groups which are focussed on supporting the implementation of emissions reduction targets and enhancing climate change action. Below is a list of the organisations which we are members of:

- ClimateWise
- Association of British Insurers (ABI) Climate Change Working Group
- UNEP Finance Initiative Principles for Sustainable Insurance
- Member of the Energy and Climate Change Committee of the UK's main business lobbying organisation, The Confederation of British Industry (CBI)
- Swedish Insurance Society
- European Wind Energy Association
- Spanish Wind Energy Association

Involvement in the development of the UK Flood Re Programme

We have worked closely with the ABI throughout its negotiations with Government via a number of working groups to discuss the operation of the pooling model and issues around how often such a system would be reviewed over the long term. We have robust communications in place in the event of media or customer questions, which in respect of the former, have been largely directed at the ABI.

We attended an industry meeting with Environment Secretary Owen Paterson and Water Minister Dan Rogerson on the progress of the Water Bill on 28 January 2014. We also attended a meeting at No 10 on 18 February with the then Chair of the Policy Board, Jo Johnson MP, and Cabinet Minister, Oliver Letwin MP, along with the ABI and industry CEOs. The meeting discussed the insurance sector's response to ongoing flooding across the UK. RSA also met with Shadow Environment Secretary Maria Eagle along with the ABI.

We emailed all MPs likely to be affected by the storms and floods, warning them of the extreme weather. We have created audio and video material offering advice to customers on how to protect

their homes from flooding and what to do in the event of a flood and plan to send these to relevant MPs to distribute to constituents. We attended a Council community surgery in Somerset and met with the local MP Ian Liddell-Grainger, along with some customers on 21 May.

UK Parliamentary drop-in and debate briefing on flooding

We hosted a Parliamentary drop-in event on 10 June sponsored by Kwasi Kwarteng MP. The session enabled MPs to find out more about how they can assist their constituents to prepare for and manage flooding. RSA also contacted David Davis MP and David Heath MP in advance of their Parliamentary debates on flooding to offer information about the insurer response to the floods.

Across the group

In Sweden, we are a part of the Swedish Insurance Society through which together with other insurance companies we have developed a common climate platform. Through the society, cities have been ranked based on the actions they are taking to mitigate and adapt to climate change. Kristianstad (a smaller city in south Sweden) emerged as the best city to be taking action in this area.

Through the society, we will focus on lobbying decision makers in the state, counties and municipalities to ensure that government appoints responsible people and departments to deal with climate-related issues and actions. We have identified the areas where we can see the greatest risk from climate change within home and content insurance and holiday home insurance. Currently, we will focus on these risks.

2.2 Promote and actively engage in public debate on climate change and the need for action.

Through our membership of ClimateWise, the Association of British Insurers (ABI) Climate Change Working Group and the UNEP Finance Initiative Principles for Sustainable Insurance, we are actively engaging in the debate around agreeing a legally binding and universal agreement on climate, with the aim of keeping global warming below 2°C to be negotiated at COP21 in Paris later this year. Through these memberships, we are supporting position statements and publications that will be presented at COP21 to show how the business community specifically the insurance sector supports an agreement being made.

We are also preparing our own position statement on climate change that will be published on our Newsroom website before the end of the year.

As RSA insures the manufacture of more than 25% of the world's wind turbines and provides cover for around 80% of the world's offshore wind farms, we are an active member of Renewable UK and the European Wind Energy Association (EWEA) to promote renewables as a critical part of the energy mix for a low-carbon future. RSA Spain is a member of the Spanish Wind Energy Association (AEE) which is the voice of the wind sector in Spain (<http://www.aeeolica.org/>). We collaborate with them as keynote speakers at various events.

Principle 3: Support climate awareness amongst our customers

3.1 Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.

In recent years we have seen an increase in the number of severe weather events impacting our customers and increasing our exposure to claims. The most noticeable trend has been the increase in floods and temperature drops. We have an opportunity to mitigate against some of our claims risk

and improve customer experience by informing our customers of impending weather events and providing advice on readiness.

Informing customers of climate risk and providing support

In Denmark, Codan has developed tools to help members of the public prepare for weather risks before they happen. These include an SMS text service that informs subscribers about upcoming extreme weather events and provides advice on what to do to prepare. Over 10,000 people subscribe to this service, which has led to a reduction in the number of storm damage claims.

In 2014, the marketing team in Canada, along with brokers, created a broker microsite called Climate Smart (<http://www.rsabroker.ca/campaign-page/climate-smart>) which has information, insights and tools available for brokers to share with their customers so that clients can be better prepared for a changing climate. Example tools from the site are shown below. The site is currently being updated to include a Wildfire section. Additional weather-related resources for homes and small business can be found here: <http://www.rsabroker.ca/broker-services/risk-advice-home-small-businesses>.



Infographic explaining benefits of being Climate Smart

CHECKLIST TO PREVENT **WATER DAMAGE**



- | | | |
|--|--|--|
| <p><input type="checkbox"/> 1. Know where your shut-off valves are—and how to turn them off in an emergency. This includes locating the valves for your:</p> <ul style="list-style-type: none"> <input type="checkbox"/> main water shut-off <input type="checkbox"/> dishwasher <input type="checkbox"/> hot-water tank <input type="checkbox"/> sinks <input type="checkbox"/> toilets | <p><input type="checkbox"/> 4. Check all appliance hoses (washer, dishwasher, refrigerator, etc.). Appliance hoses only last approximately five years. Consider replacing old ones with wire-mesh hoses that include automatic water shut-off valves.</p> | <p><input type="checkbox"/> 8. Install extensions on all downspouts. Extensions help carry the downspout water away from your home's foundation, keeping it from entering the basement.</p> |
| <p><input type="checkbox"/> 2. Know where your basement floor drains are, and keep them clear.</p> | <p><input type="checkbox"/> 5. Keep items off the basement floor. Store items on shelves, instead.</p> | <p><input type="checkbox"/> 9. Visually inspect your roof twice each year. Contact a roofing contractor if shingles appear deteriorated or missing. If you have a flat roof, have a roofing contractor make an annual inspection.</p> |
| <p><input type="checkbox"/> 3. Keep your eavestroughs and downspouts clear—check in the fall after the leaves have fallen, and in the spring to look for ice buildup.</p> | <p><input type="checkbox"/> 6. Check your hot-water tanks. Hot-water tanks last for about 10 years on average. Check to see if your tank shows signs of leaking, visible rust or dark water at the faucet—you may need to replace your tank sooner.</p> | <p><input type="checkbox"/> 10. Consider installing a leak-detector or high-water alarm.</p> |
| | <p><input type="checkbox"/> 7. Contact a professional to install sump pumps and back-water valves, and have them inspected annually.</p> | <p><input type="checkbox"/> 11. Finally, be sure to prepare an inventory of your valuable items—keep one copy at home, and one off site.</p> |

Checklist to prevent water damage

In the UK, we have established the Severe Weather Alert Communications team, part of our overall Surge Plan Team and developed a process to ensure we can respond quickly and deliver a joined up and organised approach to severe weather events, across all customer communication channels. Once we have been notified of a weather event that we feel will impact our customers, the trigger is pulled to identify the postal areas that could potentially be impacted and the customers most likely to be affected. The Severe Weather Alert Communications team then formulates a plan of action to agree the most relevant content, channels and messaging. Examples of some of the messaging that was sent out in the winter of 13/14 can be seen below.

INSIDE

MORE TH>N

Category: Car News

ADVICE ON DRIVING IN STORMY WEATHER

Driving in stormy weather and high winds can potentially be very dangerous, so we've put together some help and advice on how to prepare for driving in storms and strong winds.

22/07/2013

By Rachel



IS YOUR JOURNEY REALLY NECESSARY?

If there is a storm approaching, think about whether your journey is really necessary. Listen to news bulletins and weather reports to see what the travel advice is. If roads are closed and police advice is to stay at home, think twice about heading out.

16/10/2013 Wed

Hello Mrs Baxter, heavy rain is forecast in your area. At MORE TH>N we want to help you be flood-ready. For advice visit here: <http://tinyurl.com/neu8q54>

13:50

< Messages (2) MORE THAN Contact


Text Message
Today 18:25

Hello Miss Pemberton, the Met office predict bad weather this weekend. For advice or to make a claim, visit: <http://tinyurl.com/pebw1ch>



More Than
November 18, 2014 ·

Take our winter driving safety quiz to brush up on your knowledge
#RoadSafetyWeek <http://bit.ly/1BJLbqF>



Winter driving quiz | Inside MORE TH>N

Category: Car News Winter driving quiz Winter...it's cosy enough when you're warm inside, but it can be awful if you're out on the roads. Ice, rain and snow can make driving conditions treacherous, so we've devised a quiz to prepare you for...

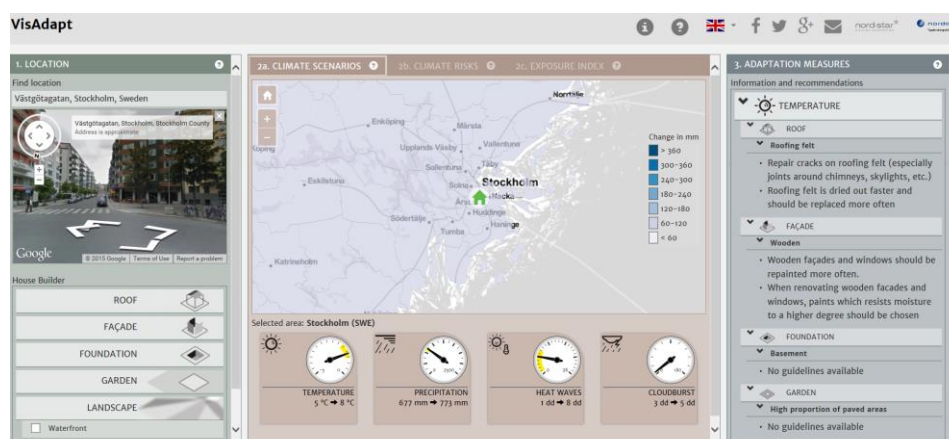
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Supporting customers to assess their own levels of risk

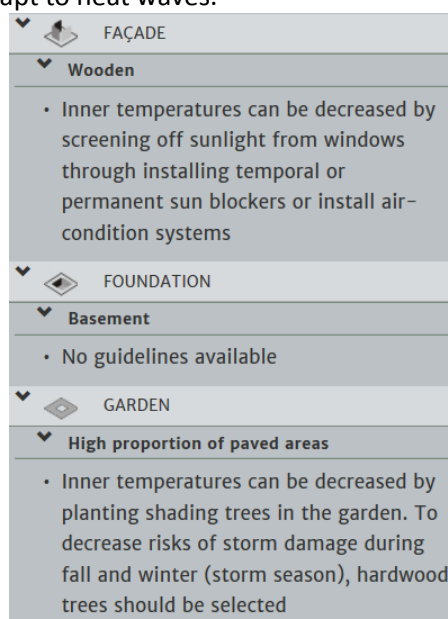
Codan has supported a new tool that encourages adaptation. Developed with Linköpings University, the [VisAdapt website](#) allows users to assess the risks their properties may face under different extreme weather and storm conditions. It also provides advice and potential resilience solutions based on the specific risks of the property. The website has been viewed over 13,000 times, with 16% of viewers returning to the site.



3.2 Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.

Some examples from across the business on how we encourage our customers to adapt to climate change and reduce their greenhouse gas emissions.

1. Through the [VisAdapt website](#) described in 3.1 above, we provide advice and potential adaptation measures based on specific risks of the property. Examples of these measures are shown below on how to adapt to heat waves.



2. In Denmark, we have launched a website that offers advice to homeowners on preventing water claims from cloudbursts and storms. The site features instructional videos on how to avoid flooding by installing a backflow preventer and how to lead excess water away from the house. We back this up by offering a 15% discount on home insurance premium once a preventer is installed. Danish customers with defective windows on their homes are also offered a free analysis of what they can save by switching to energy efficient windows.
3. All our commercial motor customers in Scandinavia are introduced to eco-friendly driving techniques through our policy documentation. This encourages drivers to drive more sensibly, reducing fuel consumption and associated carbon emissions.
4. In Canada, RSA has developed a unique endorsement for home insurance policy forms, where policyholders can opt to replace damaged property with environmentally friendly, non- toxic, and energy-efficient alternatives – even if they cost more to replace. See <http://www.rsabroker.ca/broker-services/climate-smart/green-endorsements> for more information. This endorsement can assist the policyholder in rebuilding a much greener home.
5. In the UK, RSA supported the introduction of the UK Government’s Repair and Renew Grant with information, advice and guidance on Flood Resilient Repairs provided for customers who suffered flooding in the winter of 2013/14. RSA are also engaged in a working party on Water Damage Research set up by the ABI together with the committee set up to write the new British Standard BS12999 Damage Management.

3.3 Seek to increase the proportion of non-life claims that are settled in a sustainable manner.

Through our claims handling processes and suppliers, we endeavor to focus on repair and restoration strategies over replacements. This supports the claims being settled in a sustainable manner whilst at the same time helps RSA manage their responsibilities to control claim cost and provide an efficient service for our customers.

Reducing carbon and costs through repair and restoration

Our motor claims team repairs thousands of vehicles every year, spending £120million annually. As part of the vehicle repair processes, we encourage our suppliers to repair and restore vehicles instead of replacing parts (e.g. filling and painting a bumper). This reduces waste, the use of raw materials and often leads to vehicles being repaired quicker.

During 2011, RSA worked closely with ClimateWise and the Carbon Trust to explore current household claims processes and their associated carbon footprint, recommending improved scenarios to reduce environmental impact and time taken to settle the claims. Three typical claims were assessed, Escape of Water, Flood and Fire. For each claim scenario, the Carbon Trust calculated the current carbon footprint of the claims process and compared it to improved scenarios to reduce the carbon emissions. Each improved scenario indicated up to 42%, 66% and 50% reduction in emissions respectively which could be achievable predominantly through targeted energy consumption onsite to avoid material replacement and associated waste (e.g. using faster drying techniques, cleaning and deodorizing materials) and using local contractors instead of national contractors reducing emissions from travel.

As a response to this work, RSA has significantly revised its claims handling process through the development of a Project Managed claims model implemented through 2013 and 2014. The key change with regards to environmental impact has been the termination of a blanket pre-emptive strip-out and instead prioritizing drying out/cleaning damaged properties before assessing remedial works. These changes have resulted in RSA achieving “demonstrable and significant carbon reductions” and “significant financial savings” (Carbon Trust, 2012).

In 2014/15 we have continued to develop the Project Managed approach with tools to help our project managers manage the claim timeline to take out dead time between claim phases of strip out, drying and repair and reduce customers’ temporary accommodation periods.

Working with suppliers to reduce costs and carbon

Strategic partnerships are being developed with suppliers to support our repair and restoration strategies over replacement.

With regard to drying out properties following water damage, in the UK we have a bespoke contract enabling us to offer a rapid drying solution which reduces drying time on average from 12 weeks to 3-4 days. Through engagement with our strategic partners we will look at how we can extend further the usage of rapid drying and drying with heat to reduce drying times across a wider range of claims. Rapid drying not only reduces the energy consumption onsite but it also reduces disruption to the customer.

Another success story from the UK has been seen in the repair and restoration of flooring, electricals and mobile phones. A new supplier, Magicman, has been introduced to focus on 'invisible' repairs of damaged building elements such as baths, sinks, kitchen worktops, floor tiling, doors and windows instead of replacing. For subsidence claims, we have a 'lightweight structures' initiative which looks to repair conservatories and small extensions rather than rebuild.

We have also been working with suppliers to explore the use of technology to reduce the need for site visits (thereby reducing carbon emissions from travel) through the use of video streaming, remote monitoring and video and image sharing with customers. An example from Denmark is that de-humidifiers can be operated remotely and therefore switched off when not required instead of a controller having to visit the site.

3.4 Through our products and services assist markets with low insurance penetration to

understand and respond to climate change.

Making sure everyone has the opportunity to access our products is vital in breaking down some of the barriers to financial exclusion. We provide a broad range of insurance products to meet the needs of many different types of customers.

We work closely with charities and partners to better tailor our products to customers with specific needs. In the UK, we provide insurance to the charity Motability, which provides bespoke vehicles for those with mobility disabilities. Our staff who work in this area are also specially trained to deal with the requirements of our Motability customers.

Also in the UK, we provide affordable 'microinsurance' for low income households through our 'Tenant's Contents Insurance' product. This provides a flexible home contents policy for social housing tenants.

- Currently, we provide this product to 86,000 customers.
- Payments start at 73p per week with an average cost of £1.61 per week.
- To make it easier for tenants, they can pay their insurance weekly, fortnightly, monthly and annually.
- To offer our customers more flexibility, we also accept payment in various forms including direct debits, cheques or weekly and fortnightly payment cards.
- None of our customers have excesses for these policies.
- This is sold through Social Housing Associations to their tenants.

In Denmark, we have worked with the national association LEV for a number of years. Together, we have created bespoke contents and home insurance for customers with mental disability and those who care for them. We also train the LEV teams in customer service, and together we are able to provide the best bespoke insurance for these customers. [Click here to read more about these case studies.](#)

For more information about how we support all our customer needs, read our case study on our [Corporate Responsibility pages here](#).

Principle 4: Incorporate climate change into our investment strategies

4.1 Evaluate the implications of climate change for investment performance and shareholder value.

RSA had approximately £14.2 billion of investment assets in 2014, up 3% from the previous year. These were predominantly invested in high quality bonds with 98% investment grade and 66% rated AA or above.

The Group uses a number of external fund managers, including Deutsche Asset and Wealth Management, Skandinaviska Enskilda Banken (Scandinavia), AXA Investment Managers, TD Asset Management (Canada) and PH&N Investment Services (Canada) to manage its day to day investment activity. The social and environmental policies of these managers are reviewed to assess adherence to our Corporate Responsibility policies.

To date, we have not taken the decision to formally incorporate climate change into our investment strategies. However, we will continue to assess the risks and opportunities of responsible investment and how we can deliver maximum value to our shareholders at the same

time as supporting reductions in carbon emissions and improving human capital.

4.2 Incorporate the material outcomes of climate risk evaluations into investment decision making.

We keep a watching eye on the implications of climate change for our investment performance but have not yet formally incorporated any of the outcomes into our investment decision making.

4.3 Communicate our investment beliefs and strategy on climate change to clients and beneficiaries.

Our Group Investment Committee is authorised by our Board to manage all aspects of investment policy and strategy for the Group and provide oversight of the operation of the Group's investment portfolios within established strategy and risk frameworks. Within our RSA Annual Reports and Accounts 2014 which is publically available, we communicated the results of our investment portfolio and our strategy to focus on maintaining a core high quality, low risk portfolio structure.

For more information, refer to page 72 of our [RSA Annual Reports and Accounts 2014](#) for a description of the Group Investment Committee and pages 26-29 for details of the Group's investments.

Principle 5: Reduce the environmental impact of our business

5.1 Engage with our supply chain to work collaboratively to improve the sustainability of their products and services.

The scale and diversity of our supply chain presents a range of environmental, social and governance (ESG) risks which we manage by working with suppliers to encourage more sustainable business practices. In general, procurement is conducted through a central sourcing function which sets out principles on how to select, negotiate and contract with suppliers. The function is responsible for ensuring that we get the best service at the right price from suppliers and that suppliers are selected with reference to our Corporate Responsibility Policies namely the Environmental Policy and Human Rights Policy.

Once a supplier is chosen, a contract is signed which includes reference to environmental performance and human rights. In the UK and other regions, the relationship with the supplier is managed by the Supplier Relationship Management (SRM) function. Various tools (e.g. Supply Chain Conduct Risk Checklist, Corporate Responsibility Questionnaire) are used to continually assess the performance of the suppliers and to identify any reputation risks or opportunities such as swapping to local suppliers.

In 2014 in Scandinavia, a code of conduct was successfully applied to all supplier contracts.

With higher risk areas, we look for evidence of high environmental standards as supplier selection criteria and then look to maintain through the engagement. Our critical areas are in Claims, e.g. Motor Repairs and Property - restoration and recovery, building work etc. Within these high risk areas, we would consider fair trade products where available. All raw materials certificates of origin are reviewed and kept on file at the start of each contracts and managed by the SRM function.

Some examples of where we have worked with our supply chain for sustainable benefits are described below.

Saving energy from dehumidifiers after a flood: In Denmark, we started working with Rosva Skadeservice, a supplier who assists us in drying our properties after a flood. They replaced their dehumidifiers with new, energy efficient ones which can be operated remotely. This enables the dehumidifier to be turned off when not required anymore without the need for a controller to visit the site. This has reduced energy consumption and emissions from unnecessary travel by controllers.

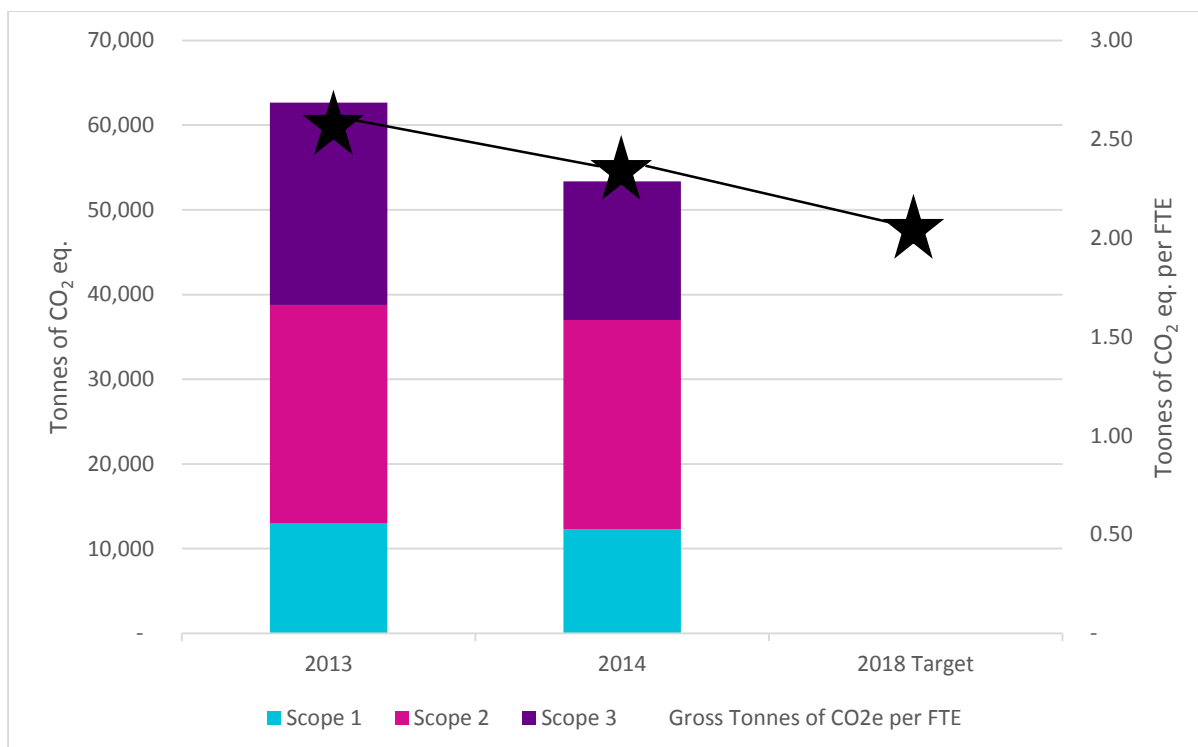
Envelope Indicia Project: In October last year our current Postal provider was changing its Brand Name from 'TNT Post' to 'Whistl'. We had over 4 million envelopes in stock at our warehouse bearing the name of 'TNT Post'. Failing to receive dispensation to continue using the envelopes with the old brand name posed us the challenge of wasting all these envelopes and having to pay to produce new ones. Working with both our suppliers, Whistl (Post) and Williams Lea (printing and warehouse) we managed to successfully transport all our envelopes from the warehouse stocks back to a printing house to have the old Brand Name blanked out with a silver strip. All this happened in the 2 weeks leading up to Christmas and was completed. There was no degradation of service to the print team and therefore to our customers. No wastage of any of the envelopes. No need to produce more envelopes with the correct Brand Name. No cost to RSA.

For a summary of how we work with our suppliers, see our Responsible Business factsheet (http://corporateresponsibility.rsagroup.com/sites/default/files/responsible_business_factsheet_2014_1.pdf).

5.2 Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.

As part of our [Corporate Responsibility strategy](#) - 'Making things better, together', we have set ourselves a big goal; **to reduce the average carbon footprint of RSA employees by 20% by 2018 to 2 tonnes of CO₂eq. per person.**

So far, we have made great progress in reducing our carbon emissions with a 15% reduction from 2013, with offices rolling out video conferencing, installing presence detectors for lighting, running switch-off campaigns, investing in recycling stations and upgrading lighting to LEDs.



Scope 1: Direct emissions from our energy used to heat our buildings and our business travel. **Scope 2:** Indirect emissions from our purchased electricity. **Scope 3:** Indirect emissions from our supply chain.

Most of our offices are either managed by a Facilities Management company or an internal Premises Manager. Their role is to ensure that we are aware of the environmental impacts of our activities and take action to reduce the negative impacts and maximise the positive. Some examples of where we have reduced our environmental impact from our operations are given below.

- Reduced energy consumption by 13% in Denmark through installing LED lighting and consolidating the A/C system.
- Copenhagen office uses electricity generated from wind turbines.
- Encourage staff to opt for low CO₂ emitting company vehicles by offering monthly financial incentive.
- In Norway, installed two rainwater harvesting systems to provide irrigation for green spaces.
- In Colombia we ran bicycle campaigns to promote cycling over cars.
- In the UK, most buildings have PIR sensors for lighting and energy is managed by a Building Management System.
- The majority of offices have recycling facilities in place throughout the Group.

5.3 Disclose our direct gas emissions of greenhouse gases using a globally recognized standard.

We continue to monitor, measure and externally disclose our direct and indirect emissions of greenhouse gases. Details of how we report our carbon emissions can be found in our [Corporate Responsibility Reporting Criteria](#) statement.

Our group carbon footprint and some selected KPIs are externally assured by Pricewaterhouse Coopers in accordance with the International Standard on Assurance Engagements 3000 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance

Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. The Assurance Report can be [downloaded here](#).

We publically disclose our greenhouse gas emissions in our [RSA Annual Report and Accounts 2014 \(page 43\)](#) and within our [Sustainable Future Factsheet](#) on our Corporate Responsibility pages.

5.4 Engage our employees on our commitment to address climate change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate- informed choices outside work.

In order for us to meet our carbon reduction target, we need all of our RSA colleagues around the world to help us. Throughout our offices, we run various campaigns to encourage employees to adopt greener behaviours at work and at home.

Examples of some of these campaigns are detailed below.

- Dump the Junk day in Ireland to encourage staff to reduce clutter and recycled/reuse unwanted stationery, files, etc.
- Waste Reduction Week was celebrated in Canada to raise awareness about waste and how we should conserve natural resources. The 'Green Committee' set daily challenges for staff including a paperless day, waste free day, energy conservation day to demonstrate how small changes in working behaviours can result in less waste and a reduced negative impact on the environment.

In 2015, we celebrated World Environment Day to shout about our successes and invite everyone to make some simple changes to the way we work. In Canada, we ran a challenge asking people for ideas on how to make RSA more environmentally sustainable and in the UK, our catering teams got involved by offering sustainably themed menus and WED themed cup-cakes with every coffee. We also [published a blog](#) encouraging everyone to get involved. We intend to use World Environment Day as our key vehicle for raising awareness internally about our impact on the environment, our targets and how each of us can get involved to support us in meeting them.

We have a communication plan for the rest of the year to ensure that we maintain momentum and keep people thinking about living and working more sustainably.



World Environment Day 2015 in the UK

Principle 6: Report and be accountable

6.1 Ensure that the organisation is working to incorporate the Principles into business strategy and planning by encouraging the inclusion of the social and economic impacts of climate risk as part of the Board agenda.

In 2014 we changed our Corporate Responsibility (CR) governance structure to reflect a shift from building our strategy to implementation and improvement.

Country level senior management now has oversight of policy and strategy implementation within each region, supported by local CR Representatives. Regional activities are coordinated by the Group CR Function, which reports into the Group Executive. The Group Executive has oversight of the overarching policy and monitors progress against targets. Our CR policies are designed to manage the operational, regulatory, legal and reputation risks that we are exposed to, and help embed and implement the CR strategy framework. There are three key CR policies that apply across all countries of operation. These are the Environmental Policy, the Community & Charity Policy and the Human Rights Policy. Our external policy positions can be read here.

Each of these policies is fully integrated into our wider corporate risk policy framework and, as such, form part of our corporate governance and risk management system framework. CR policies are managed as operational risk policies and as such have a Group Executive Owner and Group Managing Owner. Implementation and embedding at a local country level is managed by Local Country Managing Owners with oversight from Local and Regional risk teams and Group Managing Owners. Implementation is assessed twice a year through a formal policy implementation scoring process. Each country assesses policy implementation and provides a rationale and score via the RSA Governance Risk and Compliance Portal. Policy breaches, as well as other exceptions and challenges, can also be logged using the portal.

Data is captured and status reports are created and presented to the Executive Owners who ultimately sign off compliance and implementation levels before reporting to the Board Risk Committees.

Strategic Environmental Social and Governance (ESG) risks are evaluated in our emerging risks process. RSA defines Emerging Risks as conditions, situations or trends that could impact RSA's financial strength, competitive position or reputation within a defined future timescale and for which Probability and Impact are in the process of being understood and quantified. The Group Board Risk Committee reviews Emerging Risks facing RSA on a quarterly basis. This allows RSA to ensure plans are in place to mitigate against any risks on the horizon, but also develop a view of what the world we operate in may look like in the future, and how our strategy should reflect it. ESG risks in our products and product development are managed by operational risk policies. We are committed to marketing all of our products responsibly, regardless of communication vehicles used. Robust operating policies and processes are in place, which include management challenge, oversight and approval of our marketing and customer material.

6.2 Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles.

This document constitutes RSA's 2014 response to the ClimateWise Principles and is the basis of our actions taken in continuing to address the issue of climate change. This document is available on our Corporate Responsibility pages.

Additional information about corporate responsibility at RSA can be found at www.rsagroup.com/corporate-responsibility. This website is continually updated with new case studies and stories demonstrating how we are embedding corporate responsibility into our corporate strategy.

We have also got a plan for communication throughout the year on topical issues relating to CR including: climate change, renewables, diversity and inclusion, transparency, volunteering and the like.

Already we have published the following articles on our Newsroom website:

- [Improving communication with investors](#)
- [Checking our carbon footprint on World Environment Day](#)
- [Reporting on the Environmental Systemic Risk Round Table](#)
- [6 Climate Change Actions for the Insurance Sector](#)
- [RSA Volunteer Week is coming up roses](#)
- [Diversity and Inclusion drive business success](#)
- [Volunteers: Raise your hands!](#)

END
