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ClimateWise

REDUCING THE RISK FOR TOMORROW

Fourth Independent Review 2011

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Agenda

1. Results overview

2. Highlights & insights

3. Integration analysis

4. Conclusions



Results overview

2011 = 88%

- ✓ High level of compliance maintained
- ✓ Continued innovation and leadership
- ✗ The approach remains tactical
- ✗ Year-on-year progression becoming difficult

Highlights & Insights (Principles 1 to 3)

Good practice & gaps in responses to the Principles

Principle 1

- **92% compliance (91% 2010)**
- **Good examples of broader and deeper risk analysis**

- **Explicit link between research and action largely weak**
- **Further increase breadth of risk & impact analysis**

Principle 2

- **89% compliance (91% 2010)**
- **Participation in most significant initiatives**

- **Momentum lost post COP15 in Copenhagen?**
- **Re-energise interest and engage senior management**

Principle 3

- **91% compliance (88% 2010)**
- **Positive increase year-on-year**
- **Emerging innovative activity across the value chain**

- **Opportunity to do more to influence & reward behaviour**
- **Health, Life & Pension – dialogue is more difficult**

Highlights & Insights (Principles 4 to 6)

Good practice & gaps in responses to the Principles

Principle 4

- **72% compliance (70% 2010)**
- **Some integrated approaches**
- **Good progress on property assets**

- **Wide spectrum of maturity**
- **Property and equity progress – what asset classes are next?**
- **Explicit and direct communication of climate risk beliefs**

Principle 5

- **92% compliance (95% 2010)**
- **Well established activity**
- **Some innovative footprinting activity**

- **Year on year progression has been difficult**
- **Need to develop a broader understanding of impacts**
- **Employee engagement critical**

Principle 6

- **90% compliance (93% 2010)**
- **Evidence of management oversight and governance structures**

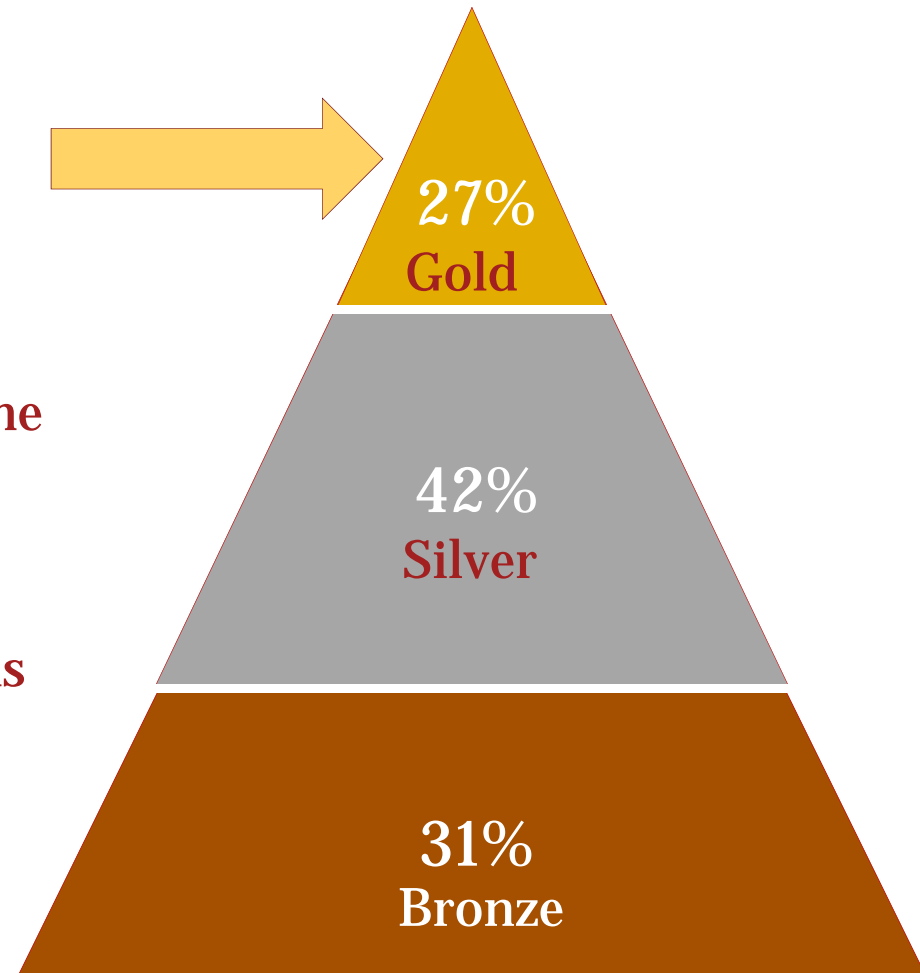
- **Need to demonstrate leadership engagement leading to action**
- **Reporting is inconsistent**

Integration analysis

High level evaluation of strategic commitment, approach and action in core functions

Gold rating characteristics:

- 1. Strong strategic statement on the importance of climate risk**
- 2. Well articulated plan to address the risks/opportunities arising**
- 3. Evidence of action to address the challenges, referencing core functions above**



Conclusions

- The insurance sector has a huge role to play in a higher climate risk world
- ClimateWise members' actions demonstrate a proactive response
- Next phase in maturity will need a move from tactical initiatives to a strategic approach



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