

ClimateWise

We are members 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 through 2010 and into 2011 are identified in the GRI table (pages 80 - 85) of our 2010 Corporate Responsibility Report which also gives detailed information on our climate and wider corporate responsibility programmes.

A key element in our sustainability strategy is the development of our three year partnership with WWF. Progress to date and planned activities, many of which relate directly to ClimateWise principles, are highlighted in pages 50 - 54 of the CR report.

A number of our initiatives with WWF are relevant to more than one Principle. Recent Group-wide activity in support of Earth Hour 2011 highlights this aspect. A major aim was to promote debate on climate change and highlight the need for action (Principle 2) as demonstrated by use of several communications channels including radio and social media. There were offers on energy efficient goods and services for customers (3). There was also an internal week of action across sites in the UK, Canada and Scandinavia to help employees play their part in the workplace and beyond (5). There were also commitments to reduce the climate impact of our home insurance including increasing the proportion of goods repaired rather than replaced in the claims process (5).

The website dedicated to partnership activity www.wwfpartners.com provides a platform for sharing our WWF programme news and research (1). This has included an investigation into the barriers to greater uptake of innovative renewable energy technologies (3). Our published work on emerging risks is complemented by information on marine risks including future trends in the Baltic Sea, highlighting how we work with WWF, policyholders and other stakeholders to support an integrated approach to these challenges (2).

Other RSA activity related to the individual ClimateWise principles is shown below, in some cases this work was started before 2010 and is only highlighted where there is an ongoing commitment.

Lead in Risk Analysis

- We are a leading insurer of renewable energy and continue to strengthen our capability, supporting risk management and thereby the development of the sector. Our main propositions include wind, bioenergy, solar and small scale hydro and we are expanding into emerging technologies such as tidal, wave and geothermal energy.
- Our three Centres of Excellence support 15 renewable energy teams around the world. In 2010 we re-launched our renewable energy business in Italy.
- Wind accounts for 80% of our business and has been growing at 50% per year since the launch of our Global Renewable Energy business in 2007. In 2010 Codan, our Danish subsidiary, was appointed lead insurer for the world's largest offshore wind farm – the London Array.

- A key aim of our partnership with WWF is the better understanding of risks such as climate change. Our emerging risk briefings published on the partner website showcase our efforts which include mapping the risk of a hypothetical oil spill in Scotland.
- We continue to invest in sophisticated risk mapping technology. In Estonia we have developed a web based broker interface synchronizing customer and geographic information to accurately assess risk around issues such as flooding and storm damage.
- In the UK we use a web based emergency response tool for loss adjusters. This speeds up our response by providing information on the scale of an event and the location of customers. We employed similar risk mapping following the 2010 Chilean earthquake; within 10 days of the disaster over 80% of our claims had been loaded.
- We have partnered with MapAction, providing financial assistance to the charity who aim to speed up humanitarian efforts following natural disasters using state of the art mapping techniques.
- The UK Geographic Risk Assessment Unit provides the risk mapping capability that underpins our commercial environmental liability product with site specific ecological risk assessments.
- We remain a shareholder in EuroTempest – a subscription weather risk service including storm tracking.

Inform Public Policy Making

- We undertake a range of public policy related activities related to climate change. We work through industry bodies such as the Association of British Insurers (ABI) as well as with other partners such as WWF. We also routinely work with the emergency services following major events.
- Through the ABI we have been involved in UK issues around flood risk management and resilient reinstatement following claims. We support the industry efforts to lobby the UK Government for adequate investment in flood defences and changes in the planning system to reduce future flood risk.
- With WWF we have been engaging international policymakers. This has included discussions on sustainable fishing in Canada and calling on Baltic Sea Governments to support integrated sea use management models.
- We hosted a meeting with the UK Climate Change Adaptation Minister on the implications of climate change adaptation.
- Working with WWF and others we are engaging planners and Government to promote sustainable urban drainage systems (SuDS) as an integrated approach to water management. Our report, highlighting SuDS risks and opportunities, was launched at the House of Commons early in 2011.

- We have supported legislation such as the CRC Energy Efficiency Scheme that aims to achieve reductions in greenhouse gas emissions (RSA is subject to this legislation). This included response to consultation on the implementation of the scheme. We have also set longer term climate targets (to 2020) with greater alignment to national and international commitments.

Support Climate Awareness Among our Customers

- We have developed a range of eco products for both our commercial and domestic customers. In Ireland we offer discounted car insurance for fuel efficient vehicles and Trygg Hansa in Sweden offers discounted premiums for companies that hold environmental certificates. In Denmark Codan offers free environmental health checks for cars.
- In Canada we launched a Greener Home Endorsement policy that allows customers the option of replacing damaged property with energy efficient or eco-friendly alternatives. Also in Canada we launched a new insurance policy for homeowners and small businesses that generate their own renewable energy.
- We continue to expand our involvement in renewable energy insurance across a range of technologies in developing countries including China, India and Chile. In China for example our Clear Sky proposition provides wind power insurance.
- Working with brokers Aston Scott to we have launched Carbonsure. This product (aimed at small and medium sized businesses) support carbon reduction strategies – aligning insurance risk and climate risks
- We offer a policy extension using our Geographical Risk Assessment risk mapping capability that provides environmental damage cover to corporate customers.
- Working with Williams Lea and Royal Mail we have successfully achieved the Sustainable Mail standard. Through this we are reducing the environmental footprint of our direct mail to personal insurance customers – including verifying the credentials of paper suppliers, managing data lists to minimise wrong addresses and including recycling information on the mailing.
- In conjunction with UNEP, Munich Re and Carbon Re we support the Global Renewable Energy Insurance Facility, which aims to provide insurance cover and related tools for renewable energy project developers operating in developing countries.
- We encouraged personal insurance customers in the UK to sign up to Earth Hour and offered deals on energy saving goods and services to support their actions.

Incorporate Climate Change into our Investment Strategies

- Our equities are managed by F&C Asset Management who apply a ‘responsible engagement overlay’ process to client funds. This includes encouragement for appropriate climate risk disclosure as well as periodic reports back to RSA.

- Working with WWF and Mercer we have undertaken a review of environmental and social risks and their integration into the investment process, which was presented to our pension fund trustees.
- Our pension funds are currently updating their statements of investment principles to more fully reflect addressing environmental risks such as climate change.
- We have been assessing and quantifying the carbon footprint of our (relatively small) investment property portfolio.

Reduce the Environmental Impact of our Business

- We continue our tradition of robust public reporting on our climate change impacts in both our Annual Report and Accounts and our dedicated Corporate Responsibility report.
- We set public targets for reducing our impacts and report on progress against them, including both annual and longer term targets. We have also set a product specific reduction target for MORE THAN home insurance based on our pioneering product footprinting work. In 2010 we acted as a Carbon Trust Standard Bearer – recognizing our UK carbon reduction efforts and encouraging others to get involved.
- Our disclosures take account of recognised guidance including DEFRA, ISO 14064, Carbon Disclosure Project, GRI and the Greenhouse Gas Protocol. Our 2010 Corporate Responsibility report has also been independently assured against AA1000.
- Working with WWF we have been holding Green Days in our offices to engage our employees. Building on an initial event in Scandinavia, the week leading up to Earth Hour was designated Climate Week across RSA. A different climate theme was highlighted each day with advice, information, competitions and offers supporting employees taking action at work and home.
- We have been encouraging staff to work together in groups to identify and reduce their carbon footprint at home. RSA also offers a flexible benefits programme for employees which allows them to measure their footprint and buy (discounted) carbon offsets.
- Our Sourcing function routinely addresses corporate responsibility issues (including climate change) within its framework. We are also working in a collaborative forum with key partners in the claims supply chain to understand insurance process impacts and how we might work to achieve carbon reductions

Report and be Accountable

- Responsibility for climate change (as a major element within our overall corporate responsibility programme) rests with the Group CEO, Andy Haste who chairs the twice annual review of CR by the Group Executive Committee and also the annual review by the Board.

- Full information on our management of climate change is given in our Corporate Responsibility report. We also include summary information in our Annual Report and Accounts