



Chaucer Syndicates Limited

Climatewise Report June 2009

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INTRODUCTION

Chaucer Syndicates Limited has been a member of the Climatewise since its inception in September 2007. Through our participation at Lloyd's, we are an active supporter of the initiative and through our Corporate Social Responsibility (CSR) programme, we aim to adhere to the six key Climatewise principles.

This report details Chaucer's progress in the six key Climatewise areas through to 30 June 2009.

1. Lead in Risk Analysis

Principle	Chaucer's current response
Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests.	We work closely with RMS (Risk Management Solutions), an expert for the quantification and management of catastrophe risk, who undertake climate change research on its behalf, developing models for use within the underwriting process.
Support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.	<p>To date, we have not taken direct action in this area.</p> <p>As a Lloyd's Managing Agency, we work closely with Lloyd's on the Climatewise scheme.</p> <p>Please click here for more details of Lloyd's central response.</p>
Use research and improved data quality to inform levels of pricing, capital and reserves to match changing risks.	<p>Our underwriters use research and improved quality data to guide decisions on placing risks.</p> <p>Improved information has been incorporated into the RMS and AIR risk management systems, resulting in modelling outputs that reflect the impact of climate change.</p> <p>Information on changing claims costs (potentially resulting from the effects of climate change) is incorporated into reserving and capital allocation methodologies.</p>
Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with technological developments.	<p>We continue to consider opportunities for writing business associated with new technologies, including technologies for tackling climate change.</p> <p>We underwrite risks for renewable energy sources including wind farms (on and offshore), construction, bio fuel and solar plants.</p> <p>We also participates in the GCube facility (via JLT), providing cover for more than 25,000 individual wind turbines globally and over 20% of</p>

	the world's wind-power capacity.
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2. Inform Public Policy Making

Principle	Chaucer's current response
Share our research with scientists, society, business, governments and NGOs through an appropriate forum.	To date, we have not taken direct action in this area. As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme. Please click here for more details of Lloyd's central response.
Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.	To date, we have not taken direct action in this area. As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme. Please click here for more details of Lloyd's central response.
Promote and actively engage in public debate on climate change and the need for action.	To date, we have not taken direct action in this area. As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme. Please click here for more details of Lloyd's central response.
Support work to set and achieve national and global emissions reduction targets.	We participate in the Carbon Disclosure Project (CPP), a not-for-profit organisation that holds the largest database of corporate climate change information in the world. Its objective is to raise awareness of climate change and to promote schemes to reduce national and global omissions.
Support Government action, including regulation, which will enhance the resilience and reduce the environmental impact of infrastructure and communities.	To date, we have not taken direct action in this area. As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme. Please click here for more details of Lloyd's central response.
Work effectively with emergency services and others in the event of a major climate-related disaster.	To date, Chaucer has not taken direct action in this area. As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme. Please

	click here for more details of Lloyd’s central response.
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3. Support climate Awareness amongst Our Customers

Principle	Chaucer’s current response
Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.	<p>To date, we have has not taken direct action in this area.</p> <p>As a Lloyd’s Managing Agency, we work closely with Lloyd’s on the ClimateWise scheme. Please click here for more details of Lloyd’s central response.</p>
Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.	<p>In November 2008, Chaucer Insurance launched the first dedicated insurance scheme for the G-Wiz electric vehicle driving community in London in partnership with Heath Lambert.</p> <p>Motor underwriting continue to charge lower premiums for cars with smaller engines and drivers with low mileage.</p> <p>Non-motor risks are priced on an individual basis. A significant number of rating factors are used, includes ones whose implementation may contribute to reducing the impact of climate change.</p>
Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.	<p>Claims repairs are carried out in line with local building regulations and standards. No specific consideration is currently given to the sustainability of repairs in context of climate change.</p> <p>Lloyd’s has written a paper to discuss a proposal to increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately. We have been involved in the discussions surrounding the formation of this paper and upon approval will present it to its claims function for discussion and action.</p>
Consider how we can use our expertise to assist the developing world to understand and respond to climate change.	<p>To date, we have not taken direct action in this area.</p> <p>As a Lloyd’s Managing Agency, we work closely with Lloyd’s on the ClimateWise scheme. Please click here for more details of Lloyd’s central response.</p>

4. Incorporate Climate Change into Our Investment Strategies

Principle	Chaucer's current response
<p>Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process.</p>	<p>To date, we have not formally considered the implications of climate change for company performance and shareholder value, and have consequently not incorporated this information into the investment decision-making process.</p>
<p>Encourage appropriate disclosure on climate change from the companies in which we invest.</p>	<p>Our current approach is to invest in the pooled vehicles of investment managers with the skill to optimise investment performance, as opposed to making direct investments in individual companies through segregated mandates. We therefore have only limited leverage over the disclosures these managers make or the underlying companies in which they invest. However, we have conducted a review of the companies in which it invests to identify which are addressing sustainability through the financial markets.</p> <p>Where information is not publically available, requests for further information have been made.</p>
<p>Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio.</p>	<p>We do not hold an investment property portfolio.</p>
<p>Communicate our investment beliefs and strategy on climate change to our customers and shareholders.</p>	<p>As above, we have not formally considered or concluded on Chaucer's investment beliefs and strategy and as such, this has no communication has been made.</p>
<p>Share our assessment of the impacts of climate change with our pensions' trustees.</p>	<p>As above, we have not formally considered or concluded on the impact of climate change and as such, no communication has been made.</p>

5. Reduce Environmental Impact of Our Business

Principle	Chaucer's current response
<p>Encourage our suppliers to improve the sustainability of their products and services</p> <p>AND</p> <p>Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.</p>	<p>We comply with all environmental regulations, legislation and approved codes of practice relating to the processes and activities of Chaucer.</p> <p>We have recycling projects in place across the Group including paper, cardboard, plastic cups, printer and toner cartridges and mobile phones. We also purchase environmentally friendly stationery materials, where available.</p> <p>Other projects include a scheme to save water, where in our Whitstable office managed to save 8000 litres of water a month.</p> <p>In 2008, we adopted a 100m stretch of beach close to the harbour in Whitstable. Employees took part in four beach cleaning sessions in 2008. A project at the Wildwood Trust also took place in Herne Bay, Kent, when 18 employees took half a day each to help preserve the fence posts surrounding the 40-acre ancient woodland.</p> <p>The office management company that manages our head office in London, Plantation Place, is continually seeking out new environmentally friendly initiatives. In 2008, Plantation Place, was awarded Platinum Standard at The City of London's Clean City Awards. The awards recognise buildings that are making exceptional contributions to reducing their impact on the environment and are leading the way in Environmental Innovation in Property Management. Only 20 Platinum Standards were awarded in total, placing Plantation Place in the top 2% buildings in the Square Mile for Environmental Management.</p> <p>Energy saving schemes proposed for 2009 include:</p> <ul style="list-style-type: none"> • A review of systems which will improve the efficiency of 6 transformers supplying the building • Longer life lighting is being trialled in 2009 to all common areas, plant rooms and lifts. • Water saving devices will be trialled in the urinals.

	<ul style="list-style-type: none"> • A rainwater harvesting scheme is being researched that will be used to irrigate the green roof and landscaping on the balconies.
Disclose our direct emissions of greenhouse gases using a globally recognised standard.	<p>We commissioned First Climate, a carbon asset management company (www.firstclimate.com), to conduct an audit to identify its carbon footprint in London and Whitstable for a 12-month period in March 2009.</p> <p>The audit focussed on energy consumption, paper consumption, corporate travel and employee travel to work.</p> <p>The calculation of emissions caused by our corporate activities amounted to 2.180,42 tonnes of CO₂e.</p> <p>The audit sets a benchmark against which we intend to improve in the future. Over the next few months, our CSR team will be running a series of campaigns to make us more aware of how we can save energy and help us reduce our carbon footprint.</p>
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.	<p>We have a dedicated CSR committee in our London and Whitstable offices whose role is to help engage employees and address the issue of climate change both in and out of the workplace.</p> <p>Our CSR programme includes Social, Economic and also Environment initiatives.</p>

6. Report and be accountable

Principle	Chaucer's current response
Recognise at Company Board level that climate risk has significant social and economic impacts and incorporate it into our business strategy and planning.	<p>We have appointed a CSR Director who sits on the CSL Board.</p> <p>Changes in the frequency and severity of environmental events and are debated and recognised at the highest level in Chaucer in context of their impact on business strategy and planning.</p>
Publish a statement as part of our annual	We publish an annual Corporate Responsibility Statement as part of our financial reporting

<p>reporting detailing the actions that have been taken on these principles.</p>	<p>process, detailing progress made with regard to Climatewise principle.</p> <p>A copy of the full Chaucer Climatewise report is displayed on the corporate website (http://www.chaucerplc.com/chaucerplc/aboutUs/csr/)</p>
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