

Hiscox's commitment to responsible business is reflected in its membership of Climatewise. Hiscox has been a member of Climatewise since 2007. As part of the Lloyd's community, Hiscox also supports the actions taken by Lloyd's to assist the market with the Climatewise principles.

This report highlights the actions taken on each of the principles.

1. Lead in Risk Analysis

- Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests.
- Support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.
- Use research and improve data quality to inform levels of pricing, capital and reserves to match changing risks.
- Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with technological developments.
- Share our research with scientists, society, business, governments and NGOs through an appropriate forum.

Through internal research and our membership of the Lighthill Risk Network and the Willis Research Network, Hiscox is actively involved in efforts to understand climate change and inform public policy making.

Hiscox underwriters participate in regular training days, where implications of the latest climate change research are presented. Relevant scientific developments are incorporated into our underwriting practices.

The UK Retail business has implemented a new system to enable better management of the aggregation of flood risk. The system enables underwriters to combine system based rules and visually based referral systems to evaluate the flood risk of an individual property rather than relying on postcode level assumptions. This has the combined benefits of controlling flood risk, efficiency through automation, and enabling good business to be written that would previously be viewed with caution.

2. Inform Public Policy Making

- Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.
- Promote and actively engage in public debate on climate change and the need for action.
- Support work to set and achieve national and global emissions reduction targets.

- Support Government action, including regulation that will enhance the resilience and reduce the environmental impact of infrastructure and communities.
- Work effectively with emergency services and others in the event of a major climate-related disaster.

Hiscox is taking part in the debate about the use of sustainable resources when considering the settlement of claims, through Chairmanship of a Lloyd's sub group set up for this purpose.

Hiscox supports the Poznan Communiqué produced by The Prince of Wales' Corporate Leaders Group on Climate Change. Climatewise fed into the Poznan Communiqué process and has committed to actively support the Copenhagen Communiqué.

Through its membership of Climatewise, Hiscox supports the action being taken by Climatewise to inform and promote public policy making. As part of the Lloyd's community Hiscox also supports the actions being undertaken by Lloyd's.

3. Support Climate Awareness Amongst Customers

- Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.
- Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.
- Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.
- Consider how we can use our expertise to assist the developing world to understand and respond to climate change

Hiscox supports the actions being taken by Lloyd's to support climate awareness including the 360 Risk Insight project.

Hiscox is taking part in the debate about the use of sustainable resources when considering the settlement of claims, through Chairmanship of a Lloyd's sub group set up for this purpose.

4. Incorporate Climate Change Into Our Investment Strategies

- Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process.
- Encourage appropriate disclosure on climate change from the companies in which we invest.
- Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio.
- Communicate our investment beliefs and strategy on climate change to our customers and shareholders.

- Share our assessment of the impacts of climate change with our pension fund trustees.

A representative from Hiscox attended the Climatewise Investment workshop, to gain a better understanding of the steps that can be taken to improve compliance.

The Hiscox Pension Fund Trustees is to be provided with a report in relation to the workshop, including an assessment of the impacts of climate change.

Hiscox external investment managers will be asked to provide their views, in writing, as to the relevant Climatewise principles.

Climatewise is co-funding UNEP FI research in to Public Finance Mechanisms to leverage private infrastructure investment for climate change mitigation and adaptation.

5. Reduce the Environmental Impact of Our Business

- Encourage our suppliers to improve the sustainability of their products and services.
- Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.
- Disclose our direct emissions of greenhouse gases using a globally recognised standard.
- 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.

The Group's direct environmental impact is mainly from the energy it uses and the emissions and waste it generates from its premises. In accordance with the Group's environmental policy, consumables are recycled and reused wherever possible. The Group is taking steps to reduce the amount of raw materials used in business processes and by staff, particularly through the extensive use of use of computerisation and communications technology, including video conferencing. Hiscox maintains a programme for recycling batteries, mobile phones, lamps and CDs.

During 2008 Hiscox UK conducted an audit of its impact on the environment and with the assistance of Corporate Citizenship calculated the carbon footprint of the UK business. Hiscox UK aims to be Carbon Neutral by the end of 2009 by reducing greenhouse gas emissions, engaging employees to modify their behaviours and seeking to offset unavoidable carbon emissions.

The Group's efforts were rewarded by a Clean City Award from the City of London Corporation, which aims to promote good waste management practices and encourage waste minimisation, reuse and recycling.

6. Report and Be Accountable

- Recognise at company Board level that climate risk has significant social and economic impacts and incorporate it into our business strategy and planning.
- Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles.

Hiscox considers the issue of climate risk at senior management level. As part of the process of improvement, Hiscox UK aims to be Carbon Neutral by the end of 2009 by reducing greenhouse gas emissions, engaging employees to modify their behaviours and seeking to offset unavoidable carbon emissions. To assist this process, Hiscox UK conducted an audit of its impact on the environment during 2008. With the assistance of Corporate Citizenship calculated the carbon footprint of the UK business. Hiscox plans to expand environmental auditing to other offices and consider offsetting their carbon emissions.

Hiscox has been a constituent of the FTSE4Good index for a number of years and responds to the Carbon Disclosure Project information request.

Hiscox publishes details of the actions taken against the Climatewise principles in its Annual Report. Hiscox will also publish information on the Hiscox website.