



RSA's Response to the ClimateWise Principles

June 2016

With a 300 year heritage, RSA is one of the world's leading multinational quoted insurance groups.

Focusing on general insurance, RSA's core markets are the UK and Ireland, Scandinavia and Canada with the capability to write business across the globe.

We have around 13,500 employees across our core businesses and, in 2015, our net written premiums were £6.8 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 2016 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 January – December 2015 are detailed below. More information about these activities can be found on our [Corporate Responsibility website](#) and in our [Annual Report and Accounts 2015](#), or alternatively email [Jennie Colville, Group Corporate Responsibility Manager](#).

Principle 1: Lead in risk analysis

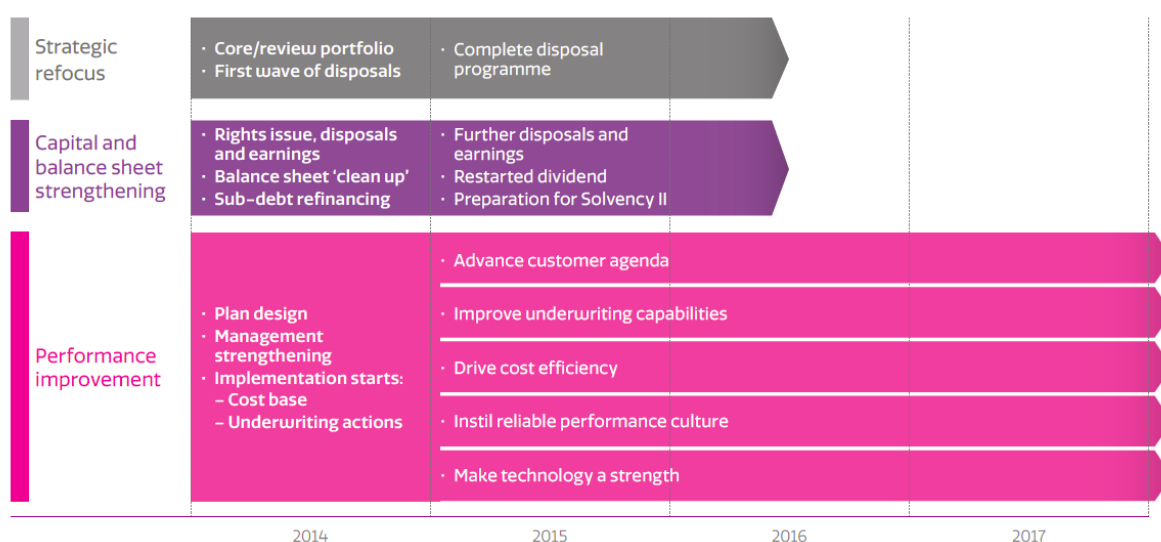
1.1 Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests. Where appropriate share this research with scientists, society, business, governments and NGOs in order to advance a common interest.

In 2014, RSA Group set out a 'turnaround' strategy with three central priorities: to serve customers well; to operate with strong finances; and to build strong sustainable performance, making RSA the best investment proposition we can achieve.

2015 was a year of major achievement for RSA. We have now materially completed the re-focusing of our geographic footprint, of which the most significant achievement during 2015 was the agreed sale of our businesses in Latin America. Importantly, the focus of our management team is now solely on our core businesses in the UK & Ireland, Scandinavia, and Canada.

2015 was a significant year for the industry in terms of capital regulation as it finalised preparations for Solvency II – Europe's new insurance capital regime – which came into force on 1 January 2016. RSA were successful in gaining regulatory approval to use our own 'internal model' for calculating our capital requirements under Solvency II.

Pathway to becoming a better RSA 2014–17



The completion of the disposal programme where we have sold businesses in Asia, India, Italy, Russia and Latin America has resulted in a 9.5% reduction in Scope 1 and 2 emissions.

Due to the focus of the Group being on the divestments and Solvency II, there has been limited budget and resource to conduct climate change research, however through our memberships of ClimateWise, the Association of British Insurers Energy and Climate Change Committee, we have supported various research including ClimateWise's *Investing in Resilience* action-based research. Along with colleagues in the business, Jennie Colville (Group CR Manager) attended several round-table sessions, hosting one to support this research. The report will be shared with relevant colleagues in Underwriting and Group Investment.

RSA welcomed the publication of the UK's Prudential Regulation Authority (PRA) report: The impact of climate change on the UK insurance sector and Stephen Hester, along with other senior insurance executives in the ClimateWise group, wrote an open letter to Mark Carney supporting the report.

RSA through the ClimateWise forum, helped inform the PRA report by convening a series of roundtables, one of which was held in our London offices. We will continue to work with ClimateWise to support further research and collaboration with the PRA.

See article on our website showing our support: <https://www.rsagroup.com/news/press-releases/2015/rsa-joins-calls-for-a-climate-resilient-future/>.

Despite limited budgets, we were delighted that our five Danish graduates who took part in our Global Graduates scheme 2015 (a 2-year scheme for graduates that focuses on gaining insight into various areas of the business), worked on a project entitled: *Climate change and its impact on our business in Codan, Denmark*. The team investigated cloudburst and windstorm data to improve the understanding of gross loss modelling. The research has just been completed and is yet to be presented to the business. This will complement Codan's work around how they already advise customers to prevent weather related claims.

In 2016, we continue to review the impacts of climate change on our business strategy and where possible look to incorporate sustainability into our corporate strategy. We are undergoing a review of our materiality matrix to ensure that our Corporate Responsibility Strategy still addresses the economic, environmental and social issues that are important to our stakeholders and that we have the ability to influence. The results of the review will be presented to various Group functions including Group Risk to further embed sustainability into our business processes.

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

In 2015, weather and large losses was £68m worse than planned with the net cost of the December weather events being £76m. As a consequence of this, we are looking to improve the way that our GeoRisk model works so that we will be able to provide more information to underwriters to help them price flood risk.

In the UK, we continue to 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 aim to keep our GeoRisk tools up-to-date releasing a new version of the flood model annually for example. The latest data takes into account recent events and modifies the underlying model.

In 2015, we have produced new guidance for our underwriters to better underwrite flood risk and windstorm risk. The aim of the documents are to provide insight and guidance into evaluation of the potential flood risk and windstorm risk of a location, the mechanisms by which damage occurs and an assessment of damage susceptibility during and directly after these events. The documents are designed to provide consistency in evaluating why these events occur, the types of damage caused, what the consequences of that damage may be, and hence strategies that can be applied and developed for mitigating the loss potential.

The documents also provide best practice loss prevention measures that can be taken to reduce the potential of damage. For example, the flood risk guidance provides the following list:

- De-energise utilities before water enters the facility, shutting-down all equipment and allowing equipment to cool-down in order to prevent thermal damage.
- Fire protection water supplies must not be shut-down. Shutting-down electrical power to fire alarms and fire pump power supplies must be avoided if possible.
- Permanently elevate utilities, such as electrical panels, and process equipment at least 0.5 meters above the expected flood level.
- Consider the closure of sewer and drainage valves when there is potential for back-flow.
- Dismantle and relocate critical equipment where practical.
- Construct plinths for equipment to raise them above-ground or construct watertight walls or curbs around key equipment if practical.
- Avoid locating expensive or critical equipment in underground spaces and consider re-location if already located in such areas.

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. These assumptions are reviewed at proportionately regular intervals based on observed changes in risks, internal or industry-wide knowledge and the amount of time that has passed since the last update.

RSA works alongside other industry members (e.g. flood risk modellers and wider catastrophe modelling experts) to understand, model and update the risks the business faces. Recently RSA has used these processes and feedback loops to increase the sophistication of climate-related perils in pricing (e.g. flood) and update assumptions within catastrophe modelling of climate-related perils (such as windstorm). This enables RSA to capture up to date views of risks and understanding of climate related risks.

An example from our UK Household Pricing Team is that we have recently reviewed and updated our flood modelling to incorporate a market-leading physical model to predict our geographic flood risk. This will have impacted on premiums and the type of business written as these models are used in risk selection and pricing. We have also significantly improved the sophistication of our other weather models in subsequent reviews, again these updates will have had an impact on the type of business written and premiums.

As previously, RSA has employees interested and involved in climate change research who have attended recent events on the impacts of climate change (e.g. how climate change might affect liability risks) and can contribute to internal understanding at appropriate times.

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.

We continue to evaluate the risks of new technologies that directly or indirectly reduce greenhouse gas emissions or support resilience to climate change. We continue to be a global leader in insuring renewable energy projects specifically offshore wind projects and concentrated solar power (CSP) projects and have expertise in a number of other technologies. What has been really exciting in the industry is the rise of telematics and its use not just for car insurance but for homes and potentially pets too. More detail of our work in renewables, telematics and driverless cars is detailed below.

New technologies	Environmental benefits	Social benefits	RSA's position
Renewable energy	<ul style="list-style-type: none"> • Energy security from renewable resources • Reduced carbon emissions 	<ul style="list-style-type: none"> • Less pollution improving people wellbeing 	<ul style="list-style-type: none"> • Involved in insurance of 90% of worlds offshore wind capacity • Supporting renewable energy industry to reduce risks in order to bring down cost of resultant energy
Telematics	<ul style="list-style-type: none"> • Encourages safer, more efficient driving which reduces cost and fuel usage • In the home, makes customers aware of utility usage and environmental risks (flood, carbon monoxide) to drive behaviour change. 	<ul style="list-style-type: none"> • Puts customer in control of insurance policies • Encourage safer driving, reducing risk of accidents • Provides information on home security • Provides information on pet health and reduces incidence of pet illness 	<ul style="list-style-type: none"> • Offer telematics car insurance in UK and Canada • Provide pet insurance alongside pet telematics
Driverless cars	<ul style="list-style-type: none"> • Reduced carbon emissions from transport. Most autonomous vehicles are electric. 	<ul style="list-style-type: none"> • Reduces the need for a car which is expensive and a liability • Studies have shown potential for less accidents 	<ul style="list-style-type: none"> • 1 of 12 organisations involved in Greenwich pilot for autonomous vehicles

1. **Renewable energy:** We continue to be one of the leading insurers in the Renewable Energy industry, with market-leading positions across the globe. Our international team of Renewable Energy underwriters have experience totalling over 600 years and can cover insurance needs in over 140 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.

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 recent years, we have been building our strength in grid-to-grid connections which support the flow of energy between countries as well as being engaged in offshore wind cluster projects. As renewable energy is an intermittent source of energy, cables between renewable energy projects and countries are required to ensure that there is a constant supply of energy. In Germany, there has been a move to transmit the energy from 3-4 offshore windfarms through one cable to shore – reducing the transmission and distribution losses of transporting the energy as well as reducing the risks of having numerous cables from each individual windfarm. This clustering of windfarms is becoming a growing trend.

Codan have helped to insure a number of new European subsea cable connections (for example, Eirgrid, NSL, Nord.Link, COBRA and NEMO) being the lead insurer on most of these projects.

From these projects, we have built up a wealth of knowledge of the risks of interconnectors and deep-sea cables and we share this knowledge with every new cable project that we get involved in with the aim of reducing the risks of the project and therefore the costs of developing such an asset. Our guidelines cover cable design, production and testing, engineering, equipment, planning and execution and operation.

We have also participated in insuring floating wind turbines. The benefits of these 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. Currently, we are insuring the construction of the third stage of the Fukushima Floating Offshore Wind Farm in Japan, due to become the world's biggest floating offshore wind farm with a total capacity of 16MW.

Whilst wave and tidal energy technology remains in its relative infancy, the sector has immense future potential. Wave and tidal energy is an emerging sector with projects seen in Europe, Canada and Asia with the UK in particular becoming a global focal point for development due to the abundance of resource around UK shores. This particular form of

energy has the potential to meet a sizeable percentage of the global electricity demand and at RSA we are very excited about its future.

In March 2016, RSA Canada and General Electric (GE) co-hosted its first-ever Energy Insurance conference at RSA's Head Office in Toronto. This event brought together over 100 industry experts, owners, users, brokers, risk managers, financial representatives and RSA employees over a two-day period to share technical learnings and strengthen risk management best practices in traditional and renewable energy sectors.

Partnering with GE for this conference gave us a chance to share information with our key industry, broker partners and customers," said **Tim Skelton**, National EBI Underwriting Director, and Equipment Breakdown Insurance with RSA's Global Specialty Lines (GSL). "We were able to showcase RSA's expertise in the energy sector and to position us as a knowledgeable go-to market for the exposures that exist for this kind of risk."

Skelton explained that it's important for everyone in this business to stay on top of changes in technological advancements that manufacturers are making, understand what problems could occur, and look for common solutions. This conference was a chance to bring representatives from many areas of the energy business together to do just that.

Proactive claims handling

During the last 2 years, there has been a trend in subsea export cable claims related to internal faults in the cable, after only a few years operation. In 2015, there were over 10 damages reported on the export of cables for different projects occurring during operation. The repair costs of each these damages often exceeded £10m with repair times being on average 110-130 days.

In an effort to avoid these damages and reduce the costs and time of repair, Codan have introduced a new strategy to be actively involved in the claims process appointing a claims manager and risk engineer for each event to support the customer throughout the repair process. By doing this, we are able to use our knowledge from previous claims to reduce the costs of the repair and the time required to repair the cables – a win-win for customers and RSA. A recent example of this was when we supported a customer following damage that occurred to a wind turbine foundation and a wind turbine. Through being involved in the claims process from the start, we were able to reduce costs by EUR20m. Feedback from the broker was positive: "In particular we are very happy that thanks to an extraordinary job and the close cooperation with Codan the two claims were repaired with a third of the cost expected at the very beginning. Again, many thanks for that".

Codan are also actively involved in:

- WindEurope (previously European Wind Energy Association – EWEA): In November 2015, Sam Millard, International Manager for Offshore Wind Energy in Codan presented at the annual Wind Europe Conference in Paris on the risk improvements in offshore wind.
- The Carbon Trust as a consultant representing the insurance industry on renewable energy
- Dansk Standard – involved in approving the standards for wind turbines - <http://www.ds.dk/en>
- DNV-GL – involved in respect of certification and procedures for Wind Turbine Geaboxes (WTGs) and project certification (part of a working group)

For more information about RSA's expertise managing risks associated with renewable

energy, download our [Renewable Energy brochure](#).

Please also read the blog from Brendan Reed, Nordic Director of Construction and Engineering and Renewable Energy at Codan Forsikring who is responsible for RSA's Global Offshore Wind business and locally underwritten construction and engineering business as well as the renewable energy business. He describes how we are helping to create a low carbon future.

<https://www.rsagroup.com/the-thread/the-way-the-wind-s-blowing-securing-our-renewable-future/>



It is crucial that we continue to adapt. Renewable energy is experiencing unprecedented growth. As the need increases, the scale of production is evolving dramatically. Ten years ago, we were insuring wind turbines generating on average 2-3 megawatts each. Now we see single units that can generate up to 8 megawatts – an increase of 300% and enough to power 7,000 European homes.

This is great news for the industry and the environment but it magnifies the risk: interruption to just one turbine can pose a significant impact to grid-connected homes and businesses.

So in 2015, we substantially multiplied our resourcing of turbine malfunction claims. Our own engineers are now involved in repair operations, speeding up the process and making it simpler for customers.

1. **Telematics:** The use of telematics in car insurance isn't new. For the past few years, more and more drivers have been signing up to have little black boxes installed in their cars that monitor their driving behaviour, as insurance companies offer incentives such as lower premiums and discounted rates for safe drivers. RSA has introduced several products that harness the power of this technology:
 - a. [SmartWheels](#): Telematics car insurance for young drivers.
 - b. [WagglePets](#): Membership package with pet insurance and telematics product to track pet activity and prevent ill health.
 - c. [SmartFleet](#): Smartphone app for SMEs with fleets up to 15 vehicles.

Due to the success of telematics in the UK, RSA Canada are soon to be launching a telematics product for car insurance: <http://www.rsabroker.ca/article-tags/telematics>.

2. **Driverless cars:** RSA is the only insurer involved in the GATEway (Greenwich Automated Transport Environment) project in London, where driverless pods are being treated as part of a wider aim to bring driverless cars to all parts of London. Being on the project means that RSA sees first-hand how the technology, industry and public perception is changing, which is essential to us being able to create the right products for our customers in the future.

<https://www.rsagroup.com/the-thread/driverless-cars-hype-vs-reality/>



RSA's Ian Kemp (left) and Kenny Leitch standing in front of the GATEway driverless pod.

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.

1. In September, RSA welcomed the publication of the UK's Prudential Regulation Authority's (PRA) report describing the role of the insurance industry and the PRA in the context of climate change: [The impact of climate change on the UK insurance sector](#). At the same time as the publication of the report, Mark Carney, Governor of the Bank of England, gave a speech at Lloyd's on the threat climate change presents the financial markets. In response to the Governor's speech, 16 ClimateWise member Chief Executives, RSA's CEO, Stephen Hester included published an open letter to him in the Financial Times calling for greater dialogue and collaboration to create a more enabling regulatory environment - <https://www.rsagroup.com/news/press-releases/2015/rsa-joins-calls-for-a-climate-resilient-future/>.
2. Scott Egan, RSA's Group Chief Financial Officer attended a ClimateWise roundtable with HRH Prince Charles in February 2016 to discuss establishing an 'Insurance Leaders Council' to allow for high-level international engagement between the insurance industry and regulators. As of 1st July 2016, we are delighted that Scott Egan will be participating in the Council and we look forward to moving the climate change agenda forward with the insurance industry and regulators - <https://www.rsagroup.com/news/press-releases/2016/scott-egan-joins-climatewise-insurance-advisory-council/>.
3. Launch of Flood Re on 4th April 2016: RSA has been involved from the point Flood Re was first proposed, which was about three years ago, shortly before the Statement of Principles was due to expire in July 2013. There's been lots of complexity involved, at all points in the process - insurers, consumers and Flood Re itself. Insurers' information systems needed to be fully updated and there were changes needed throughout the industry, the PRA (Prudential Regulation Authority). RSA was an original member from its go-live date offering policies under the scheme. <https://www.rsagroup.com/the-thread/flood-re-a-home-insurance-safety-net-for-the-uk/>.

4. UK renewable and environmental policies: RSA joined calls with the Corporate Leaders Group (CLG) to convey concerns about the scale and manner of UK policy announcements and signal strong business support for a policy framework that can underpin low-carbon investment. Representatives from RSA met the Secretary of State for the Department of Energy and Climate Change (DECC) at a roundtable session in September 2015.
5. In November 2015, RSA joined forces with the Association of British Insurers (ABI) and other leading industry executive to call for a global agreement on 2°C in Paris. RSA submitted a case study: <https://www.abi.org.uk/Insurance-and-savings/Topics-and-issues/Climate-Change/RSA-Case-Study>.
6. In September 2015, we joined the call for action from the Road to Paris campaign and committed to engage responsible on climate policy. As is demonstrated above, we work with trade associations ensuring that the voice of the insurer is heard at government level.



7. Flood resilience and resistance: In light of climate changes and increased frequency of weather events, as highlighted in the series of storm & flooding events throughout Dec 2015 and into Jan 2016, there is a need to provide homeowners in areas prone to flooding with support and financial assistance with the installation of flood resilience and resistance measures. The Government via DEFRA has taken action to make available to homeowners and small business owners access to funding (a grant of £5,000 per household) via their local authority to fund measures which improve a property's resilience or resistance to damage from flooding, over and above repairs that would normally be covered by insurance. The ABI has been working with the Government to provide clarity regarding the process by which customer's may apply for Grants and the role Insurers should play within this process.

RSA has reviewed the guidance documents provided by the Government, via the ABI, and has produced a document providing Guidance to Customers relating to the process by which they can apply for a Grant via their local authority and how RSA and its Third Party Suppliers and Loss Adjusting partners will support the customer. This guidance document will be shared with Customers and Third Party Suppliers to ensure all parties involved in interacting with customer can provide the relevant information and guidance if required. RSA and its external Loss Adjusting Partners (Crawfords and Cunningham Lindsay) are committed to supporting the Government initiative to make available to customers Grants to be used for Flood resilience and/or resistance.

8. In Sweden, we are members of a climate working group coordinated by "The Swedish Insurance Association". The group looks at the role the insurance industry can take to mitigate and adapt to climate change and lobbies municipalities to take greater responsibility for flooding and water damages.
9. In Denmark, we are members of CONCITO, a green think tank with the purpose to collaborate together to reduce greenhouse gas emissions and limit the harmful effects of global warming. CONCITO is linked to international networks who share the same purpose,

for example, the World Resources Institute in the U.S., ZERO in Norway and the European Climate Foundation in the Hague.

We are also members of the following insurance sector groups and business groups:

- 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
- Spanish Wind Energy Association

Codan are also actively involved in:

- WindEurope (previously European Wind Energy Association – EWEA): In November 2015, Sam Millard, International Manager for Offshore Wind Energy in Codan presented at the annual Wind Europe Conference in Paris on the risk improvements in offshore wind.
- The Carbon Trust as a consultant representing the insurance industry on renewable energy
- Dansk Standard – involved in approving the standards for wind turbines - <http://www.ds.dk/en>
- DNV-GL – involved in respect of certification and procedures for Wind Turbine Geaboxes (WTGs) and project certification (part of a working group)

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

Through our membership of the above organisations, we actively engaged in the debate around agreeing a legally binding and universal agreement on climate, with the aim of keeping global warming below 2°C that was discussed in the Paris Agreement. We supported position statements and publications as detailed above in the run-up to COP 21.

In 2016, we will continue to inform public policy on the importance of consistent, clear climate change policies and the role that the insurance industry can play in supporting climate change mitigation and adaptation. We will work with the various insurance sector groups and business groups that we are involved in to make sure that the Paris Agreement is ratified and that countries stay true to their greenhouse gas emissions reduction targets. We are excited that our Group Chief Finance Officer will be involved in the ClimateWise Insurance Advisory Council and we look forward to driving action, with his support, within our own business and amongst the insurance industry, regulators and government.

We will work with ABI and ClimateWise on any communication ahead of COP22 in November in Marrakech. In Scandinavia, we will continue to work with the Swedish Insurance Industry to lobby for challenging but achievable emissions targets in municipal areas and in Canada, we will work with WWF Canada on suitable campaigns to ensure that Canada continues to contribute to the global efforts to reduce emissions.

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.

We continue to support climate awareness amongst our customers as detailed in the [2015 ClimateWise Report](#) and reproduced here in grey. Additional information from 2015 is added in black text.

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.

Codan has supported a 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.

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>.

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.

In our Scandinavian businesses we continue to have the following services which inform customers of climate risk and reward them on resilient/mitigation measures.

Our climate-oriented services

- **Discount for thinking ahead**

Our Danish customers get a 15-percent discount on their household insurance if they install a backflow preventer.

- **Website on torrential rain**

Codan's website offers advice on how to secure homes against torrential rain. The site features instructional videos on how to avoid flooding through installing a backflow preventer, how to lead excess water away from the house, and more.

Visit the website at www.codan.dk/skybrud

- **Free extreme-weather SMS alerts**

We offer a text message alert service in Denmark that warns homeowners about heavy downpours, storms, and icy roads. At present, some 14,000 people have signed up for this service.

- **Energy-efficiency analysis**

Danish customers with sub-standard defective windows in their homes are being offered a free analysis of the savings that switching to energy-efficient windows would make.

In the UK, following the devastating effects of flash flooding and storms, RSA and MORE THAN carried out numerous communication to provide support and advice to homeowners and small businesses affected by the rising water levels. We also sent a number of claims consultants and loss adjusters into the worst affected areas, such as Cumbria and Scotland. We increased the number of customer service advisers on duty to deal with the increased volume of calls.

Advice and help for UK flood victims - <https://www.rsagroup.com/the-thread/advice-and-help-for-uk-flood-victims/>

RSA's Emergency Response Vehicle (ERV) dispatched to Carlisle - <https://www.rsagroup.com/news/press-releases/2015/rsas-erv-arrives-in-carlisle/>

Protecting your home from floods - <http://www.morethan.com/home-insurance/news/protecting-your-home-floods>

Getting you back in your home after a flood - <http://www.morethan.com/sites/default/files/Guide-to-getting-you-back-in-your-home-after-a-flood.pdf>



Example communication from More Th>n on the impacts of a flood on your home.

RSA Canada launched a new product following brokers feedback that customers preferred a simple, easy-to-understand coverage for losses as a result of water. Waterproof Coverage™ endorsement makes life easier by offering Personal Insurance clients the convenience of a clear, combined coverage option for sewer backup and overland flood. <http://www.rsabroker.ca/water>.

We continue to update our RSA Canada ClimateSmart website with useful fact-files and tips for brokers to inform their customers of damage caused by climate-related events - <http://www.rsabroker.ca/broker-services/climate-smart>.

In October, we launched a Group-wide WinterSmart campaign supporting our northern hemisphere customers to prepare for winter. We produced a tip sheet – see image below and shared in through our website and social media channels. <https://www.rsagroup.com/the-thread/gearing-up-for-winter/>.

Get #WinterSmart

Be prepared for winter

Sign up for weather alerts

Most local councils and weather agencies offer email or text message alerts to let you know about severe weather forecast for your region.

Have an evacuation plan

If your home or place of work had to be evacuated, where could you, your family or colleagues go?

You may not be able to use your own vehicle or rely on public transport.

Don't forget to think about your pets too!

Check your property

The better maintained your property is, the less damage you can expect from winter weather. Check your roof is in good condition and make sure your eaves/gutters are clear. If you need help doing this, contact your local council who will be able to put you in touch with a professional.

Make a note of other winter services your council offers – pavement and road gritting, sandbags and/or snow clearing – and how to access them.

Keep a record of your property. Take photos or record a video clip of each room. This could help loss adjusters get you back to normal, if the worst happens.

Back up!

Make regular back-ups of your computers (business and personal).

If you are a business owner, this will be an important part of your business continuity or resilience plan. If you don't have a plan, speak to your insurer or insurance broker for advice about creating one.

Going away?

If your property is going to be empty for more than a few days, ask someone to check on it occasionally.

If freezing temperatures are forecast while you're away, shut off your water supply and drain your pipes, or leave your heating on low. Make sure outside pipes, including those in garages or outbuildings, are lagged (covered with heat-insulating material).

Be careful about what you post on social media. Updates about vacation plans and holiday snaps can alert burglars. To deter them, leave a light on using a timer switch and check all your doors and windows – including outbuildings – are locked.

Prepare your emergency kit

– and make sure everyone knows where it is. A good emergency kit for winter will include:

- A torch ■ A radio ■ Mobile phone and charger
- Batteries ■ First aid kit ■ Warm clothes
- Blankets ■ Water ■ A map of your local area
- Copies of your insurance documents

Speak to your insurer or insurance broker

Check that your current level of insurance fully covers your home, business and vehicles.

Tell your insurer about any changes to your property or any significant purchases.

Ask them for an up-to-date copy of your insurance documents and keep these in a watertight bag as part of your emergency winter kit.

Make a note of their general enquiries and claims numbers – save them in your phone.

Your insurer or insurance broker can provide expert advice on how you can prepare for, and protect against, winter-related events. No matter what the season, don't hesitate to call them for advice.

RSA Insurance Group plc
www.rsagroup.com
 @rsagroup /rsainsurance /rsainsurance

Group-wide WinterSmart Campaign to advise customer how to prepare for winter

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.

We continue to support our customer as above and our Green Home endorsement policy in Canada, Denmark's discount to customers who have a backflow preventer and energy-efficiency analysis for customers with energy-efficient windows are great examples of how we encourage customers to reduce their greenhouse gas emissions.

In general, we offer a before, during and after claims proposition to our customers where we advise customers of their risks at time of policy purchase and provide recommendations for risk management. For our commercial customers, we can offer a web based application, RSARED (Risk Engineering Database) that allows clients to manage risk engineering data in real time, including recommendation tracking, risk profiling and modelling and client portfolio analysis - <http://www.rsabroker.com/system/files/RSARED.pdf>.

During a claim, our Claims Handlers and Loss Adjusting teams are responsible for managing the claim process from claim to closure, with a constant focus on being proactive and pragmatic while also keeping all parties informed at every stage. Our responses are substantive and considered. Our comments on the claim and thoughts as to next steps to progress are designed to maximise efficiency and minimise uncertainty. We recommend energy efficient replacements of damaged goods or flood resilient materials following a claim with some customers being more aware of the new products than others. If it is cost neutral to make the replacements, customers are happy to do this however where there is a cost involved, customers tend to be more apprehensive despite our recommendations.

In the UK in December 2015, we saw another significant flood event following the three storms – Desmond, Eva, and Frank. As during the flood events in 2013 and 2014 the UK Government

introduced a repair and renew grant, and RSA, in turn, ensured that customers were provided with adequate information to be able to apply for the grant. However, it should be noted that the late launch of the scheme again conflicted with Insurer's aims to press on with repairs and get people home quickly. As a result like in 2014 uptake has anecdotally been very low indeed.

Results from the December 2015 floods were that all 300 commercial customers affected were visited within 3 days of the flooding event and 95% of property claims calls were answered in 20 seconds during the surge.

RSA engaged with the ABI nationally, and also Local Authorities in the worst affected areas to discuss some of the technical challenges of introducing flood resilience materials into properties – particularly where there are practical challenges of providing materials that are both flood resilient and compliant with building regulations for insulation.

In September 2015 we re-launched our Buildings supplier strategy which has a strong focus on 'restoration' and 'claim timeline'. A number of specific innovations were included in the new supplier contracts such as usage of onsite contents storage pods to save the time and cost involved in removals; and ensuring that our restoration contractors continually improve on drying times to reduce the time customers are out of their homes. RSA have been involved as part of the Committee that developed BS12999 Damage Management – this was successfully launched in the Autumn of 2015.

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 (drying out/cleaning damaged properties/fixing damaged goods) 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

Throughout the industry, there is a significant move away from pre-emptive strip out following a claim towards restoration and repair techniques and RSA is fully supportive of this transition. The benefits of repair and restoration techniques are numerous as was demonstrated by a Carbon Trust study conducted in 2013 on behalf of RSA where they described these techniques alongside the project managed claims model as having, "demonstrable and significant carbon reductions" and "significant financial savings". First and foremost, the impact of the claim and event on the customer is minimized as repairing damaged goods often is quicker than strip out meaning the end-to-end claim time is reduced. The amount of waste and the need for raw materials is also reduced as items are repaired instead, and of course the costs of the claim are reduced significantly.

Across the Group, making sure that the focus is always on minimizing the impact on a customer's life, there is a parallel drive to reduce claim time, costs and carbon. This is being achieved through moving towards project managed claims (managing the claim from start to finish) and closer partnerships with suppliers (working with them to reduce costs, time and carbon). We do not currently measure the number of claims settled in this manner but in UK personal home claims, we use the project managed approach for around 30% of our home claims spend.

An example of the importance of making sure that we reduce the costs, time and carbon emissions of the claim settlement process is demonstrated by the recent changes in the UK Home Claims team.

In January 2016, our Loss Adjusting teams were transferred to a third party, Cunningham Lindsey who are now responsible for managing our claims. Although, we no longer have in-house Loss Adjustors, the focus on customers' first and claims savings initiatives has not been diminished. Cunningham Lindsey follow the same Project Managed claims model for high value claims, tracking the length and cost of each claim on their own online system. RSA have worked closely with Cunningham Lindsey making them aware of our Corporate Responsibility Strategy and our desire to reduce our environmental impact and support customers to be more resilient to our changing climate. As such, all the loss adjustors have received accredited training via the British Damage Management Association (BDMA) which promotes the use of repair and restoration techniques.

Following the flooding events of winter 2013/2014; 2015/2016 and the flash floods of June 2016, the team have also updated our RSA Home Claims Flood Incident Response Plan which details our response to a flood event and our focus on restoration and resilience. The plan summarises our response with the 5 R's:

1. Response: immediate response at First Notification Of Loss (FNOL) to support customer;
2. Resource: making the best use of adjusting and supplier resources, using local suppliers where possible to reduce transportation costs and carbon;
3. Restoration: focusing on stabilization, decontamination and restoration, avoiding strip-out where feasible;
4. Resilience: supporting customers in flood resilience repair decisions and supporting them with any grant applications (for example, the UK Government's 'Repair and Renew' grant);
5. Recovery: supporting customers in getting back home as soon as possible.

In 2016, our team is working on a Winter Preparedness Plan and working with our weather forecasting company, EuroTempest to use historical weather data to improve our incidence response plan.

Working with suppliers to reduce costs and carbon

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

The key objectives for this strategy are to improve communication between field adjusters and suppliers at a local level and make greater use of innovation in the damage management process - including rapid drying systems (RDS), on-site cleaning and storage facilities, and temporary kitchens - all of which will reduce time-lines and temporary accommodation periods for customers. Further reductions in timelines are being targeted at between 25% and 35% with the associated benefits of cost and carbon in customers having to be rehoused in temporary accommodation - which is often located outside their local community. The improved technical controls will enhance controls on stripping out and contents restoration.

Some examples of these partnerships are detailed below.

- On flooring claims, we actively drive repair over replacement, both for reasons of cost, the environmental impact, as well as minimising disruption for the customer. In the last 18 months, our supplier has devised new repair methods to increase their rate of successful repair and mitigate the need for replacement. One example of this includes carpet re-dyeing, where if the flooring has been damaged by exposure to chemicals, e.g. bleach, the supplier can re-dye to match.
- Repair and Inspection – we changed our repair and inspection rules for mobiles, laptops and electrical products in 2015. We moved away from a traditional value based method to a more intelligent triage approach. This helps to ensure that we are only inspecting or attempting repair

where there is a decent likelihood of a positive outcome, whilst minimising the environmental impact of collection and delivery.

- Mobile Swap Out – introduced in 2015, this involves the replacement of the customers' phone the next day, with the original item being picked up and used for salvage. Any non-salvageable parts are recycled or securely disposed of, complying with waste regulations.
- Voucher Settlement – vouchers are often used to settle claims and drive spend through to specific suppliers. Over recent years, there has been a significant shift away from paper based vouchers, to voucher cards, which were still posted to the customer. A more recent development has been the increase in instant vouchers, which are heavily utilised on our behalf by our supplier. The electronic voucher reaches the customer in minutes and allows them to use instantly. No need for postage and paper as the voucher code is emailed or texted directly to the customer.
- Magicman – promotes repair over replacement, often saving significant use of materials and reducing waste. A good example of this is a cracked bathroom basin. Typically this would be replaced, and often create issues in matching the profile with the remainder of the bathroom suite – this would often result in the entire suite being removed and disposed of. Magicman use smart repair techniques to repair such items – other good examples include kitchen worktops.
- Planned routes - we encourage our claims service partner companies to use central route planning in order to find the shortest possible route to customers. This is something that could potentially reduce the number of kilometres driven by about five percent.
- App for assessment - as part of our vehicle insurance offering, we provide a service where damage can be assessed via photographs ("Collect & return" service, mobile app). Vehicle owners photograph damage to their vehicle and send us the pictures via our mobile app. We then use the images to find the nearest appropriate repair shop out of the 30 that we work with across Sweden. The workshop calculates the required repairs, books a service time, and picks up the vehicle, dropping it off once the repairs are completed. Among other things, this means that the vehicle owner doesn't need to visit the workshop. This service covers about 70 percent of our customers. It saves travel time, reduces CO2 output, and makes life much easier for our customers.
- Recycled replacement glass - we strive to repair stone damage to glass rather than replacing the entire windscreen. The goal is to repair the damage before any cracking occurs and glass replacement becomes necessary. Glass that absolutely has to be replaced is recycled.
- Preventative fire-information - Our "Fire School" is a preventative information campaign aimed at preventing household fires. We have loaded a series of short films onto the Trygg-Hansa website, explaining how fire security in the home can be improved and what kinds fire-protection equipment should be present in all homes.
- Sustainable renovation - when water damage occurs in bathrooms, some 80 percent of the interior fittings are typically undamaged and don't need to be torn down or replaced. We, therefore, recommend partial renovation as a sustainable approach, something that is supported by contractors and technicians.

3.4 Through our products and services assist markets with low insurance penetration to understand and respond to climate change.

Responsible customer service

Customers are the reason we exist. So we treat them as we would wish to be treated ourselves, providing value for money products, communicating in a clear and transparent way and measuring, monitoring and dealing with claims quickly and efficiently.

We were delighted to receive the Customer Experience Champion Award this year, with the judges highlighting how we use our measurement frameworks to improve products and services for customers.

In 2015, we invited 10 UK customers, both advocates and detractors, to join a meeting of our Personal Lines Board. This provided our leadership team with valuable insight into the customer experience.

We employ a number of tools and resources to listen to customers, gauge satisfaction and improve our services as a result. For example, we work with the General Insurance Market Research Association (GIMRA) and monitor both Customer Service Measure (CSM) and Customer Voice (CV). Customer sentiment in 2015 remained supportive and retention across the group is around 80%.

We are committed to marketing our products responsibly. In the UK we have a robust framework to ensure that promotional material, including financial promotions, are designed to achieve good outcomes for our customers and comply with relevant regulatory standards. Our seven-stage launch process means every new product is reviewed by senior management in Legal and Compliance, Product and Customer, Technical Underwriting and Marketing & Communications. This makes certain that it meets our customer needs, is compliant and fit-for-purpose.

Every year, we handle hundreds of thousands of claims. Whatever the size of the claim, we take care of our customers when they need us most. We believe in proactive prevention and tailoring the claims process to benefit customers. Our dedicated claims handlers work with customers to reduce risk and, therefore, the likelihood of a claim. Our 'Express 5' proposition has streamlined commercial property claims under £2,500, settling the majority within 24 hours after receipt of five key pieces of information.

Access to insurance

We work closely with charities and partners to break down barriers to financial exclusion, tailoring products to customers with specific needs.

This year, our Codan business in Denmark celebrates a 20-year partnership with mental health charity LEV. Together, they have created bespoke Contents and Liability insurance for customers with specific disabilities.

In the UK, our work with the Motability Scheme means we provide insurance to over 630,000 disabled customers with access to a lease vehicle, scooter or powered wheelchair. Our teams are trained to understand the loss of independence and mobility that being without a car can bring our disabled customers. Our customer satisfaction scores reflect our approach with a Net Promoter Score of +79.

In 2016, to support our Armed Forces MORE THAN and RSA are pleased to have signed up to the Armed Forces Covenant which ensures that when posted abroad, no Armed Forces' personnel are financially disadvantaged who have our motor or home insurance products -

<https://www.abi.org.uk/News/News-releases/2016/06/Insurers-commit-to-flexible-policies-for-armed-forces-stationed-abroad>.

Principle 4: Incorporate climate change into our investment strategies

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

We hold approximately £13 billion of investments, the majority of which is in bonds having reduced our equity and property investments. Our investment fund managers include Deutsche Asset and Wealth Management, Skandinaviska Enskilda Banken, AXA Investment Managers, TD Asset Management and PH&N Investment Services.

Our Group Investment Committee manages investment policy and strategy and oversees the Group's investment portfolios within strictly defined frameworks. Within our publicly available Annual Reports and Accounts 2015, we communicated our strategy to maintain a core high quality, low risk portfolio.

The Group continues to review opportunities for debt investment within low carbon technologies and expects to make an initial investment in 2016.

Our fund managers will continue to review all risks (including those from climate change) and incorporate these risks into their assessment of investment opportunities. In 2016/2017, we plan to work with external providers, to create a baseline of the ESG issues of our corporate bond portfolio so we can better understand the potential to enhance the ESG issues of our investments.

We note the development of the Green Bond market and continue to review opportunities for participation where issuance aligns with the investment objectives of the Group.

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

Our fund managers will continue to review all risks (including those from climate change) and incorporate these risks into their assessment of investment opportunities. In 2016/2017, we plan to work with external providers, to create a baseline of the ESG issues of our corporate bond portfolio so we can better understand the potential to enhance the ESG issues of our investments.

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 2015 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 59-60 of our [RSA Annual Reports and Accounts 2015](#) for a description of the Group Investment Committee.

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.

Corporate responsibility for our supply chain is mandated within our Group Third Party Contracts Policy as our reputation and regulatory compliance rely on it.

Each operating country determines its supplier code of conduct which ensures they always meet local requirements.

In the UK, our Supplier Relationship Management (SRM) function, working alongside business managers and a centralised Strategic Sourcing, is responsible for engaging suppliers. Our SRM programme has been managing supplier relationships of high value or risk for over seven years. We prioritise suppliers with robust environmental policies and encourage them to both minimise their environmental impact and be able to demonstrate it.

We aim to reduce the social and environmental costs of the products and services we buy. See examples of this in Principle 3.3 above.

In 2016, the CR Team is working alongside the Procurement team to better incorporate sustainable procurement into the sourcing process across the Group. This includes ensuring all contracts over a certain threshold are sent via the CR team for advice on how to engage with suppliers on improving the environmental and social performance of the products and services that they will provide RSA. We also intend to update our supplier assessment processes to include questions on the suppliers Corporate Responsibility credentials (including their approach to human rights (including modern slavery and trafficking); environmental protection and community investment). Suppliers will be rated according to their credentials and made aware of high risk issues that we have identified. We intend to roll these questions out in the UK initially and then across the Group.

We are also developing a Group Supplier Code of Conduct that will be included into all new contracts and renewals. The Supplier Code of Conduct will be published on our Responsibility webpages and outlines RSA's expectations for Supplier conduct regarding human rights, environmental protection, business ethics and community involvement.

Training on sustainable procurement and what to consider when assessing and choosing suppliers has been conducted with our Group Procurement team including an overview of the UK Modern Slavery Act 2015. The team is now assessing how to incorporate the Group Supplier Code of Conduct into our sourcing process.

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

Within our Sustainable Futures theme of our Corporate Responsibility Strategy, we support a transition to an environmentally-sustainable world by helping our customers deal with changing risks and by promoting new ways of working that save energy, resources and create less waste.

Please see an update of our progress against our targets on our Responsibility webpages: <https://www.rsagroup.com/responsibility/sustainable-future/> as well as highlights of how we have reduced our environmental impacts on page 4 of [Highlights PDF](#).

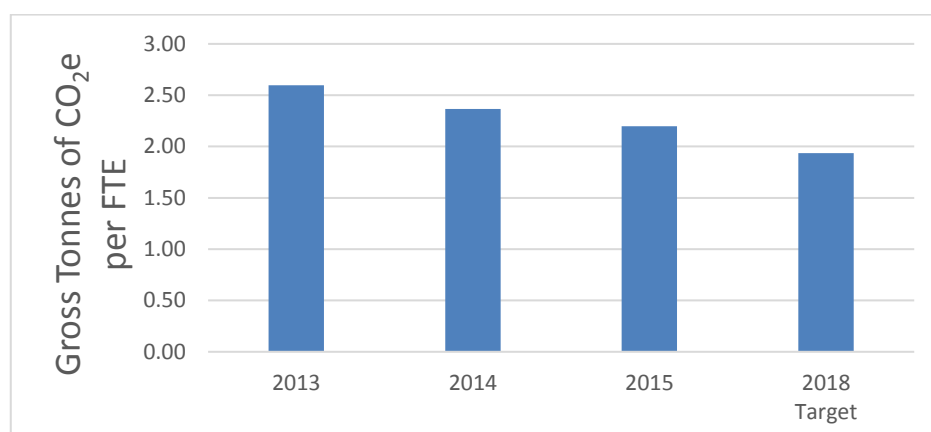
KEY ENVIRONMENTAL DATA FOR RSA GROUP		2015	2014	2013
Greenhouse gas emissions (tCO ₂ e)	Scope 1 ^(A)	6,115	12,279	12,968
	Scope 2 ^(A)	17,275	24,717	25,787
	Scope 3	15,907	16,376	23,901
	Business Travel ^(A)	13,050		
	TOTAL (gross)	39,297	53,372	62,656
	Gross tCO ₂ e/FTE	2.20	2.37	2.60
	Carbon offsets	20,000	21,827	27,278
	TOTAL (net)	19,297	31,545	35,378
	Net tCO ₂ e/FTE	1.08	1.40	1.47
Energy Consumption (MWh)		74,320	106,693	114,325
Water consumption (m ³)		210,553	282,334	270,572
Paper consumption (tonnes)		1,515	1,734	1,920
Waste production (tonnes)		6,930	5,262	5,014
Waste recycling (%)		79	67	60

^A Selected data has been independently assured by PwC. For further information, [download Key Environmental Data](#) (PDF).

Data notes:

The emissions for 2015 have been calculated using a different organisational scope to previous years, reporting all sources of emissions from operations with 50 or more full time equivalent (FTE) employees. In previous years, emissions from offices with less than 50 employees were estimated, but these have been removed from the scope of the 2015 reported emissions. Previously, some Scope 3 emissions were misreported as Scope 1 emissions. Therefore, we have restated our baseline year as 2015 for our carbon reduction target and amended our target accordingly.

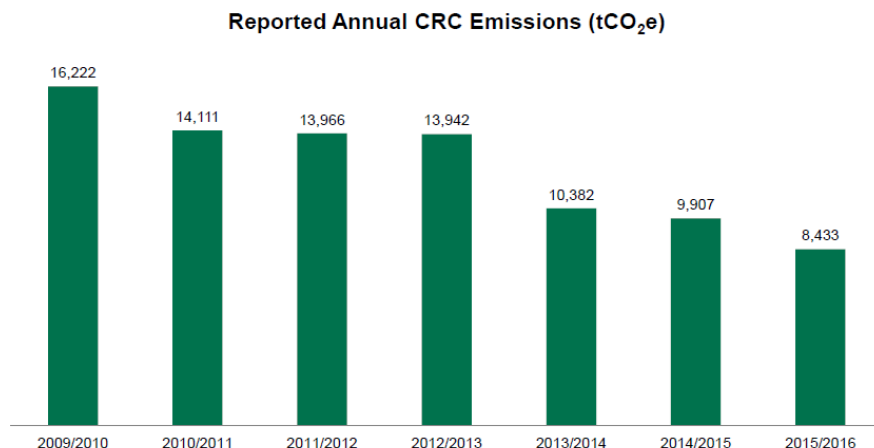
- Scope 1: Emissions from the Group's sources that are controlled by us, including the combustion of fuel, company owned vehicles and the operation of our facilities.
- Scope 2: Emissions from the consumption of purchased electricity, heat or steam.
- Scope 3: Emissions from non-owned sources that are related to the Group's activities, including business travel and the use of water, paper and waste generated.
- Business travel: Emissions from flights, trains, taxis, hotels and vehicles not owned by organisation. This has been separately assured and reported in 2015.



Graph showing progress against RSA's Group carbon reduction target.

Highlights of emission reduction initiatives from across the Group

- Across the Group, there has been a focus on divestment with RSA Group having sold its business in Latin America and Russia. This has resulted in a smaller geographical footprint which has resulted in a reduction in our carbon emissions by approximately 4,844 tonnes of CO₂e.
- The majority of the decrease in our Scope 1 and 2 emissions (approximately 8,441 tonnes of CO₂e) are as a result of the change in our organisational boundary. The emissions for 2015 have been calculated using a different organisational scope to previous years, reporting all sources of emissions from operations with 50 or more full time equivalent (FTE) employees. In previous years, emissions from offices with less than 50 employees were estimated, but these have been removed from the scope of the 2015 reported emissions.
- In our Scandinavian businesses in Denmark, Sweden and Norway, we collaborate with our energy suppliers to find ways of reducing our energy consumption in our buildings. In 2015, we invested in energy efficient ovens in Denmark, LED lighting and new chillers.
- In Stockholm, energy consumption has decreased by 24% from 2014 baseline. This is due to sound energy management where technical installations are optimised for efficiency with all settings in the control systems adjusted regularly. New heat pumps have been in operation since May 2015 which are more energy efficient as well as recovering heat from our data centre and restaurant.
- In Sweden, we have commenced a 'paper-free' project encouraging our customers to move to online policies. The target for 2016 is to move 500,000 customers to digital policies.
- In Canada in 2016, travel insurance policies will be moving to digital documentation. Already 52% of customers have gone digital.
- Also in Canada, we installed video conferencing and efficiency measures. Our Toronto head office won an internal challenge to reduce the most emissions from our offices and in October 2015, our Johnson Green Committee again ran a successful Waste Reduction Week.
- In the UK, we reduced our energy consumption at our London offices by 58% from a 2010 baseline by moving our employees to one office, winning 5 Mayor of London Energy Challenge Awards. We replaced our chillers in our Manchester office resulting in significant cost and carbon savings. In our Horsham office, we improved the air conditioning control in the office and fully automated our lighting system meaning that lights don't come on when there is no one in the office. We successfully complied with the UK's Carbon Reduction Commitment and Energy Savings Opportunity Scheme. We offset our unavoidable emissions by purchasing certified carbon credits for projects in Honduras, Africa and Vietnam. Through our MORE TH>N and Trees for Cities partnership, we encouraged 6,100 customers to switch to digital documentation, saving over 20,000 pieces of paper.
- Through the Energy Savings Opportunity Scheme (ESOS), our consultants identified >£300,000 worth of energy saving opportunities which all had an average pay-back of 4 years. Following the ESOS audits, we got approval to implement the low cost, short pay-back projects and are investigating the larger projects. Most importantly, we received support to implement an ISO 50001 Energy Management System in the UK. This is sponsored by the UK and Western Europe COO. Currently, we are working on a phased approach to implementation with the hope of certification by next ESOS reporting period in 2019. See our ESOS Case study on p13 of UKGBC pamphlet - <http://www.ukgbc.org/sites/default/files/ESOS%20Case%20Studies%202016%20SMALL.pdf>
- Recent analysis of our UK reported CRC emissions shows a decreasing trend of our emissions. Some of this decrease corresponds to releasing investment properties, however in 2015/2016 compared to 2014/2015, the biggest decrease was in Manchester and Horsham due to the energy efficiency projects detailed above.



- Across the Group, we have been announcing new strategies to meet our ambition to win for customers and shareholders (www.rsagroup.com/media/1035/rsa-2015-preliminary-results-presentation-25-feb-2015.pdf). Within these strategies, technology plays a key role allowing our people to excel and delighting our customers. We are making significant investment in modernising our IS platforms and introducing the tools and software that will help us work smarter, more effectively and more efficiently. For our customers, we are deploying a new front end insurance platform (Duckcreek) combined with other leading technologies over the next five years. These new systems will help transform our business and give our people the tools they need to deliver a great proposition to our customers and partners. The environmental benefits of these technological developments are reduction in paper and more efficient IT equipment.

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.

We use an online GHG reporting system (Ecometrica's *Our Impacts*) to collect our environmental and social performance data. *Our Impacts* converts environmental data into a carbon footprint with consideration to the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol; a Corporate Accounting Standard, together with the latest emissions factors from recognised public source including, but not limited to, the Department for Environment, Food and Rural Affairs (Defra), the International Energy Agency, the US Energy Information Association, the US Environmental Protection Agency and the Intergovernmental panel on Climate Change.

Selected data for 2015 has been independently assured by PwC in accordance with ISAE 3000 (Revised) and ISAE 3410. For further information, please refer to our RSA Corporate Responsibility Reporting Criteria 2015 (PDF) and [PwC's Assurance Opinion 2015\(PDF\)](#).

We publically disclose our greenhouse gas emissions in our [RSA Annual Report and Accounts 2015 \(page 93\)](#) and on our [Sustainable Futures](#) webpages.

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.

- Denmark runs continuous communication to employees around reducing waste and switching off lights and IT Equipment. Earth Hour is also celebrated each year.
- Sweden focusses on promoting 'paperless' offices and is investing in IT to ensure that employees are supported.
- In Canada, there has been a move towards energy efficient coffee vending machines. One of the machines uses K-cups which once used are sent to a local waste-to-energy facility which uses the cups as a fuel source.
- All Johnson offices from coast to coast, with the help of the Johnson Green Committee, celebrated Waste Reduction Week from October 19th to 23rd. Through unique daily challenges, coupled with informative communications, the Green Committee aimed to show their Johnson colleagues how simple actions at home and at work, can be adopted to create a more sustainable future. Those who took part in the daily challenges emailed the Green Committee explaining what they did and were entered into a daily random draw. Here are some of the activities from the week.
 - Monday was eat green for the day, aiming to have staff eat foods that are environmentally friendly and try to go meatless for the day.
 - Tuesday was waste free day and staff was challenged to go a full day without producing any unnecessary waste.
 - Wednesday was energy conservation day, encouraging staff to follow suggested activities aimed to modify each individual's energy consumption patterns.
 - Thursday was water conservation day with the objective of reducing water consumption as much as possible.
 - Friday was alternate transportation day and the challenge consisted on finding a co-worker who lives nearby to share a drive to work that day! If that was not an option, then consider taking public transportation, ride a bike or walk to work!
- There are new waste and recycling bins in St. Johns, Canada and in a proportion of the UK sites, we moved to a new waste contractor in order to reduce the amount of waste we send to landfill. Communication was sent to all employees making them aware of the amount of waste we produce and advising them to reduce, reuse and recycle.

"As a global insurer, our operations have an impact on the environment especially in terms of the energy we use, waste we produce and travel we conduct. Within the UK, we generate 5,012 tonnes of waste which is enough to fill 585 double decker buses and equates to 160 tonnes of carbon dioxide emissions."

In Canada, we are very proud of our recent announcement to team up with WWF Canada to advance employee action and sustainability. The 5-year partnership will inspire and engage employees in our workplaces across the country to take environmental actions. With the partnership, RSA becomes the new sponsor of Living Planet @ Work, WWF-Canada's environmental employee engagement programme. Through this partnership, WWF-Canada will support RSA to develop a robust national green team programme in order to engage employees coast-to-coast to take action on sustainability.

ENVIRONMENTAL PARTNERSHIP



LIVING PLANET @WORK championed by RSA

WWF Canada and RSA Canada team up to advance employee action on sustainability

Our colleagues in Canada kicked off a new five-year partnership with WWF–Canada to inspire and engage employees in workplaces across the country to take environmental action.

With this partnership, RSA becomes the new sponsor of Living Planet @ Work, WWF–Canada's environmental employee engagement programme. In doing so, RSA demonstrates and promotes the benefits of integrating employee engagement and corporate responsibility initiatives.

Through this partnership, WWF–Canada will support RSA to develop a robust national green team programme in order to engage employees coast-to-coast to take action on sustainability.

This partnership supports the Group's Corporate Responsibility Strategy specifically our Group carbon reduction target and aim to help our customers respond to changing environmental risks and opportunities. Read more about our CR Strategy in the previous article.

Rowan Saunders, President and CEO of RSA Canada said: "Our employees are our biggest asset and engaging them on sustainability – an issue that they care deeply about – is directly linked to our success. Combined with WWF's inspiration and guidance, we can bring together our people to create a more sustainable future."

David Miller, President and CEO of WWF–Canada added, "Every day, more Canadians are waking up with the urge to lighten the human load on our planet. They're taking action, seeking solutions, and dreaming of future where nature and the economy thrive together. WWF–Canada's partnership with RSA Canada harnesses that drive to help Canadians in workplaces across the country build a deeper connection with nature."

Why integrating a company's employee engagement and corporate responsibility initiatives matters:

- High employee engagement can lead to 19 per cent profit increase, 20 per cent improved performance and 87 per cent turnover reduction (Corporate Leadership Council);
- Lack of employee engagement is the top issue currently facing 87 per cent of HR and business leaders (Deloitte, 2015) and less than one-third of workers felt engaged in their jobs in 2014, according to the U.S. study. The majority (51 per cent) were "not engaged", and 17.5 per cent were "actively disengaged"; and
- Millennials, the least engaged generation (Gallup, 2014) and the generation that will form half of the global workforce by 2020 and 75 per cent by 2025, want their work to have a purpose, to contribute something to the world and they want to be proud of their employer (PwC, 2011)



ENVIRONMENTAL PARTNERSHIP

WWF and RSA Partnership History

For more than five years, WWF and RSA have partnered on research and employee engagement initiatives that have strengthened our organizations. As a leading renewable energy and marine insurer, RSA has supported WWF's efforts to better understand the impacts of our changing climate and environment and to help RSA employees, customers and brokers mitigate and adapt to those risks. A report commissioned by RSA to understand the insurance risks of Arctic shipping is informing industries. RSA's recognition of the important role that employees play in creating positive change is helping to advance workplace sustainability. By working with WWF, RSA is expanding its influence and gaining valuable insights for its future.

About Living Planet @ Work

Living Planet @ Work was launched in 2011 to inspire, empower and engage environmentally minded employees to lead footprint reduction initiatives, sustainability awareness campaigns at work and build support for WWF's conservation efforts across Canada. Today, more than 1,200



champions from more than 900 companies use the programme and are taking action for the good of business and the planet.

About WWF–Canada

WWF–Canada is part of WWF (World Wildlife Fund), one of the world's largest and most respected conservation organizations. WWF–Canada has close to 50 years of experience implementing science-based knowledge and research into on-the-ground projects. WWF creates solutions to the most serious conservation challenges facing our planet, helping people and nature thrive. Visit wwf.ca for more information.

Further Reading

- RSA & WWF partnership announcement [click here](#)
- Partnership announcement and recruitment for the green teams launch [click here](#)
- WWF–Canada blog article [click here](#)



Internal article on the 5-year partnership with RSA Canada and WWF–Canada to encourage employee action on sustainability.

In the UK, we celebrated Earth Hour (25th March) and World Environment Day (5th June 2016). For Earth Hour, our FM Managers turned off all non-essential lights and external perimeter lights for the hour. For World Environment Day in the UK, we ran a switch-off campaign where we delivered chocolates to all desks that had their monitors switched off. The chocolate was a token of thanks for remembering to switch off and was given to get people talking. An email was sent out the next day explaining why people received a chocolate and showing how much energy and associated carbon emissions were saved by 'switching-off'. On average 48% of monitors were switched off. If we all had to switch-off our monitors, we could save 216tCO₂e annually (approximately £42,000 annually). We plan to run another 'switch-off' campaign in September to see whether we can improve.

We also post various environmental related comments on our RSA social media sites. See below for two examples.



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.

Our CR Strategy is managed by our Group Corporate Responsibility Function with oversight and challenge from our Director of External Communications. The Chief Executive and Group Board has ultimate accountability and is updated bi-annually on activities and progress against targets. Within each region, country-level senior management has oversight of the strategy and the implementation and delivery of activities to meet targets is managed by local CR Representatives. Regional activities are coordinated by the Group CR Function.

We are strengthening sustainability across the Group by working with functional departments such as Human Resources, Risk Management, Corporate Real Estate and Procurement to continue to integrate sustainability into our core business processes. Through collaboration, we initiate projects and drive employee engagement to encourage each and every one of us to Make Things Better Together

Our strategy is underpinned by corporate CR policies outlining our approach to human rights, the environment and community and charities. Applicable to all operating countries and subsidiaries, these policies help manage our operational, regulatory and reputational risks while putting corporate responsibility at the heart of our business

Our regional CR representatives implement our strategy and comply with minimum controls through the CR policies. Each policy has a Group Executive Owner and Group Managing Owner who, with the assistance of Local Managing Owners, ensure compliance. They do this by working alongside

business experts to identify and implement key controls. A robust monitoring framework makes sure these controls are continually evaluated. The Risk function administers the policy framework and monitors adherence to each policy. If any controls are not working effectively, a remediation plan is agreed to quickly restore adherence

ESG risks

We considered environmental, social and governance (ESG) risks when engaging stakeholders to create Making Things Better Together.

Our aim is to both provide products that protect our customers from the impact of risk and to make sure the risks we accept are managed collaboratively. This has the twin effect of maximising returns for investors and benefitting the environment and societies we operate in.

The Board's Risk Committee (BRC) ensures we operate a robust risk management system and the Group Chief Risk Officer shares any material ESG risks within a quarterly update to the BRC. We consider it imperative to continually evaluate any emerging risks.

We monitor global developments that could present social or political risks, such as human rights issues. As signatories of the UN Global Compact, we are committed to protecting human rights and eliminating discrimination. We report our progress against the Global Compact's ten principles annually.

We comply with all relevant law and regulation concerning financial and economic sanctions. A dedicated committee oversees our procedures and our approach to dealing with countries we perceive as higher risk. This approach is reviewed at least twice a year.

The above information is publically available on our Responsibility webpages:

www.rsagroup.com/responsibility.

Progress in 2016

- The CR Function and Procurement teams are working together to integrate the principles of sustainable procurement into our sourcing processes with the vision:
 - To reduce the social and environmental impacts from the purchase, use, and disposal of the products we procure.
 - To promote and maintain high standards of social and environmental conduct across our procurement activities and work with our suppliers to make sure they also adopt this approach.
 - Next steps are:
 - To have a Group wide Supplier Code of Conduct in place by August 2016.
 - To have assessed a proportion of our suppliers based on spend on their environmental, social and economic credentials.
- The CR Function and the UK Corporate Real Estate teams are working together to develop and implement an Energy Management System in line with ISO 50001 by December 2017. We have defined a phased approach to implementation with initially 7 sites being completed by December 2016. The Energy Management System will allow us to better monitor progress against our Group carbon reduction target in the UK.
- The CR Function is working with the Group Investment Director to understand the potential of improving the management information of our investment portfolio (specifically the corporate bond portfolio) in terms of ESG issues.
- The CR Function is working with the Human Resources Function to investigate the appetite for a Health and Wellbeing Strategy. A Health and Wellbeing Week is planned for October 2016 to get a baseline of employee appetite to certain activities and training.

- The CR Function is reviewing the materiality matrix of the CR Strategy to ensure that it still aligns with issues that are relevant to our stakeholders and business. This review will involve interviews with key stakeholders both internally and externally and will deliver an updated materiality matrix for our 2016 CR Report. Following this work, the CR Function will report the findings to Group Risk to ascertain the potential to align Group emerging risks with the findings of the review. This work is due to complete in September 2016.
- The CR Function is reviewing the process of collecting KPIs for the CR Strategy (both environmental and social KPIs) to map out the data collection process and recommend actions to improve. This work is due to complete in August 2016.

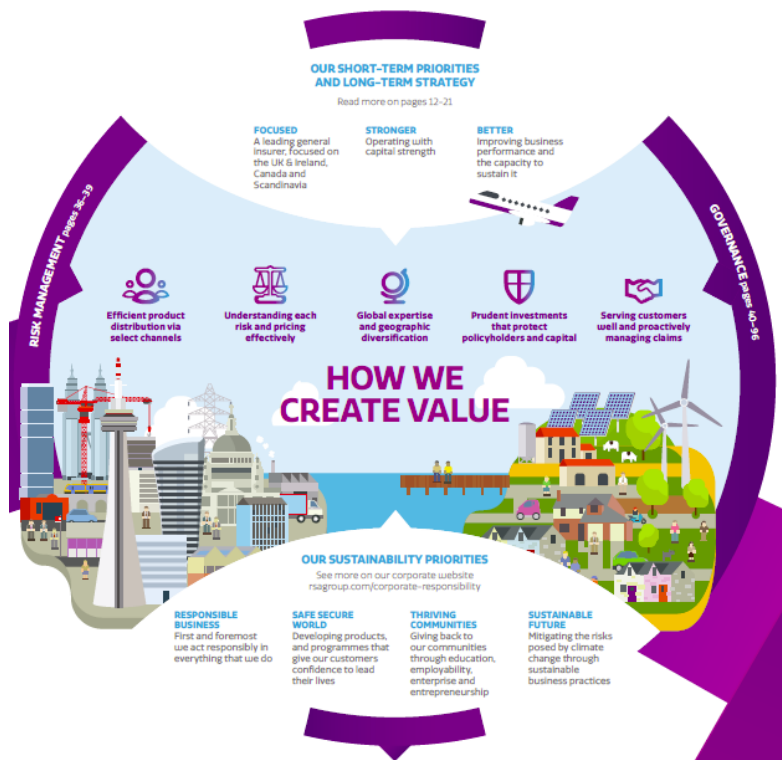
6.2 Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles.

This document constitutes RSA's 2015 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 publically available on our [Responsibility pages](#) along with previous year's responses.

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

Our [Annual Report and Accounts 2015](#) includes information on how we consider environmental and social issues in our business model and corporate strategy.

- See page 4-5 on our strategic response to economic, social, environment and customer.
- See page 6-7 on our business model – reproduced below.
- See page 18-19 on how we strive to deliver better value for the environment and society.
- See page 93 for our annual Greenhouse Gas emissions disclosures.



RSA's Business Model as defined in the Annual Report and Accounts 2015 (pg. 7)

END
