

## ClimateWise: XL London Market 2007 Report on Activities

As a member of the Lloyd's market, XL London Market ("XLLM") comes under the umbrella of Lloyd's with regards ClimateWise and we work closely with Lloyd's on ClimateWise activities and reporting. Many activities underpinning ClimateWise principles are undertaken centrally by Lloyd's on behalf of the market – this report focuses primarily on those activities undertaken individually by XL.

In October 2007, XL London Market, along with other companies in Lloyd's and the wider UK insurance sector, signed up to the launch of ClimateWise. As this report is for the 2007 calendar year, specific activity aimed towards the ClimateWise principles was limited – this 2007 report details how initiatives that were predominantly underway prior to XL joining the initiative, conform to the ClimateWise principles. With 2008 being the first full year of membership, we aim increase our involvement during the year and also make other entities within the XL Capital group aware of the initiative and our involvement in it.

For future years, we intend to publish our ClimateWise report as part of Syndicate 1209's annual report.

For full details on ClimateWise, please visit the [ClimateWise website](#).

PRINCIPLE	ELEMENTS OF PRINCIPLE	HOW XLLM IS TAKING ACTION	HOW LLOYD'S IS TAKING ACTION
<p><b>1</b></p> <p><b>Lead in risk analysis</b></p>	<ul style="list-style-type: none"> <li>▪ Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests.</li> <li>▪ Support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.</li> <li>▪ Use research and improve data quality to inform levels of pricing, capital and reserves to match changing risks.</li> <li>▪ Evaluate the risks associated with new technologies for tackling climate</li> </ul>	<ul style="list-style-type: none"> <li>▪ XL's Chief Risk Officer has undertaken extensive work on the impact of climate change on XLI lines of business</li> <li>▪ Catastrophe modelling teams within XL are in continual dialogue with risk modelling companies to share experiences and better understand the impact of climate change on risk exposure.</li> <li>▪ Pricing, capital and reserving all use inputs from catastrophe modelling</li> <li>▪ XL London Market works with brokers and clients to provide coverage for the construction of onshore and offshore renewable energy facilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <a href="#">Click Here</a></li> </ul>

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	<p>change so that new insurance products can be considered in parallel with technological developments.</p> <ul style="list-style-type: none"> <li>Share our research with scientists, society, business, governments and NGOs through an appropriate forum.</li> </ul>		
<p><b>2</b> <b>Inform public policy making</b></p>	<ul style="list-style-type: none"> <li>Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.</li> <li>Promote and actively engage in public debate on climate change and the need for action.</li> <li>Support work to set and achieve national and global emissions reduction targets.</li> <li>Support Government action, including regulation, that will enhance the resilience and reduce the environmental impact of infrastructure and communities.</li> <li>Work effectively with emergency services and others in the event of a major climate-related disaster.</li> </ul>	<ul style="list-style-type: none"> <li>XLLM actively participate on Lloyd's Market committees and Dermot O'Donohoe sits on the Council of Lloyd's</li> <li>XL Insurance is a founding member of the United Nations Environmental Programme Finance Initiative Insurance Working Group, (UNEPFIIWG), which seeks to raise awareness of the current and emerging issues of sustainability in relation to the insurance industry.</li> <li>In response to the 2004 tsunami devastation in Sri Lanka, the XL Foundation (XL's charitable foundation) teamed with Room to Read by making a three year grant of a minimum of \$50,000 a year towards rebuilding schools. The XL foundation also matched all employee donations to Room to Read</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Click Here</a></li> </ul>
<p><b>3</b> <b>Support climate</b></p>	<ul style="list-style-type: none"> <li>Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.</li> <li>Encourage our customers to adapt to</li> </ul>	<ul style="list-style-type: none"> <li>Broker and client seminars have, on a number of occasions featured Professional David Crichton, of the Benfield UCL Hazard Research Centre at University College London whose expertise lies in Strategic insurance issues relating to climate change, especially flood, storm, subsidence and other natural</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Click Here</a></li> </ul>

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<b>awareness amongst our customers</b>	<p>climate change and reduce their greenhouse gas emissions through insurance products and services.</p> <ul style="list-style-type: none"> <li>▪ Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.</li> <li>▪ Consider how we can use our expertise to assist the developing world to understand and respond to climate change.</li> </ul>	<p>disasters.</p> <ul style="list-style-type: none"> <li>▪ XL Produces a customer publication – Insight – separate editions are published for the EAP and US markets each year and recent editions have had numerous articles covering the impact of catastrophes/climate change/sustainability on clients and the insurance coverages they purchase.</li> <li>▪ XL Insurance's Property division have recently produced a "Coping with Floods" brochure which they used at the 2007 FERMA Conference. This is now being distributed to all our property clients across Europe.</li> </ul>	
<p><b>4</b></p> <p><b>Incorporate climate change into our investment strategies</b></p>	<ul style="list-style-type: none"> <li>▪ Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process.</li> <li>▪ Encourage appropriate disclosure on climate change from the companies in which we invest.</li> <li>▪ Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio.</li> <li>▪ Communicate our investment beliefs and strategy on climate change to our customers and shareholders.</li> <li>▪ Share our assessment of the impacts of climate change with our pension fund trustees.</li> </ul>	<ul style="list-style-type: none"> <li>▪ We do not currently incorporate anything regarding climate change in our investment strategy. Please see Lloyd's website for details of Lloyd's central response on this principle.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <a href="#">Click Here</a></li> </ul>

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<p><b>5</b></p> <p><b>Reduce the environmental impact of our business</b></p>	<ul style="list-style-type: none"> <li>▪ Encourage our suppliers to improve the sustainability of their products and services.</li> <li>▪ Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.</li> <li>▪ Disclose our direct emissions of greenhouse gases using a globally recognised standard.</li> <li>▪ 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.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The XL Foundation Ltd is the philanthropic arm of the XL Capital Ltd group of companies. The foundation's focus is primarily on education, followed by environment, health and social services, arts and culture, sports. In order to corral activities in place across the group, the foundation is currently working on the development of a Sustainability Initiative.</li> <li>▪ XL House, London: Recycling bins on each floor for bottles and cans; 2nd floor Kitchen has a glass recycling bin (for glass water bottles); each print shop has paper recycling bins that are collected weekly; IT recycle printer cartridges; motion sensitive lighting; video conferencing suites reduce requirement for travel; cycle to work scheme</li> <li>▪ XLLM minimises paper consumption by scanning documentation to enable employees worldwide to view documents electronically rather than print.</li> <li>▪ Annual Day of giving – staff give a days work to charitable causes. A number of these are involved in environmental/ecological charities (e.g. London Wetlands Centre)</li> <li>▪ During 2008 we are looking to establish a “green” team of interested staff members in London to increase overall staff involvement in sustainability initiatives and give feedback to the company on how it can better itself in this area.</li> <li>▪ XL took part in the Carbon Disclosure Project 5 (CDP5) in 2007, and is currently developing a strategy to reduce and offset its carbon emissions, and reduce the company's environmental impact.</li> </ul> <p><a href="http://www.cdproject.net/online_response.asp?cid=1931&amp;year=2">http://www.cdproject.net/online_response.asp?cid=1931&amp;year=2</a></p>	<ul style="list-style-type: none"> <li>▪ <a href="#">Click Here</a></li> </ul>

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<p><b>6</b></p> <p><b>Report and be accountable</b></p>	<ul style="list-style-type: none"> <li>▪ Recognise at Company Board level that climate risk has significant social and economic impacts and incorporate it into our business strategy and planning.</li> <li>▪ Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles.</li> </ul>	<p>“In signing up to the Principles, XL London Market recognises the significance of climate change.</p> <p>“Going forward, we will provide disclosure as part of our annual reporting on our progress against these principles, and encourage management and staff to take a responsibility for and interest in these matters.”</p> <p>– Dermot O’Donohoe, CEO &amp; Active Underwriter, XL London Market Ltd</p>	<ul style="list-style-type: none"> <li>▪ <a href="#">Click Here</a></li> </ul>