



ClimateWise: XL London Market 2008 Calendar Year Report



As a member of the Lloyd's market, XL London Market Ltd ("XLLM") comes under the umbrella of Lloyd's with regard to ClimateWise and we work closely with Lloyd's on ClimateWise activities and reporting. We participate in regular meetings and initiatives with other Lloyd's signatories to ClimateWise. 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 XLLM.

In October 2007, XLLM, along with other companies in Lloyd's and the wider UK insurance sector, signed up to the launch of ClimateWise.

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>1</p> <p>Lead in risk analysis</p>	<p>a) Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests.</p> <p>b) Support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.</p> <p>c) Use research and improve data quality to inform levels of pricing, capital and reserves to match changing risks.</p> <p>d) Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with</p>	<ul style="list-style-type: none"> ▪ XL's Chief Risk Officer has undertaken extensive work on the impact of climate change on XLI lines of business ▪ 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. ▪ Pricing, capital and reserving all use inputs from catastrophe modelling and scenario analysis that includes emerging risks including climate related scenarios ▪ XLLM works with brokers and clients to provide coverage for the construction of onshore and offshore renewable energy facilities. ▪ XL Underwriters sit on Market (LMA) committees that undertake analysis on emerging risks and develop and modify coverages and wordings to deal with these. 	<ul style="list-style-type: none"> ▪ How Lloyd's is taking action ▪ Progress

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	<p>technological developments.</p> <p>e) Share our research with scientists, society, business, governments and NGOs through an appropriate forum.</p>		
<p>2</p> <p>Inform public policy making</p>	<p>a) Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.</p> <p>b) Promote and actively engage in public debate on climate change and the need for action.</p> <p>c) Support work to set and achieve national and global emissions reduction targets.</p> <p>d) Support Government action, including regulation that will enhance the resilience and reduce the environmental impact of infrastructure and communities.</p> <p>e) Work effectively with emergency services and others in the event of a major climate-related disaster.</p>	<ul style="list-style-type: none"> ▪ XLLM actively participate on Lloyd's Market committees and XL's active underwriter sat on the Council of Lloyd's in 2008. ▪ XL Insurance is a founding member of the United Nations Environmental Programme Finance Initiative Insurance Working Group, (UNEPFIWG), which seeks to raise awareness of the current and emerging issues of sustainability in relation to the insurance industry. ▪ 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 ▪ XL has made a long term commitment to help rebuild a school, library and provide 100 annual scholarships to children in the earthquake devastated area of the Sichuan province in China. ▪ XL Insurance has initiated an academic scholarship/internship program for college students from Asia to study the issue of sustainability and insurance. ▪ XL's senior leadership team are active participants in market forums / debates / round tables where environmental issues are frequently on the agenda. 	<ul style="list-style-type: none"> ▪ How Lloyd's is taking action ▪ Progress
<p>3</p>	<p>a) Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk.</p>	<ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ How Lloyd's is taking action ▪ Progress

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<p>Support climate awareness amongst our customers</p>	<p>b) Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.</p> <p>c) Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.</p> <p>d) Consider how we can use our expertise to assist the developing world to understand and respond to climate change.</p>	<p>change, especially flood, storm, subsidence and other natural disasters.</p> <ul style="list-style-type: none"> Research and development of insurance products for the renewable energy sector – e.g. wind farms. 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. Click on the pictures below to access the relevant content from recent publications. <div style="display: flex; justify-content: space-around; align-items: center;">   </div> <ul style="list-style-type: none"> New property coverages launched in US and UK for “Green” rebuilding via a Sustainable Property Endorsement. Click for press release. Further product enhancements are planned for 2009. 	

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<p>4</p> <p>Incorporate climate change into our investment strategies</p>	<ul style="list-style-type: none"> a) Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process. b) Encourage appropriate disclosure on climate change from the companies in which we invest. c) Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio. d) Communicate our investment beliefs and strategy on climate change to our customers and shareholders. e) Share our assessment of the impacts of climate change with our pension fund trustees. 	<ul style="list-style-type: none"> ▪ Investments for XLLM fall under the broader remit of XL Investment Managers. Whilst syndicate funds are managed by this group, these are managed alongside other group investments as part of a broader investment strategy. ▪ 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. 	<ul style="list-style-type: none"> ▪ How Lloyd's is taking action ▪ Progress
<p>5</p> <p>Reduce the environmental impact of our business</p>	<ul style="list-style-type: none"> a) Encourage our suppliers to improve the sustainability of their products and services. b) Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control. c) Disclose our direct emissions of greenhouse gases using a globally recognised standard. d) Engage our employees on our commitment to address climate 	<ul style="list-style-type: none"> ▪ 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. ▪ 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 introduced during 2008. 	<ul style="list-style-type: none"> ▪ How Lloyd's is taking action ▪ Progress

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	<p>change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate-informed choices outside work.</p>	<table border="1" data-bbox="1003 344 1688 555"> <thead> <tr> <th colspan="5" data-bbox="1003 344 1688 371">London Office Recycling</th> </tr> <tr> <th data-bbox="1003 371 1240 399"></th> <th data-bbox="1240 371 1352 399"></th> <th data-bbox="1352 371 1464 399"></th> <th data-bbox="1464 371 1576 399"></th> <th data-bbox="1576 371 1688 399"></th> </tr> <tr> <th data-bbox="1003 399 1240 426">(Kg)</th> <th data-bbox="1240 399 1352 426"></th> <th data-bbox="1352 399 1464 426"></th> <th data-bbox="1464 399 1576 426"></th> <th data-bbox="1576 399 1688 426"></th> </tr> <tr> <th data-bbox="1003 426 1240 453"></th> <th data-bbox="1240 426 1352 453">2006</th> <th data-bbox="1352 426 1464 453">2007</th> <th data-bbox="1464 426 1576 453">2008</th> <th data-bbox="1576 426 1688 453">08 v 07</th> </tr> </thead> <tbody> <tr> <td data-bbox="1003 453 1240 480">Cans/Plastic</td> <td data-bbox="1240 453 1352 480">90</td> <td data-bbox="1352 453 1464 480">180</td> <td data-bbox="1464 453 1576 480">700</td> <td data-bbox="1576 453 1688 480">289%</td> </tr> <tr> <td data-bbox="1003 480 1240 507">Glass</td> <td data-bbox="1240 480 1352 507">4,275</td> <td data-bbox="1352 480 1464 507">4,410</td> <td data-bbox="1464 480 1576 507">5,810</td> <td data-bbox="1576 480 1688 507">32%</td> </tr> <tr> <td data-bbox="1003 507 1240 534">Paper</td> <td data-bbox="1240 507 1352 534">18,770</td> <td data-bbox="1352 507 1464 534">26,910</td> <td data-bbox="1464 507 1576 534">44,350</td> <td data-bbox="1576 507 1688 534">65%</td> </tr> </tbody> </table> <ul data-bbox="1003 571 1787 1321" style="list-style-type: none"> ▪ XLLM minimises paper consumption by scanning documentation to enable employees worldwide to view documents electronically rather than print. ▪ Annual Day of Giving – staff give a day's work to charitable causes. A number of these are involved in environmental/ ecological charities (e.g. London Wetlands Centre) ▪ XL took part in the Carbon Disclosure Project 6 (CDP6) in 2008, and is currently developing a strategy to reduce and offset its carbon emissions, and reduce the company's environmental impact. This included for the first time a measure of XL's global CO2 emissions which was undertaken as a project by a group of XL staff. Click for XL Capital CDP6 report. ▪ XL built a new office in Exton, PA, using sustainable design principles. The building was designed to qualify for "silver certification" under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System from the U.S. Green Building Council. Many functions that support the underwriting activities of XLLM are based here. ▪ XL's Switzerland office was judged the most energy efficient building in its industry sector in Zurich for 2008 [. ▪ All XL offices have a recycling program and have initiated a reduction of paper through two sided printing on recycled paper for most documentation. 	London Office Recycling										(Kg)						2006	2007	2008	08 v 07	Cans/Plastic	90	180	700	289%	Glass	4,275	4,410	5,810	32%	Paper	18,770	26,910	44,350	65%	
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		<ul style="list-style-type: none"> ▪ XL offices have reduced the number of printers and copiers through a detailed efficiency study. The objective is to reduce energy use and the amount of paper used in the normal course of business. ▪ XL is working with its worldwide travel agency to find the most efficient and carbon intelligent means of travel. A reporting program is being initiated to show how XL can reduce carbon emissions through smarter travel organisation. The program should be in place by the end of 2009. 	
<p>6 Report and be accountable</p>	<ul style="list-style-type: none"> a) Recognise at company board level that climate risk has significant social and economic impacts and incorporate it into our business strategy and planning. b) Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles. 	<ul style="list-style-type: none"> ▪ XL is moving away from paper based annual reporting. One of the reasons behind this was that eliminating the mailing and printing of these documents would reduce the company's impact on the environment. As such we continue to report against the ClimateWise principles on the XLLM website (http://www.xlinsurance.co.uk/ClimateWise.htm) ▪ XL is restructuring its sustainability policy to best reflect the reporting requirements. This process is underway and should be completed in the near future. 	<ul style="list-style-type: none"> ▪ How Lloyd's is taking action ▪ Progress