



# Chaucer Syndicates Limited

## Climatewise Report June 2011

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## INTRODUCTION

Chaucer Syndicates Limited is the Managing Agency of Chaucer Holdings PLC, a specialist insurance group. Chaucer underwrites business at Lloyd's, the world's leading insurance and reinsurance market.

Chaucer deploys specialist underwriters in all major insurance and reinsurance classes, balancing global marine, energy, non-marine and aviation with UK motor and nuclear.

Headquartered in London, Chaucer has international operations in Buenos Aires, Copenhagen, Houston and Singapore.

For more information, please visit [www.chaucerplc.com](http://www.chaucerplc.com)

While the insurance business has a small impact on our carbon footprint, we are very conscious of our environmental responsibilities and the positive impact that we have on our working and personal environment.

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

This report details Chaucer's progress in the six key Climatewise areas for the 12 months through to 1 June 2011.

### 1. Lead in Risk Analysis

Principle	Chaucer's current response
Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests.	We continue to work closely with RMS (Risk Management Solutions), an expert for the quantification and management of catastrophe risk, who undertake climate change research on its behalf, developing models for use within the underwriting process.  RMS is committed to helping design and promotes risk reduction and mitigation strategies, emphasizing the need for positive risk reduction and mitigation actions before disaster strikes, as well as alternative means of financing and managing risk.
Support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.	To date, we have not taken direct action in this area.  As a Lloyd's Managing Agency, we work closely with Lloyd's on the Climatewise scheme.
Use research and improved data quality to inform levels of pricing, capital and reserves to match changing risks.	Our underwriters use research and improved quality data to guide decisions on placing risks.  Improved information has been incorporated into the RMS and AIR risk management

	<p>systems, resulting in modelling outputs that reflect the impact of climate change.</p> <p>Information on changing claims costs (potentially resulting from the effects of climate change) is incorporated into reserving and capital allocation methodologies.</p> <p>As part of our Solvency II programme we have committed to the implementation of more sophisticated models that will enable us to make more informed decision on our pricing, capital and reserves.</p>
Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with technological developments.	<p>We continue to consider opportunities for writing business associated with new technologies, including technologies for tackling climate change. This area of the business represents a growing part of our strategy, particularly with the energy division.</p> <p>We continue to underwrite risks for renewable energy sources including wind farms (on and offshore), construction, bio fuel and solar plants and are at the forefront in some of these areas.</p> <p>We are on the leading panel of a number of high profile projects covering physical damage, business interruption and Liabilities.</p> <p>We continue to participate, with an increased capacity for 2011, in the GCube facility (via JLT), providing cover for more than 25,000 individual wind turbines globally and over 20% of the world's wind-power capacity.</p>

## 2. Inform Public Policy Making

Principle	Chaucer's current response
Share our research with scientists, society, business, governments and NGOs through an appropriate forum.	<p>To date, we have not taken direct action in this area.</p> <p>As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme.</p>
Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.	<p>To date, we have not taken direct action in this area.</p> <p>As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme.</p>
Promote and actively engage in public debate	To date, we have not taken direct action in this

on climate change and the need for action.	area.  As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme.
Support work to set and achieve national and global emissions reduction targets.	For the third consecutive year we have participated in the Carbon Disclosure Project (CDP), a not-for-profit organisation that holds the largest database of corporate climate change information in the world. Its objective is to raise awareness of climate change and to promote schemes to reduce national and global omissions.
Support Government action, including regulation, which will enhance the resilience and reduce the environmental impact of infrastructure and communities.	To date, we have not taken direct action in this area.  As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme.
Work effectively with emergency services and others in the event of a major climate-related disaster.	To date, Chaucer has not taken direct action in this area.  As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme.

### 3. Support climate Awareness amongst Our Customers

Principle	Chaucer's current response
Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.	Motor underwriting continues to charge lower premiums for cars with smaller engines and drivers with low mileage.  Non-motor risks are priced on an individual basis. A significant number of rating factors are used, including ones whose implementation may contribute to reducing the impact of climate change.
Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.	Claims repairs are carried out in line with local building regulations and standards. However, in many instances our field adjusters will hold little control over the sustainability of materials/repairs.  Lloyd's has written a paper to discuss a proposal to increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.
Consider how we can use our expertise to	To date, we have not taken direct action in this

assist the developing world to understand and respond to climate change.	area.  As a Lloyd's Managing Agency, we work closely with Lloyd's on the ClimateWise scheme.
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#### 4. Incorporate Climate Change into Our Investment Strategies

Principle	Chaucer's current response
Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process.	We have a relatively low risk investment strategy with 40% allocated to cash and 60% to fixed income securities.  Our performance is therefore very much driven by interest rates and credit spreads which are unlikely to be correlated with climate change, at least in the short to medium term.
Encourage appropriate disclosure on climate change from the companies in which we invest.	We are a small investor in corporate bond markets and do not directly invest in the equity of companies.  Our fixed income investments are managed by specialist portfolio managers and we have no direct contact with the companies in which we invest.
Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio.	We do not hold an investment property portfolio.
Communicate our investment beliefs and strategy on climate change to our customers and shareholders.	We have not established investment beliefs and strategy in relation to climate change issues but will consider the impact of climate change scenarios once we have developed our investment risk modelling capabilities.
Share our assessment of the impacts of climate change with our pensions' trustees.	As above, we have not formally considered or concluded on the impact of climate change and as such, no communication has been made.

#### 5. Reduce Environmental Impact of Our Business

Principle	Chaucer's current response
Encourage our suppliers to improve the sustainability of their products and services AND	We are very conscious of our environmental responsibilities and the impact that we have on our working and personal environment. Wherever possible, we aim to measure and seek to reduce the environmental impact of the

<p>Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.</p>	<p>internal operations and physical assets under our control.</p> <p>We willingly comply with all environmental regulations, legislation and approved codes of practice relating to our business activities and processes.</p> <p>Plantation Place, our London office, has won numerous environmental awards and continues to seek out pioneering environmental initiatives, including the feasibility of using energy generating wind turbines and the sourcing of underground heating. We also have projects throughout the Group to recycle paper, cardboard, batteries, plastic cups, printer and toner cartridges, mobile phones and food.</p> <ul style="list-style-type: none"> <li>• Our Whitstable office has a number of environmental projects including water conservation and recycling schemes. The office recycled over 5 tons of plastic cups and 176 tons of paper in 2010. The paper recycling alone has saved the equivalent of enough electricity to power 176 three-bedroom homes for 12 months.</li> <li>• We purchase environmentally friendly stationery materials.</li> <li>• We continue to clean the Thames Estuary beach in Whitstable that we adopted in 2009, holding five beach clean events during 2010.</li> </ul> <p><b>Installation of new Vivreau Table Water Bottling System</b></p> <p>We have installed a new drinking water solution in our London office that eliminates the need to purchase environmentally unfriendly and expensive pre-bottled water.</p> <p>Water is supplied from mains water, dispensing unlimited quantities of purified chilled still or sparkling water</p> <p>This new solution supports our corporate social responsibility ethos by combating the negative environmental impact caused by the transportation and packaging waste associated with pre-bottled waters.</p> <p>Further information can be found at:  <a href="http://www.vivreau.com">www.vivreau.com</a></p>
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### **Our suppliers**

The office management company that manages our head office in London, Plantation Place, is continually seeking out new environmentally friendly initiatives.

### **Waste & Recycling Update**

For 2010 the site produced 783 tonnes of waste of which 41% was recycled, 59% was sent for Incineration (waste to energy) and 0% was sent to landfill.

Non-recyclables and wet waste are taken to Waste to Energy Incineration rather than being taken to landfill.

Recycling schemes are in place for the disposal of:

- Wet waste
- Mixed Paper (Paper, newspaper, magazines, envelopes & junk mail)
- Dry Waste (Mixed paper, cardboard, cans and plastic bottles)
- Glass cardboard
- Toners, Mobile Phones & CDs
- Batteries
- Spectacles
- Used stamps
- Food waste
- Cooking oil

### **Energy – Current Schemes**

The Energy saving currently used at Plantation Place

- Water used for all toilet, irrigation systems, window washing and running plant comes from the buildings own borehole system.
- Photosell control has been programmed to the external lighting preventing lights coming on unnecessarily
- Movement sensors control landlord toilets lighting.
- Plant is currently set to turn off at 20.00hrs each weekday evenings and all over the weekends.
- Electricity used within Plantation Place is 100% Green Energy.
- An EPC and Sustainability gap analysis audit has been carried out.

### **Energy Saving Proposed Schemes for 2011/2012**

	<ul style="list-style-type: none"> <li>• Passive infra red lighting to be installed in all stairwells.</li> <li>• Plant operation parameters to be reviewed and optimised.</li> <li>• Smart metering to be installed.</li> <li>• The feasibility for the use of wind turbines and the sourcing of underground heating.</li> <li>• The continued phased LED lighting introduction in the reception area.</li> <li>• Investigate the option of adding resistance filters to the AHU's.</li> </ul>
Disclose our direct emissions of greenhouse gases using a globally recognised standard.	<p>We commissioned First Climate, a carbon asset management company (<a href="http://www.firstclimate.com">www.firstclimate.com</a>), to conduct our second consecutive audit to identify its carbon footprint in London and Whitstable for the 12-month period from June 1 2010 - May 2011.</p> <p>The audit focused on energy consumption, paper consumption, corporate travel and employee travel to work.</p> <p>The calculation of emissions caused by our corporate activities amounted to <b>1,834.53 CO2e</b></p> <p>The audit sets a benchmark against which we intend to improve in the future and our CSR team continue to run campaigns to make us more aware of how we can save energy and help us reduce our carbon footprint.</p>
Engage our employees on our commitment to address climate change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate-informed choices outside work.	<p>We have a dedicated CSR committee in our London and Whitstable offices whose role is to help engage employees and address the issue of climate change both in and out of the workplace.</p> <p>Our CSR programme includes Social, Economic and also Environment initiatives.</p>

## 6. Report and be accountable

Principle	Chaucer's current response
Recognise at Company Board level that climate risk has significant social and economic impacts and incorporate it into our business strategy and planning.	<p>Our CSL Board level representative is David Mead, Chief Operating Officer.</p> <p>Changes in the frequency and severity of environmental events are debated and</p>

	<p>recognised at the highest level in Chaucer in context of their impact on business strategy and planning.</p>
<p>Publish a statement as part of our annual reporting detailing the actions that have been taken on these principles.</p>	<p>We publish an annual Corporate Responsibility Statement as part of our financial reporting process, detailing progress made with regard to Climatewise principle.</p> <p>A copy of the full Chaucer Climatewise report is displayed on the corporate website:  <a href="http://www.chaucerplc.com">www.chaucerplc.com</a></p>