

Climate Change Policy Statement

February 2017



Climate change is happening, and it is having an unpredictable effect on the environment within which we work and live. Climate change is manifesting itself in both an increase in the global mean temperature and rising sea levels. The local impacts of these changes are difficult to predict.

Greater unpredictability increases risk. This is why XL Catlin embraces and funds research to better understand climate risk, whilst driving innovation to help our clients better manage these risks.

XL Catlin's core business strategy is focused on solving the risk transfer needs of our clients through innovative approaches. In the context of climate change, we strive to respond to all aspects of climate change that drive the need for our products and services, such as a shift in the frequency and intensity of natural disasters. In recognition of the serious implications that climate change and other environmental risks may pose to the insurance industry, its policyholders and all of society, we have developed a comprehensive CSR strategy that drives sustainability into all areas of the business.

We take our duty as a responsible corporate citizen seriously and endeavour to improve and minimise our own environmental impact, whilst working with partners and other stakeholders to embrace a more sustainable future.

At XL Catlin we have consistently looked for innovative ways to address environmental sustainability throughout all aspects of our operational and business activities. As world-class risk managers and risk transfer partners, we are focused on understanding the data behind climate and extreme weather events, and have led the industry in funding our own research. We have a long-standing partnership with BIOS in Bermuda with a primary focus on ocean risk. In addition, since 2009 we have sponsored scientific expeditions including the Catlin Arctic Survey and the XL Catlin Seaview Survey. Our research has focussed on topics such as thermohaline circulation, ocean acidification, sea ice thickness and measuring the health of global reefs.

During the past eight years XL Catlin has obtained a wealth of scientific data enabling scientists to come to more reliable conclusions about the potential impact of climate change on the environment. We are also working to help our clients adapt to climate change, including expanding our products and services to respond to its impacts. We have also developed an Oceans Education programme based on our scientific endeavours that has the aim of increasing awareness about the importance of the ocean by educating 10 million children globally.

Climatewise, the global network of insurers focussed on reducing the impact of climate change on the insurance industry and society, say "The growing divide between economic and insured losses is continuing to widen", XL Catlin is working to address this 'Protection Gap' by moving to protect underserved communities from the threats posed by natural disasters through emerging markets insurance and micro insurance.

XL Catlin is continually looking to develop new business streams that reflect sustainability principles and values. For example, pollution insurance coverage and services to help business and industry implement strong risk management practices, property products offering additional cover for the rebuild or repair of a property using more sustainable materials and/or building practices and helping our customers identify and mitigate risk through pre-emergency planning and preparation, and site protection improvement.

We have supported the development of innovative solutions to the cost and performance issues associated with the adoption of renewable energy technologies. New Energy Risk, XL

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Catlin, and a major global reinsurer formed a partnership in 2014 with the primary goal of enhancing the growth of such technologies. The combined expertise of the partnership provides a significant advantage to renewable energy companies wanting to leverage our resources and our significant capacity.

New Energy Risk was incorporated in 2010 to help provide the link between the providers of risk capital and the developers, owners, and customers (power purchasers) of renewable energy projects. It has developed proprietary analytics, data, and computational models with the goal of enhancing the growth of clean energy by underwriting insurance solutions. The use of insurance as a risk management mechanism has resulted in large scale, efficient financing, including securitization.

We provide insurance solutions to renewable energy system manufacturers, developers, owners, lenders and investors. Our projects have spanned a range of renewable energy and clean energy technologies, including solar, wind, waste-to-energy, fuel cell, energy storage, and energy efficiency. We are not limited to specific technologies, and we have addressed a variety of projects. Our core focus has been the risk associated with new, relatively unproven technologies and the long term performance of projects using those technologies. We are not constrained by geography or the magnitude of the risks that our clients seek to insure or finance.

XL Catlin is committed to the continuous improvement of its response to climate change and has set specific objectives to address this. With Stephen Catlin in position as Chairman of the Insurance Development Forum and Mike McGavick as Chairman of the Geneva Association, XL Catlin is actively providing thought leadership in the area of climate change through these globally leading organisations.

Internally XL Catlin is focussing on reducing the impact of our own operations on the environment and improving our sustainability performance by measuring, monitoring and reducing our global carbon footprint. As business is largely conducted face to face, XL Catlin has invested in Video Conferencing technology in its global offices and continues to offset carbon emissions related to air travel through the purchase of verified carbon credits that support environment and community development values, such as the Kasigau REDD+ Project in Kenya. We engage XL Catlin colleagues in our Sustainability activities and targets at all times.

As part of our commitments we are focussed on being accountable, transparent and striving to achieve best practice. We report environmental impacts through the appropriate forums, such as the Carbon Disclosure Project and Ceres; we adopt and meet all relevant legislative requirements. We continue to actively engage with the insurance market through our membership and reporting through Climatewise.

XL Catlin publicly reports on its environmental and sustainability practices on an annual basis, showing XL Catlin's commitment to responsible governance and transparency.