

***DELIVERY OF CLIMATEWISE
PRINCIPLES BY
CO-OPERATIVE INSURANCE
IN 2007***



APRIL 2008

INTRODUCTION

The world's climate is changing and the scientific community is overwhelmingly of the view that human behaviour is contributing to this. Climate change is already having significant social and economic impacts and will continue to do so.

The insurance sector enables businesses and individuals to manage risk, including long-term threats such as climate change. We believe that the long-term stability of our economy depends on an appropriate response to climate change, and it is to the benefit of all that insurance companies incorporate the risks from climate change and the need for migration into our business strategies.

As a result Co-operative Insurance has joined together with the Association of British Insurers (ABI) and other businesses from the insurance sector to become signatories to a set of six principles called ClimateWise:

- 1. Lead in risk analysis**
- 2. Inform public policy making**
- 3. Support climate awareness amongst our customers**
- 4. Incorporate climate change into our investment strategies**
- 5. Reduce the environmental impact of our business**
- 6. Report and be accountable**

There now follows a detailed report on how Co-operative Insurance has progressed against each element of these principles to date, either through initiatives delivered as a single entity or as part of Co-operative Financial Services its parent company.

1 LEAD IN RISK ANALYSIS

1a Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests.

We completely funded the Tyndall Centre for Climate Change Research's study 'Living within a carbon budget' (published October 2006) which outlined the necessary actions the UK must take to reduce its greenhouse gas emissions by 80% by 2050 (CFS provided £40,000). This report provided the scientific research base for Friends of the Earth's calls for a Climate Change Bill, that would include legally binding emissions reductions targets, to be included within the 2006 Queen's Speech (please see section 1e below for further information).

In 2007, we completely funded research undertaken by Oxford University's Environmental Change Institute into the potential to reduce greenhouse gas emissions from the UK housing sector by 80% by 2050. This resulted in the publication of a report entitled 'Home Truths – A Low Carbon Strategy to Reduce UK Housing Emissions by 80% by 2050' and was endorsed by Friends of the Earth, (we provided £35,000).

Research such as the two projects outlined above plays an important role in informing and shaping our business strategies, including our Ethical Policies that guide its investment activities (please also see section 4a below), its internal environmental management (please see section 5b) and its relationships with its suppliers (please see section 5a).

1b Support more accurate national and regional forecasting of future weather and catastrophe patterns affected by changes in the earth's climate.

In 2007, we worked with the UK Climate Impacts Programme to develop a web based 'Climate Change Tracker' which enables people to see the projected impacts of climate change (e.g. higher temperatures, greater flood risk, etc.) in the region of the UK within which they live. The Climate Change Tracker can be found at: www.climatechangetracker.com.

1c Use research and improve data quality to inform levels of pricing, capital and reserves to match changing risks.

To support its pricing and capital strategy a number of different scientific reports are utilised, including regular reviews of the internet to ensure that Co-operative Insurance's view reflects the latest scientific data. Accordingly, to reflect the climate changes underway, global pricing of flood and subsidence is loaded to reflect the increasing occurrences of these risks. For individual pricing (where global pricing is amended based on locality – by postcode), we use a third party's software to provide information on each postcode, e.g. flooding, and weather patterns. This software does not currently include impact of climate change, but following discussions with the third party, the next release will also contain a view on climate change.

1d Evaluate the risks associated with new technologies for tackling climate change so that new insurance products can be considered in parallel with technological developments.

The motor industry has developed a number of different types of more environmentally friendly vehicles over the last few years. Hybrid and LPG fuelled cars are both accepted by Co-operative Insurance, and to support LPG we do not charge a higher premium, despite the higher repair cost (need to remove the gas cylinder first). We also accept Electrical vehicles, with the exception of some types of Quadricycles (they do not meet required safety standards).

Due to there not being an accredited body for performing biofuel conversions, and the number of 'home conversion kits' for converting to biofuel, we do not currently offer car insurance to vehicles fuelled by biofuel. This position is also due to concerns we have regarding the current sustainability of biofuels. Whilst we recognised that they may have a limited role to play in provision of transport fuels, stricter sustainability criteria are needed and the limitations on the amount of biofuel that can be produced sustainably using current technology need to be recognised. See our report "Sustainability of Biofuels – Risks and Opportunities" on our website for more information.

We have evaluated the risks associated with carbon offsets and assessed that they have an important contribution to make, hence since the 24th February, 2008 all Private Motor policies now include a 20% offset of the car's CO2 emissions.

To support the generation of renewable electricity, given that the devices meet structural requirements, both 'free standing windmill powered turbines' and wind turbines attached to a building will be accepted for business by Co-operative Insurance.

1e Share our research with scientists, society, business, governments and NGOs through an appropriate forum.

In 2006 and 2007, we worked with Friends of the Earth on its 'Big Ask' campaign to call on Government to introduce a strong Climate Change Bill. In 2006, 22,000 of our customers contacted their MPs calling for a Climate Change Bill to be introduced in the Queens' Speech (every MP in the country was contacted). We have continued to work with Friends of the Earth in 2007/08 as the Climate Change Bill passes through parliament, such as through fielding a representative to speak in favour of Friends of the Earth's proposed amendments to the Bill at an event held at the Labour Party conference.

We were a founder member, and continue to play an active role within the Institutional Investors Group on Climate Change (IIGCC), and are also a Signatory Investor in the Carbon Disclosure Project (CDP).

We frequently respond to requests for flood claims data from students at bachelors, masters and PhD level for research projects in areas such as Real Estate Management.

Representatives have given presentations on the business' work on climate change at 24 national conferences and events in 2007 to an estimated combined audience of 4,000 people.

2 INFORMING PUBLIC POLICY MAKING

2a Work with policy makers nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.

Research completed in 2006 by the Tyndall Centre for Climate Change Research and funded by us, aimed to understand and highlight ways in which we will need to adapt our economy to deliver an 80% reduction in greenhouse gas emissions by 2050. For example, this research identified changes that can readily be made to our power generation, transport and household sectors while at the same time maintaining high and stable levels of economic growth (please see section 1a above for further information).

In May 2007, Co-operative Insurance organised a petition, the Wind Energy Wish list, in which 10 major UK companies demanded that Government reform the regulations and incentives to enable the huge pent-up corporate demand for wind energy to be met, and help meet the UK's renewables target of 20% by 2020.

The Wish List was sent with an explanatory letter to the then Secretaries of State at the DTI and Communities and Local Government, asking them for a response. We received a detailed letter from Meg Munn MP explaining how forthcoming proposed legislation and regulatory reform would address the substantive points of the Wish List, which we regarded as encouraging, though we continue to monitor progress against these commitments.

Co-operative Insurance is participating in the Low Carbon Vehicle Partnership's feasibility study for a biofuel label.

In 2007, public policy activity undertaken by our Corporate Affairs department included submissions in response to Defra and European Commission consultations. Three submissions covered the efficiency of energy using products, with a view to influencing the EU Energy-using Product Directive and the revision of the EU Energy Labelling Directive. In these submissions we supported a robust framework of targets, and a mandatory approach to product minimum standards and labelling.

An additional Defra consultation related to the establishment of a Code of Best Practice for carbon offsetting in the UK. Our submission suggested that the proposed standard was ill considered in many areas, and could endanger a range of African projects. Following submission of written evidence to the House of Commons Environmental Audit Committee's inquiry into the Voluntary Carbon Offset Market, we gave oral evidence to the Committee in February 2007.

2b Promote and actively engage in public debate on climate change and the need for action.

During 2006, we worked with the National Energy Foundation and abc media on a Defra funded project – "Tomorrow's Climate, Today's Challenge". The project aimed to raise awareness of climate change issues across a broad cross-section of society, and to stimulate a positive attitude amongst shoppers to energy efficiency and the use of sustainable energy sources.

As outlined in 1d above, Co-operative Insurance produced a report on the risks of unsustainable biofuels production, including the fact that not all biofuels have significantly reduced greenhouse gas emissions compared to fossil fuels. We distributed approximately 500 copies of the report to a range of stakeholders and it formed the basis for engagement with 66 investee companies of whom over a third responded. We have actively participated in the public debate on the issue via the provision of spokespeople on the issue to the media and presentations at conferences.

Representatives have given presentations on the business' work on climate change and the need for action at 24 national conferences and events in 2007 to an estimated combined audience of 4,000 people.

2c Support work to set and achieve national and global emissions reduction targets.

Throughout 2006 and 2007, we campaigned with Friends of the Earth for the establishment of legally binding greenhouse gas reduction targets for the UK, calling on Government to:

- reduce the UK's greenhouse gas emissions by 80% by 2050, based on 1990 levels;
- set annual targets for greenhouse gas reductions to ensure progress can be measured accurately, and;
- include emissions from international aviation and shipping within these targets.

This campaigning has been delivered through a number of activities including funding research undertaken by the Tyndall Centre for Climate Change and the Environmental Change Institute at the University of Oxford (please see section 1a for more information); 22,000 of our customers contacting their MPs to call for a Climate Change Bill to be introduced (see section 1e) and presentations at numerous events on climate change (see section 1e for more information).

We are pleased to report that the Climate Change Bill is now passing through parliament and is scheduled to become law later this year (albeit in a weaker form than we have campaigned for). We have continued to campaign with Friends of the Earth for strengthening of the bill, for example our sponsorship and participation with Friends of the Earth at a fringe event at the 2007 Labour Party Conference in support of amendments to the Climate Change Bill.

The Co-operative Group's membership teams and regions have also encouraged our members throughout the country to take action. A climate change pledge was initiated by the Group's membership team in 2007, with 2.5m members invited to take small actions in their daily lives to reduce their greenhouse gas emissions.

2d Support Government action, including regulation that will enhance the resilience and reduce the environmental impact of infrastructure and communities.

We support Government action on climate change including regulation, and have participated in a number of Government consultations concerning legislation, industry standards and targets during 2006/07 (much of this is undertaken by our parent company, The Co-operative Group, on our behalf). We are always supportive of meaningful Government action on climate change and are constructive if criticism is required or if the proposed action is not robust enough. Examples in 2006/07 include:

- The reform of the Renewables Obligation, wherein we suggested that the obligation should not be banded to the detriment of onshore wind power and that capital grants should be increased to support emerging renewable energy technologies.

- The North West Regional Development Agency's consultation on a Climate Change Action Plan for the North West, wherein it was suggested that more focus was required in the region, and also that aviation growth and nuclear power required much more consideration.
- A Defra consultation on the establishment of a Code of Best Practice for carbon offsetting in the UK, wherein it was suggested that the proposed standard was ill considered in many areas and could endanger a range of African projects.
- Following submission of written evidence to the House of Commons Environmental Audit Committee's inquiry into the Voluntary Carbon Offset Market, giving oral evidence to the Committee in February 2007.
- Defra / Market Transformation Programme consultations supporting Government action on the efficiency of energy using products, including cold appliances, consumer electricals and domestic lighting.

2e Work effectively with emergency services and others in the event of a major climate-related disaster.

While Co-operative Insurance does not do any work directly with emergency services, it operates a catastrophe plan to specifically deal with severe weather events, for example the floods that occurred in the summer of 2007. This plan ensures that we are able to provide our policyholders with a high quality service during their stressful period.

3 SUPPORT CLIMATE AWARENESS AMONGST OUR CUSTOMERS

3a Inform our customers of climate risk and provide support and tools so that they can assess their own levels of risk

Through the launch of new products, and the provision of environmental literature with its product documents the Co-operative Insurance provides its customers with information on how to be more environmentally friendly. Examples are:

- We were the first insurer to offer an ecoinsurance motor policy (launched in June 2006). This policy gave the policyholder the ability to offset some of the carbon footprint associated with their car usage. The associated campaign activity makes climate change references within its promotional material;
- Tips to save energy within the household are included within our Home insurance promotions (see section 3b below for further information);
- free home buyers energy survey – featured within promotional activity, better than home improvement survey;
- The Co-operative membership climate change challenge campaign
- www.climatechangetracker.com (see 1.b.)

3b Encourage our customers to adapt to climate change and reduce their greenhouse gas emissions through insurance products and services.

We have evaluated the risks associated with carbon offsets and assessed that they do have an important contribution to make to climate change. Consequently, in June 2006 we became the first insurer to launch an ecoinsurance motor policy, which offsets 20% of omissions from the car insured. Following this, we have now taken the decision to offset 20% of the CO2 emissions from all new private motor policies.

We also encourage responsible car ownership by offering a 10% reduction off an ecoinsurance premium if the car is in Tax Band A. Should repairs be required following a motor claim, we promote a responsible repairer network, and offers repair of bumpers, rather than replacement.

On the Home insurance side we insert a one page leaflet in our new business pack. On one side is an advert for Ecotricity, detailing benefits and how to register, on the other there are details of the Top 10 energy saving tips plus details of the Energy Saving Trust.

3c Increase the proportion of repairs that are carried out in a sustainable way through dialogue with suppliers and developers and manage waste material appropriately.

Co-operative Insurance currently operates a 'Repair over Replace' policy with regard to its claims process. This policy covers the following claims issues:

- The piloting of an initiative to reduce the proportion of new parts used in repairs to vehicles that are the subject of a motor claim;
- The financial reward of approved repairers for achieving agreed targets in the reduction of parts used during the repair process. This initiative should see an increase in our body panels repaired of over 7%;
- Within the motor industry we are experiencing an increased level of plastics used within the constructions of motor vehicles. We have recently rolled out a new plastic repair initiative, which will result in an increased repair to replacement ratio of plastic components.
- To enhance this new initiative we pay the repairer 50% of the cost of the part which would have been replaced. 1 Tonne of plastic waste equates to 20 cubic meters in volume, this initiative should see over 15 tonnes of plastic components repaired per year.

We are actively involved in discussions with several suppliers from the vehicle recycling industry regarding the supply of recycled parts. A robust supply line needs to be established within the industry that can deliver the supply on a national basis for this initiative to progress. Thus far localised trials have been carried out and have proven successful on a small scale.

Co-operative Insurance also actively encourages environmental friendly processes within its motor supply chain. We do this through the following areas:

- A contribution of £121,000 was paid to our approved repairer network during 2007 to ensure EPA compliant disposal of waste.

- External suppliers are vetted during the procurement process to establish environmental legislation conformity.
- Suppliers are audited on their environmental policies through our supplier management process and given guidance on recycling initiatives

3d Consider how we can use our expertise to assist the developing world to understand and respond to climate change.

We are actively involved in a number of high quality offset projects within the developing world that underpin our 'beyond carbon neutral' status and are a component of its ecoinsurance car insurance product and its mortgages. We are committed to offsetting as we recognise the economic, social and environmental benefits and the transfer of technologies that it offers to the developing world.

In 2007, we offset over 64,000 tonnes of carbon dioxide through the following projects delivered by Climate Care:

- Rain forest re-forestation in Kibale Forest Park, Uganda employing 400 people in peak season and providing a number of biodiversity benefits.
- Efficient cooking stoves in Cambodia and biogas digesters in India that help to reduce both respiratory illnesses from burning wood indoors and deforestation associated with the collection of fire wood.

In previous years, our offsetting has been delivered by projects including wind turbines and treadle pumps in India, energy efficient stoves in Madagascar and household energy efficiency in Pakistan.

4 INCORPORATE CLIMATE CHANGE INTO OUR INVESTMENT STRATEGIES

4a Consider the implications of climate change for company performance and shareholder value, and incorporate this information into our investment decision-making process risk

As a co-operative business, we believe in ethical values. In June 2005, Co-operative Insurance became the world's first insurance company to launch a customer-led ethical policy to guide the social, ethical and environmental aspects of its investments (the full policy can also be seen on this website). This does not mean we refuse to invest in certain business activities. It means that we will invest in most companies but use our influence as a shareholder to improve the ethical and environmental performance of such businesses in line with our customers' views. We do this in a number of ways including:

- Private meetings with senior management;
- Voting at the Annual General Meetings (AGMs) of companies;
- Correspondence with the company urging change

One of the sections of the policy relates entirely to work on achieving “Environmental Sustainability”, and states that we will encourage businesses to reduce pollution and their environmental impact, and in particular:

- reduce reliance on fossil fuels - which contribute to climate change - and increase their use of renewable energies and energy efficiency;
- end the production of chemicals that nature cannot easily breakdown and which build up and contaminate plants and animals;
- end the exploitation of nature - which results in the loss of plants and animals and their surroundings - and consider more sustainable natural products and services.

As well as championing customers' concerns, Co-operative Insurance has integrated its approach to social and environmental issues into its investment decision-making processes. This is achieved in a number of ways:

- A process to specifically identify companies making an opportunity out of climate change, such as Johnson Matthey that produces catalytic converters, has now been formalised and has led to our funds holding a range of stocks where we believe climate change to be the primary driver for their growth.
- Social and environmental risk management, including approach to dealing with climate change where relevant, is factored into company analysis and stock selection. Sector specific environmental and social issues that the companies in a sector face are identified. Companies are then scored on these issues and on general environmental and social risk management to provide us with a view on how each company compares to its peers. For example, climate change was identified as the key risk faced by electricity companies in our recent analysis of the sector and we have subsequently reduced our exposure a company heavily dependent on coal.
- Engagement with companies under the Ethical Engagement Policy provides a more thorough understanding of the quality of company management. This knowledge is also factored into our view of companies.

Co-operative Insurance is a signatory to the UN Principles of Responsible Investment.

4b Encourage appropriate disclosure on climate change from the companies in which we invest

Our Investments department operates under our Ethical Engagement Policy, (see section 4a above). This ensures that we take an interest in ensuring full disclosure on company's approaches to managing all relevant social and environmental risks, including climate change, that the company faces. We vote against the Annual Report and Accounts resolution at a company's AGM if we feel their level of disclosure on social and environmental issues is insufficient. During 2007, we also supported nine shareholder resolutions on the environment and climate change.

During engagement with companies we often discuss the company's reporting on social and environmental risks and make recommendations for improvements. For example, we are currently discussing disclosure on a range of topics, including use of sustainable construction methods, energy efficiency and greenhouse gas emissions with Galliford Try.

4c Encourage improvements in the energy-efficiency and climate resilience of our investment property portfolio

CIS's property portfolio is covered by a contract that stipulates that "...all proposed acquisitions will be assessed for a BREEAM rating with a target rating of 'Very Good'. Where Properties are purchased which have a lesser BREEAM rating the Manager will endeavour to achieve the required rating when refurbishing/redeveloping the property."

4d Communicate our investment beliefs and strategy on climate change to our customers and shareholders

As a co-operative business, we have a duty to operate in a socially and ecologically responsible manner. Every year we produce a sustainability report providing an open and honest account of our co-operative, social and ecological performance. We seek to run our business in a way that satisfies the needs of our Partners – our customers, members, staff, suppliers, local communities and the Co-operative Movement – whilst always taking into account our impact on wider society and the environment. Our sustainability performance is reported against a series of indicators that includes everything from socially responsible investment and financial inclusion to our impact on climate change. This provides Partners with a detailed picture from which they can judge our performance and provides us with a useful tool to drive sustainability through the business.

Co-operative Insurance discloses its shareholder engagement and voting record, and the beliefs and policies which drive them, plus its overall investment strategy with regard to social, environmental and ethical issues, via the Co-operative Group annual sustainability report, which is subject to rigorous independent third party verification.

Communications to internal and independent financial advisers in 2007 contained numerous examples of companies we hold due to their contribution to tackling climate change. These included companies such as Johnson Matthey, Scottish and Southern and the consultancy, RPS.

Other ways in which we communicate our investment beliefs and strategy on climate change are:

- Our website provides detail of engagement work online;
- Our ethical engagement launch and consultation with customers;
- Climate change within our press strategy, e.g. biofuels, wind energy, Good Companies Guide with the Observer;
- Climate related features in customer magazines;

- The Co-operative Brand press campaign in 2007 focused on our social responsibility, climate change, offsetting/ecoinsurance, responsible investing/SLT, etc..
- Customers' Who Care climate change campaign – theme for 2006 and 2007.

4e Share our assessment of the impacts of climate change with our pension fund trustees

Reports to our pension fund trustees contain information regarding our position on climate change, including numerous examples of companies we hold due to their contribution to tackling climate change.

In section 4a above we discussed our Ethical Engagement Policy, which shows that we seek to run our business in a way that satisfies the needs of its Partners, including pension fund trustees, and takes into account our impact on the environment. Our sustainability performance is reported against a series of indicators that includes everything from socially responsible investment and financial inclusion to our impact on climate change, providing further information to the trustees.

5 REDUCE THE ENVIRONMENTAL IMPACT OF OUR BUSINESS

5a Encourage our suppliers to improve the sustainability of their products and services.

Since February 2004, we have implemented a set of sound sourcing practices to address matters of ethics and the environment for goods and services not for resale. This is delivered via our Sustainable Procurement and Supplier Policy (SPSP). The SPSP commits us to 'working with suppliers and partners who can make a positive contribution to our pursuit of sustainable development.' We will support companies and activities that utilise renewable energies and manage resources efficiently. It will also support companies that reduce reliance on minerals (and their by-products) that have a tendency to systematically increase in nature, such as fossil fuels. Where our review of the standards in place indicates that improvement is necessary, we will agree with the supplier a programme to deliver this and to sustain such developments, or pursue alternative supply arrangements.

Co-operative Insurance also works specifically with suppliers of services to its General Insurance claims processes. This activity is concentrated in three areas:

1. *Repair over replace.* Presently we are piloting an initiative to reduce the proportion of new parts used in repairs to vehicles that are the subject of a motor claim. Approved repairers are financially rewarded for achieving agreed targets in the reduction of parts used during the repair process. We anticipate that this will lead to a 7% increase in body panels that are repaired.

Within the motor industry we are experiencing an increased level of plastics used within the constructions of motor vehicles. We have recently rolled out a new plastic repair initiative, which will result in an increased repair to replacement ratio. To enhance this new initiative we pay the repairer 50% of the cost of the part which would have been replaced. We anticipate savings of 15 tonnes of plastic per year.

2. *.Use of recycled parts.* We are actively involved in discussions with several suppliers from the vehicle recycling industry regarding the supply of recycled parts. A robust supply line needs to be established within the industry that can deliver the supply on a national basis for this initiative to progress. Localised trials have been carried out and have proven successful on a small scale.
3. *Environmental management.* We actively encourage better environmental management, within our motor repair supply chain. Practical examples include a contribution of £121,000 being paid to our approved repairer network during 2007 to ensure correct disposal of waste. Suppliers are also audited on their environmental policies through our supplier management process and given guidance on recycling initiatives.

5b Measure and seek to reduce the environmental impact of the internal operations and physical assets under our control.

We measure the impact of our operations and physical assets and reports publicly on an annual basis in its independently verified Sustainability Report (see link below this paragraph). We are also the only financial services body worldwide to be certified to the environmental management standard ISO14001 on a company-wide basis (see BSI link below).

www.co-operative.coop/en/corporate/sustainability

www.bsi-global.com/en/Assessment-and-certification-services/Client-directory/CertificateClient-Directory-Search-Results/?pg=1&licencenumber=EMS+67341&searchkey=licenceXeqX67341

Key environmental achievements include:

- Overall our greenhouse gas emissions connected with premises, transport and refrigerants have reduced by 60% compared with a 2002 baseline.
- 99% of the electricity supplied to us (some 36.7GWh in 2006) was obtained from good quality renewable sources, which supports annual CO₂ savings of 15,773 tonnes. As a result of the increased use of renewable electricity, our net CO₂ emissions from energy consumption in its premises have decreased by 72% compared with a 2002 baseline.
- In 2003, Co-operative Insurance became the first institutional property investor to transfer all contracts held for its £2bn investment property portfolio to green electricity. In 2005, we outsourced our £2bn investment property portfolio; however, the appointed investment managers have been instructed to continue with the purchase of renewable electricity – some 11.1GWh in 2006.

- Going forward, we have committed to our Group's target to reduce its energy consumption by 25% by 2012 (based on 2005 levels) and to generate 15% of its energy requirements from its own renewables by 2012.
- In 2006, we commissioned the UK's largest PV system (350kWp capacity) and installed the UK's largest micro-wind cluster (19kW capacity).
- In March 2007, we announced its intention to go beyond carbon neutral by offsetting all of its remaining operational and business travel emissions, together with an extra 10% to cover climate change adaptation issues.

The success of our internal climate change and energy policies have been recognised by a number of awards, including winning the Business in the Community's Environmental Impact Award 2006, and was also highly commended at the Renewable Energy Awards 2006. Our Group followed this by winning the Pioneer Award at the 2007 Renewable Energy Awards and Business Commitment to the Environment's Peter Parker Award for environmental leadership in 2007.

5c Disclose our direct emissions of greenhouse gases using a globally recognised standard.

We disclose our direct emissions of greenhouse gases within the annual sustainability report of The Co-operative Group. This report is prepared in accordance with the Global Reporting Initiative's G3 Sustainability Reporting Guidelines, which provide a globally recognised framework for reporting on an organisation's economic, social and environmental performance.

The data and commentary within this Report is assured by a specialist independent auditor (csrnetwork) in accordance with the AA1000 Assurance Standard. This requires the Report to be considered in relation to the principles of completeness, materiality and responsiveness.

Fuel and transport data is converted into CO₂ emissions in accordance with Defra's Environmental Reporting Guidelines for Company Reporting on greenhouse gas emissions.

5d 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.

New staff are provided with a 'welcome pack' when they join the company, this helps them to understand, among other matters, our ethical, environmental and community activities. Environmental training is undertaken as part of our Environmental Management System, which is ISO14001 certified. Alongside scheduled training, the Ethics & Sustainability Team provides advice to Co-operative Insurance on areas such as product development and procurement.

All employees receive regular briefings on our work to reduce its greenhouse gas emissions, notably, when new products are launched that have an environmental focus, when new projects are initiated such as the installation of PV panels or wind turbines, whenever we receive awards for our environmental performance and when the annual Group Sustainability Report is published. Articles are placed on the intranet and in Open (the staff magazine).

In 2006/2007, our employees were also invited to sign up to the Co-operative Membership climate challenge. The challenge asked members to complete seven small steps to make a change to their impact on the environment such as only boiling enough water in their kettle, replacing a normal light bulb with an energy efficient one and turning down their thermostat by one degree.

6 REPORT AND BE ACCOUNTABLE

6a Recognize at Company Board level that climate risk has significant social and economic impacts and incorporate it into our business strategy and planning

As a co-operative business, we believe in ethical values, and these are central to Co-operative Insurance and the Group's long-term strategies. This is reinforced by social responsibility being both one of the five internal business values we operate under and a brand value.