

Building a Business for the Future

# Corporate Responsibility Report

# **Catlin Group Limited** is an international specialty property/casualty insurer and reinsurer.

For more than a quarter century, Catlin has been building a business for the future. To reach our goal, we must be a sustainable business that makes positive contributions to society.

We welcome questions about Catlin's Corporate Responsibility programme. For more information, please contact:

**John Carroll**

Group Head of Marketing  
and Communications  
john.carroll@catlin.com

**Vanya Howard**

Corporate Responsibility Officer  
vanya.howard@catlin.com

For media enquiries please contact:

**James Burcke**

Head of Communications  
+44 (0)20 7458 5710  
james.burcke@catlin.com

## Introduction

# Chief Executive's Message



**“We believe that it is extremely important for a business such as Catlin to encourage employees to work to make communities better places to live.”**

**I am proud to present the Catlin Group's first Corporate Responsibility Report.**

We at Catlin take our responsibilities seriously. As any business, we are accountable to our shareholders and clients. As an insurance and reinsurance company which depends on intermediaries for much of the business we underwrite, we have an additional responsibility to brokers. And, of course, we have a responsibility to our employees, the people who are most responsible for Catlin's success.

However, we also have a responsibility to the communities in which our offices are located. We attempt to 'give back' to these communities through both charitable donations and employee involvement. We believe that it is extremely important for a business such as Catlin to encourage employees to work to make communities better places to live.

As a truly global company, we believe that we have a responsibility to the global community. That is why we have sponsored the Catlin Arctic Survey for the past three years. Our world is constantly changing, and we as insurers have a responsibility to gather as many facts as possible today regarding potential changes to our planet so that we can help our policyholders – and the rest of society – be prepared for a potentially different environment in the years ahead.

We also aim to be an environmentally conscious employer, as we state in our Environmental Policy Statement on page 10.

Our Corporate Responsibility efforts are underpinned by the core values that Catlin employees follow as we conduct our daily business activities: transparency, accountability, teamwork, integrity and dignity. Our core values are summarised on page 2.

I hope you find this report valuable. We are happy to receive comments or questions regarding Catlin's Corporate Responsibility initiatives. Contact details can be found on the opposite page.

**Stephen Catlin**  
Chief Executive

## Catlin Group Limited

# Corporate Responsibility Report



## FTSE4Good

### FTSE4Good

In recognition of its efforts toward corporate responsibility, Catlin since 2007 has been a member of the FTSE4Good index.

Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Membership in the FTSE4Good indicates that companies have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.

### Marketplace

Catlin strives to ensure that clients are treated fairly and honestly. The fair treatment of clients is a central consideration of any decision or process that could have a bearing on the client relationship.

Catlin's commitment to the fair treatment of clients and brokers includes:

- ensuring that policy wordings and other documentation are clear, fair and not misleading;
- making every attempt to meet clients' and brokers' expectations;
- responding promptly to queries; and
- ensuring the highest levels of claims service, including the prompt payment of valid claims.

### Service to brokers

Catlin is committed to providing high standards of service to brokers, who produce the vast majority of the Group's business. The maintenance of stable, long-term relationships with brokers is a necessity for the Group, not only to maintain the flow of business but as part of providing the best possible service to the end client.

### Summary

**Catlin strives to build a sustainable business that makes positive contributions to society.**

### No 1

Catlin remains the top-ranked claims team in London

### 1,602

Catlin employees at 31 December 2010

### 9.8%

Employee turnover rate in 2010

### \$810,857

Catlin's charitable contributions in 2010

Catlin's ambition is to be the preferred global specialty insurer and reinsurer based on underwriting excellence delivered by outstanding people. To fulfil our ambition, Catlin must not only increase shareholder value and serve clients through its day-to-day operations, but also build a sustainable business which makes positive contributions to society.

At Catlin corporate responsibility encompasses business-related social, ethical and environmental impacts. We believe that our corporate responsibility initiatives address Catlin's own competitive interests and the interests of wider communities.

Catlin's corporate responsibility programme covers four principal areas:

- **Marketplace.** The Group is firmly committed to providing excellent and ethical service to clients and their brokers.
- **Workplace.** Catlin strives to adopt and implement responsible employment practices and policies to support the Group's goal of being the employer of choice in our business sector.
- **Community.** The Group sponsors and encourages employees to participate in activities that have a positive impact on the communities in which our offices are located.
- **Environmental.** Catlin not only is committed to sustainable operations, but seeks to make valuable contributions towards a better understanding of our planet's future.

### Catlin values

Catlin's corporate responsibility initiatives are underpinned by the Group's core values. These values – shared by Catlin management and employees around the world – have been established over the past 25 years and have been a key ingredient in Catlin's continuing success:

- **Transparency.** The Group promotes open communication, both internally and when dealing with clients and brokers. The free and open exchange of information and ideas is encouraged. Wherever possible, offices are designed with open layouts to promote communication, support teamwork and discourage hierarchies. Management encourages feedback and suggestions from employees and fully considers employee input when making decisions.
- **Accountability.** Catlin requires employees to take responsibility for their actions and decisions. Emphasising accountability encourages employees to think and act as owners.
- **Teamwork.** Catlin employees are expected to act in the best interests of the Group as a whole, not their own office or department. Parochial concerns take second place to the needs of the client and the Group. This mentality reinforces the employee co-operation that is essential to Catlin's success.
- **Integrity.** Catlin employees are expected to conduct themselves in a manner reflecting the highest ethical standards. Employees are judged not only on the results achieved, but by the manner in which they are achieved. Underlying this value is the Catlin Code of Ethical Conduct, by which all employees must abide (see page 3).
- **Dignity.** Catlin is committed to treating all employees fairly and with respect, and ensuring that employees treat clients, brokers and other employees in the same manner.

Catlin accepts that brokers expect prompt service from insurers. In the London market, where broker-insurer transactions are largely conducted on a face-to-face basis, Catlin during the past year has expanded its service commitment to brokers, including increased availability and easier access to underwriters. The Group's new London office has been designed to increase efficiency for brokers.

Our commitment to responsive service to brokers extends outside the London office. Angel Underwriting, a UK-based Catlin subsidiary in Chelmsford that underwrites professional indemnity and related coverages, was recognised during 2010 in an independent survey of brokers as providing the highest levels of service of any UK insurance company or underwriting agency.

**Claims service**

Catlin understands that the true value provided by an insurer or reinsurer is demonstrated following a claim.

Catlin continues to be an acknowledged leader in claims management worldwide. The Group has established claims teams in each of the six underwriting hubs, allowing Catlin to provide local, responsive service to clients and brokers following a claim, whilst following an agreed set of core claims practices and philosophies.

In many cases the Group uses outside experts – including lawyers and claims adjusters – during the claims handling process. Catlin strives to choose outside claims specialists with excellent reputations. In all cases the Group retains final responsibility for the outcome of a claim.

Claims service is one of the Group's key performance indicators. Thirty per cent of the brokers independently surveyed by Gracechurch Consulting during 2010 said they would highly recommend Catlin with regards to claims service (2009: 31 per cent). Catlin was the most recommended insurer cited in a similar Gracechurch Consulting survey conducted in 2009 (see Chart 1).

Catlin is also regarded by brokers as employing the best-performing claims team in the London market. Thirty-five per cent of surveyed brokers described Catlin's claims performance as 'excellent', more than any other insurer, whilst only 2 per cent rated Catlin's service as 'poor' (see Chart 2).

**Catlin understands that the true value provided by an insurer is demonstrated following a claim.**

**Code of Ethical Conduct and other policies**

Integrity is one of Catlin's five core values, and all Catlin employees are expected to conduct themselves in a manner that reflects the highest ethical standards.

In 2004 the Group adopted a Code of Ethical Conduct, which describes the commitment by Catlin and its employees to conduct business in a fair, proper and ethical manner in compliance with applicable laws, regulations and professional standards. All new employees are obliged to agree that they will abide by the Code, and existing employees reaffirm their concurrence with the Code on an annual basis. The Code of Ethical Conduct is available on the Group's website.

The Group has adopted and put in place other ethical policies regarding such subjects as document retention, broker remuneration, inside information, share dealing, whistle-blowing, data security, fraud prevention and money laundering. All of these policies can be readily accessed by all Catlin employees via 'The Catwalk', the Group's intranet. Along with the Code of Ethical Conduct, these policies form the standards by which all Catlin employees are expected to act.

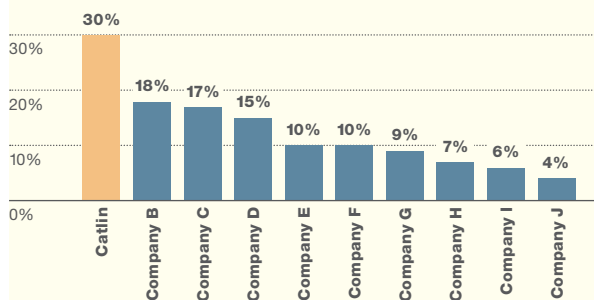
**Workplace**

The goal of Catlin's workplace and employment policies is to encourage a positive, high performance culture where employees can fulfil their career ambitions whilst helping both Catlin and its clients to achieve their corporate ambitions.

The Catlin Culture, which is based on the Group's five core values, is designed to empower employees to act to the best of their abilities and to reinforce the partnerships that exist among Catlin, its employees, clients and brokers.

Catlin seeks to recruit and employ the best people regardless of age, gender, disability or ethnicity. In particular we aim to attract employees who will be committed to a long-term career with the Group. In return, Catlin offers competitive reward packages and career development opportunities within a strong organisation with sound values. Eighty-one per cent of employees participating in a 2009 survey said that they would recommend Catlin to family and friends as a place to work.

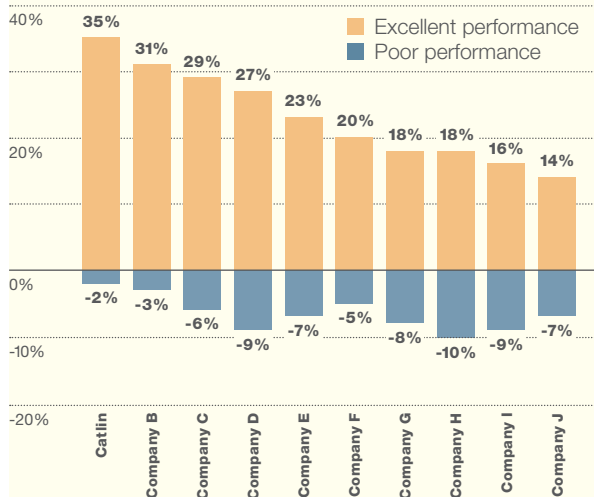
**Chart 1: London insurers recommended for claims service in 2010**



Question: Which two insurers would you currently highly recommend to clients based on the quality of claims services to brokers?

Source: Gracechurch Consulting

**Chart 2: Rating of London insurers' claims service in 2010**



Question: How would you rate an insurer's overall claims service on a scale from 1-10? (Excellent performance equals 9 or 10; poor performance equals 6 or less.)?

Source: Gracechurch Consulting

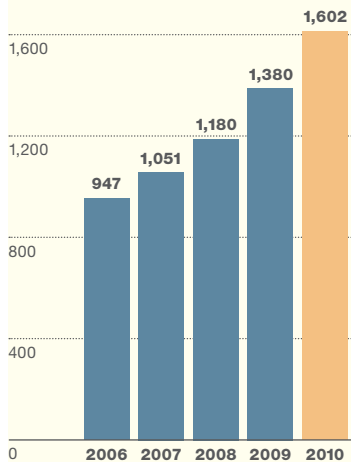
**Our employees**

Catlin employs a truly diverse workforce, enabling the Group to deliver high-standard products and services to a wide variety of clients around the world. At 31 December 2010 the Group employed 1,602 people, an increase of 16 per cent during the year (2009: 1,380).

Catlin's workforce has grown steadily over the past five years in step with the increase in the Group's premium volume and the development of its underwriting hubs outside of the UK and Bermuda (see Chart 3). During 2010 the largest percentage growth in employees occurred in the Canadian and European hubs.

At 31 December 2010 Catlin operated 52 offices in 20 countries. Approximately 50 per cent of employees work in the United Kingdom (see Chart 4). Nearly half – 49 per cent – of the Group's workforce hold Underwriting or Claims positions (see Chart 5).

**Chart 3:**  
**Employee growth by year at 31 December**



Another of the Group's key performance indicators chosen is the annual employee turnover rate. During 2010 the Group's employee turnover amounted to 9.8 per cent (2009: 10.4%). Turnover among underwriting employees decreased to 3.8 per cent (2009: 4.8 per cent). Employee turnover during the past five years is shown in Chart 6 on page 5; turnover increased significantly during 2007 following the acquisition of Wellington Underwriting plc, but has decreased in each subsequent year.

**Learning and development**

Catlin strives to provide employees with the skills, opportunities and experience they need to enhance their career and perform to their greatest potential.

**Catlin Development Programme**

The Catlin Development Programme ('CDP') was established in 2009 to broaden the pool of talent within the Group by combining the recruitment of recent university graduates along with the identification of talented employees currently in the early stages of their careers at Catlin. The CDP is one of the ways in which Catlin continues to build a business for the future.

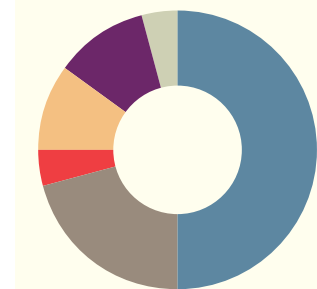
The CDP is an intensive mix of personal development, professional qualifications and cross-departmental business rotations. These rotations allow participants to develop specialist knowledge within their own functional areas, whilst building relationships with other teams and gaining a wider, commercial understanding of the business.

During 2010 the programme was expanded as graduates from the Asia-Pacific region and the United States joined those from the United Kingdom. Graduates attended a two-week orientation programme, allowing them to gain a wider understanding of Catlin's business and to build a network for their future careers.

**The goal of Catlin's workplace and employment policies is to encourage a positive, high performance culture where employees can fulfil their career ambitions whilst helping both Catlin and its clients to achieve their corporate ambitions.**

In addition to 'on the job' learning and departmental business rotations, the CDP participants study for appropriate industry-related qualifications to develop their technical knowledge, as well as attend courses focusing on personal development and business awareness.

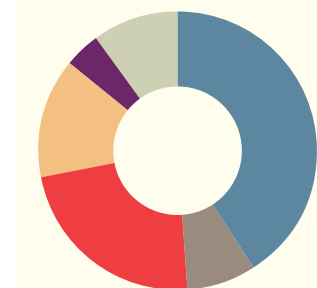
**Chart 4:**  
**Employees by location at 31 December 2010**



- 50% United Kingdom
- 21% United States
- 4% Bermuda
- 10% Europe\*
- 11% Asia-Pacific
- 4% Canada

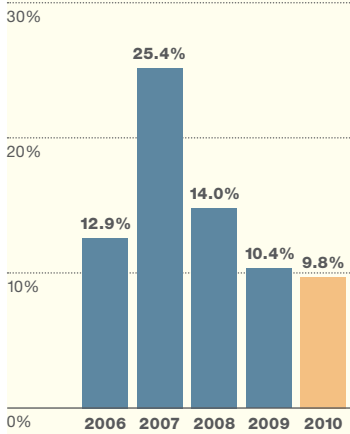
\*Employees in Brazil and Colombia are included in the European underwriting hub

**Chart 5:**  
**Employees by function at 31 December 2010**



- 41% Underwriting
- 8% Claims
- 23% Operations/IT
- 14% Finance
- 4% Actuarial
- 10% Administration & Other

**Chart 6:**  
**Employee turnover rate (%)\***



\*Including agreed departures

**Other programmes**

During 2010 Catlin continued to offer a number of core curriculum formal development opportunities aligned to both the Group’s business needs and the professional goals of individual employees. These included an orientation programme for new starters, industry and functional knowledge updates, personal development days, enhanced support for those studying industry-recognised professional qualifications and leadership development opportunities.

During 2010 Catlin partnered with the Ashridge Business School in the United Kingdom to introduce a global Aspiring Leaders Programme. The programme, which was held twice during 2010 and attended by 50 employees, is intended to reinforce Catlin’s core values, enhance the underlying management skills of the participants, broaden their strategic thinking and build a global network of leaders across the Group. A further two programmes are planned for 2011.

Catlin also continues to support the Leaders at Lloyd’s programme, as well as leadership programmes conducted in San Francisco and New York.

The number of employees undertaking Catlin-supported development activities increased by 34 per cent in 2010.

Sharing knowledge, experience and best practice is central to the Group’s employee development strategy. Experienced employees in the United Kingdom and the United States have been trained as mentors to enable them to provide offline help to employees in the process of making significant transitions in their knowledge, work and thinking.

**Remuneration**

Catlin offers competitive remuneration packages to attract, retain and motivate staff.

Remuneration, particularly with respect to the Executive Directors and other senior executives, is designed to create incentives to meet financial and strategic objectives set by the Board of Directors, primarily through variable bonus and share plan components. The Group’s policy is to align executive rewards with the creation of shareholder value.

The Group’s bonus plan includes all employees. The plan is based on the Group’s profitability and related measures of financial performance, with individual awards being based on the performance of the Group and the individual’s own performance. Further details regarding the bonus plan are contained in the Directors’ Remuneration Report within the Group’s 2010 Annual Report.

In 2004 Catlin adopted the Performance Share Plan (‘PSP’), which is designed to reward participants for delivering growth in shareholder value. Forty-one per cent of the Group’s employees participated in PSP during 2010. Under the plan participating employees receive conditional awards of shares (or nil-cost share options); the vesting of these awards depends on the achievement by the Group of performance conditions based on the increase in net asset value per share. Further details regarding the PSP are also contained in the Directors’ Remuneration Report.

The Company also offers employee share purchase plans to most employees, and eligibility was further expanded during 2010. These plans offer employees the opportunity to purchase Catlin shares at a discount to market value through monthly salary contributions. The ‘International Sharesave Plan’, first offered in 2008,

**Remuneration, particularly with respect to the Executive Directors and other senior executives, is designed to create incentives to meet financial and strategic objectives set by the Board of Directors, primarily through variable bonus and share plan components. The Group’s policy is to align executive rewards with the creation of shareholder value.**

was extended to Malaysia for the first time in 2010, attracting a take-up rate of more than 70 per cent. This plan is also offered to employees in the United Kingdom, Bermuda, Canada, Germany and Singapore. A similar plan, the ‘Employee Stock Purchase Plan’, is offered to US employees.

Catlin provides employees with a range of non-monetary employee benefits, including pension, life insurance and medical plans. As an international employer, the benefits offered to employees vary from country to country, taking into account local laws and practices. However, the Group is conducting comprehensive reviews of its employee benefit programmes in key markets to ensure that these remain competitive and appropriate. These reviews have already been completed for employees in the UK and Switzerland, and changes have been proposed or implemented as a result. Other key markets will be included in this review during 2011.

To provide employees with a better understanding of their total rewards, Catlin has begun to implement individual online Total Compensation Statements. Statements were prepared during 2010 for employees in the United Kingdom, United States and Europe, with implementation for employees in other jurisdictions planned for 2011 and 2012.

**Employee communications**

Over the past several years, the Group has made concerted efforts to improve communication with and among employees, both to reinforce the Group’s core values and to provide employees with information to help them improve their performance.

The Group uses a variety of methods to provide information to employees, ranging from daily meetings within departments to regular ‘Town Hall’ meetings, conducted by the Chief Executive in various Catlin offices. Key messages from the Town Hall meetings are communicated to employees globally via the Group’s employee intranet, called ‘The Catwalk’. The Catwalk – which contains comprehensive information about the Group, its departments, policies and procedures – continues to evolve as the primary information source for Catlin employees.

**Disabled employees and candidates**

Catlin gives full and fair consideration to applications for employment made by disabled persons and provides specialised training and career development for employees with disabilities where appropriate. If an employee were to become disabled, the Group would make arrangements insofar as possible to continue that person's employment and/or to provide training for another suitable position.

**Equal opportunities**

The Group is committed to fair and equal employment opportunities for all persons and extends fair and equal employment opportunities without regard to race, colour, religious belief, gender, sexual orientation, national or ethnic origin, age or disability.

Catlin seeks at all times to comply with legislation governing non-discrimination in employment. The Group employs individuals for available positions who are qualified on the basis of merit and ability alone. This policy applies to all terms and conditions of employment, including, but not limited to, recruitment, hiring, placement, promotion, demotion, transfer, rates of pay or other forms of compensation, termination, redundancy, training, use of all facilities and participation in all Catlin-sponsored employee activities.

**Health and safety**

The Group takes all appropriate efforts to ensure the health, safety and welfare of its employees whilst at work as well as those who may be affected by Catlin's operations. Employees are expected to take reasonable care for their own health and safety at work as well as those of others and to co-operate with management to create a safe and healthy working environment.

The discharge of health and safety responsibilities is accorded equal priority with that of other statutory duties and objectives.

**Community**

Catlin and its employees attempt to make meaningful contributions to the communities in which its offices are located. We focus on initiatives that relate to youth and education, although all worthy causes will be considered.

The Group's community involvement strategy consists of two primary strands:

- **Charitable contributions.** Catlin makes monetary contributions to a variety of charities and good causes around the world.
- **Community involvement.** Catlin encourages employees to become involved in activities whose goal is to improve the communities in which they live and work. For its own part, Catlin as a company also participates in community-oriented initiatives.

Catlin's community involvement efforts are co-ordinated by a Community Committee, which includes members from across the Group globally. The committee meets frequently to manage charitable contributions centrally and to discuss programmes to encourage employee charitable giving and involvement in community schemes.

**Charitable contributions**

During 2010 Catlin's charitable contributions increased by 20 per cent to US\$810,857 (2009: US\$674,180).

Catlin makes contributions to a wide range of charities across its six operating hubs (see Table 8).

A majority of Catlin's charitable donations are made in the United Kingdom, where 50 percent of the Group's employees live and work. Every two years, UK employees select two partner charities, which receive donations from Catlin and its employees as well as volunteering support. In 2010 those charities were:

- **The Alzheimer's Society,** which works to improve the quality of life of people in the UK affected by dementia; and
- **The Dame Vera Lynn Trust,** which provides support to children with cerebral palsy and their parents and carers.

**Catlin and its employees attempt to make meaningful contributions to the communities in which offices are located. We focus on initiatives that relate to youth and education, although all worthy causes will be considered.**

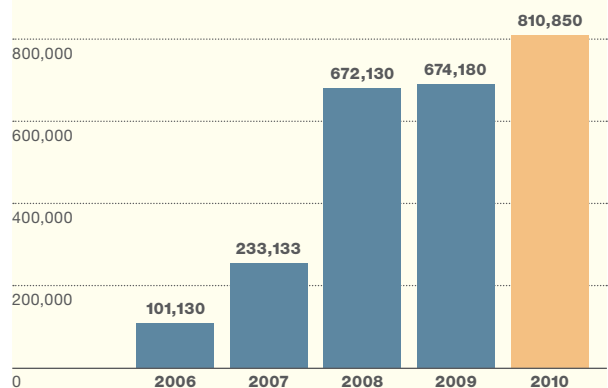
Catlin also maintains a long-standing sponsorship of the Sick Children's Trust, a UK-based charity which provides support and accommodation to the families of children undergoing hospital treatment. Group Chief Executive Stephen Catlin is Chairman of the Sick Children's Trust and other Catlin executives contribute their time to the charity. Catlin's 25th anniversary celebrations in London in April 2010 were held in benefit of the Sick Children's Trust.

Catlin Bermuda is a member of the Centre on Philanthropy, which encourages an attitude of giving, promotes volunteerism, and documents charitable behaviours and issues in Bermuda.

**Give As You Earn**

In the United Kingdom Catlin offers employees a 'Give As You Earn' scheme, under which employees authorise the Group to deduct from their monthly salaries contributions to their chosen charity, which are matched by the Group up to a maximum of £600 per employee per annum.

**Chart 7: Charitable Donations (US\$)**



**Table 8:**  
**Catlin's global charitable contributions**

Catlin made more than US\$800,000 in charitable contributions worldwide during 2010. The principal beneficiaries of these funds are listed below.

|   |  |  |
|---|--|--|
| <p><b>London/UK</b></p> <ul style="list-style-type: none"> <li>- St. Paul's Way Trust School</li> <li>- The Alzheimer's Society</li> <li>- The Dame Vera Lynn Trust</li> <li>- Sick Children's Trust</li> <li>- Disaster Emergency Committee</li> <li>- Haiti</li> <li>- Walking With The Wounded</li> <li>- Havens Hospices</li> <li>- Starlight Children's Foundation</li> <li>- Guy Fox History Project</li> <li>- Lloyd's Charities Trust</li> <li>- Royal British Legion</li> </ul> <p><b>Bermuda</b></p> <ul style="list-style-type: none"> <li>- Cedarbridge Academy</li> <li>- Catlin End to End</li> </ul> | <p><b>US</b></p> <ul style="list-style-type: none"> <li>- Insurance Industry Charitable Foundation</li> <li>- American Red Cross</li> </ul> <p><b>Asia-Pacific</b></p> <ul style="list-style-type: none"> <li>- KidsXpress (Australia)</li> <li>- Singapore Children's Cancer Society (Singapore)</li> </ul> <p><b>Europe</b></p> <ul style="list-style-type: none"> <li>- ConUnGioco Società Cooperativa Sociale (Italy)</li> <li>- Redningselskapet (Norway)</li> <li>- Ayudamos/Invest in Children (Spain)</li> <li>- REGA (Switzerland)</li> </ul> | <p><b>Canada</b></p> <ul style="list-style-type: none"> <li>- William H. McGannon Foundation</li> <li>- Nellie's Shelter</li> <li>- Alberta Children's Hospital Foundation</li> <li>- Ronald McDonald House Charities Canada</li> <li>- Women in Insurance Cancer Crusade</li> <li>- Shining Through Centre</li> <li>- The Fauna Foundation</li> <li>- Canadian Breast Cancer Society</li> </ul> |
|---|--|--|

**Community involvement**

Catlin and its employees participate in a variety of community involvement programmes, ranging from large-scale corporate sponsorships to 'Volunteering Days' organised by individual departments or teams.

The majority of the community involvement projects directly sponsored by Catlin are based in London, where the majority of the Group's employees live and work, and Bermuda, which is the Group's headquarters.

Major initiatives include:

- **St Paul's Way Trust School.** Catlin since 2009 has been a trustee and partner of St. Paul's Way, a secondary school in the London borough of Tower Hamlets located near the Group's London office (see page 8).
- **Lloyd's Community Programme ('LCP').** The LCP's mission is to improve the opportunities for and environment of the people of Tower Hamlets and neighbouring East London boroughs by mobilising the support and involvement of individuals and companies in the Lloyd's market. Catlin has worked with the LCP for many years and is actively involved in a number of projects.

- **Cedarbridge Academy.** Since 2007 Catlin Bermuda has sponsored a programme to encourage students at Cedarbridge Academy, one of Bermuda's two public secondary schools, to achieve the academic standards required to enter the island's international insurance industry. Catlin provides contributions towards tuition and fees for selected students in connection with their post-secondary education, as long as they meet certain academic performance, attendance and conduct standards. Each participating student is also mentored by a Catlin Bermuda employee.
- **Catlin End to End.** Catlin Bermuda is the title sponsor of what is now known as the 'Catlin End to End', which is Bermuda's largest charitable fund-raising event. Held annually in the spring, the event encourages thousand of people to travel across Bermuda by various means – running, walking, cycling, swimming, rowing and paddling – to raise funds for charity.

The 2010 End to End raised US\$335,000 on behalf of ten local charities. Since it was first held in 1988, the End to End has raised a total US\$3.7 million for good causes.

**Catlin Bermuda is the title sponsor of what is now known as the 'Catlin End to End', Bermuda's largest charitable fund-raising event. The event encourages residents to travel across Bermuda by various means – running, walking, cycling, swimming, rowing and paddling – to raise funds for charity.**



Catlin has sponsored the End to End since 2008. Catlin announced in August 2010 that it would continue to be the title sponsor of the End to End through 2013.

**Employee initiatives**

Catlin encourages employees to become involved in local community and social projects. The Group strongly believes that employee volunteering has tremendous value for the community, the employee and Catlin.

The value of employee involvement to the local community is vast as it not only provides free resources, it often provides expertise that would not otherwise be available. Besides the personal rewards that volunteering provides to the employee, Catlin believes that community projects provide individuals with personal development as well as build team spirit among employees. Volunteering also enhances the reputation of the company and can positively contribute to both the recruitment and retention of employees.

As an example of volunteering at Catlin in 2010, employees working in the Catlin US office in Walnut Creek, California, in 2010 volunteered a day of service at St. Anthony's Dining Room in San Francisco. St. Anthony's is a charity that has been serving meals to the poor and homeless in an impoverished area of San Francisco since 1950. During their day, the Catlin US employees cooked, waited tables and washed dishes. Altogether, 1,800 meals were served to local residents that day.

Catlin provides every employee with a minimum entitlement of one day annually to participate in an approved community service project.

**Fund Matching Scheme**

The Group operates a Fund Matching Scheme which acknowledges the voluntary work and fund-raising efforts of its employees. The scheme is designed to recognise money raised through employees' personal endeavours such as running in marathons or organising special events.

Under the scheme the company will donate, usually up to a maximum of £500 or \$1,000 per employee per annum, in support of any fund-raising activities and in recognition of volunteering commitments. In each case the award will be made payable to the charity chosen by the employee

## St Paul's Way Trust School

Catlin's most extensive community involvement programme is a multi-tiered relationship with St Paul's Way Trust School ('SPWT'), a secondary school in the London borough of Tower Hamlets, not far from Catlin's London office.

SPWT – founded in 1873 – serves a ethnically diverse community whose average household income is in the nation's lower quartile. The majority of students speak English as an additional language.

Until two years ago, SPWT's status was troubled, and the school had severe problems attracting pupils. A 2009 inspection by the Office for Standards in Education, Children's Services and Skills ('Ofsted'), which is responsible for the standard of UK schools, determined that "a significant improvement was required in relation to achievement and standards and the personal development and well-being of students".

SPWT was reorganised in September 2009, following the appointment of a new headteacher. The school became a national challenge trust school, under

### Summary

**1873**

Year SPWT was founded

**£50,000**

Donations in 2010 by Catlin to SPWT

**£40m**

Value of new SPWT facility

**100%**

Increase in students receiving A\*-C results in GCSE exams



which the school selects partner organisations – including businesses, universities, charities and other schools – to help raise its performance. Catlin was invited to become a partner in the trust that operates the school, and a senior Catlin executive is now both a school trustee and a member of the SPWT governing body. Additionally, Catlin's corporate responsibility officer is available to SPWT to co-ordinate school projects involving Catlin.

Catlin's relationship with SPWT now includes an employee volunteering programme, marketing support, art projects, business skills sharing and financial contributions.

### Volunteering

During 2010 Catlin actively promoted among its London-based employees various opportunities for volunteering at SPWT with its employees, including:

- **Reading partners.** Employees are paired with Year 7 students and visit the school on a weekly basis to read and play word games.
- **Business mentors.** Employees are paired with Year 10 students to meet monthly to concentrate on soft skills required for business and further education.

- **Coaching partners.** Employees are paired with Year 10 students who need a positive role model. Conducted on a fortnightly basis, the coaching covers both business and general life skills.

In addition to these long-term opportunities, Catlin employees have also taken part in various ad hoc volunteering programmes at SPWT:

- **'Head to Head' and 'Getting Ahead' events.** Catlin employees participated in events organised by a local charity to provide an opportunity for SPWT students to improve work-related skills. The events focus on interviewing practice and improving the soft skills of students seeking a career in business.
- **Michael Faraday project.** Catlin is providing funding in conjunction with The Guy Fox History Project, an educational charity in London, to create a book on the life and science of 19th Century English chemist and physicist Michael Faraday. SPWT is a 'Faraday Science School', referring to a small group of UK secondary schools using innovative methods to teach science. Catlin employees are involved in all aspects of the project.



**Marketing support**

Catlin's Marketing/Communications team in London provides marketing guidance and support to the school, especially relating to the recruitment of new students. The team has designed a comprehensive recruitment campaign on behalf of SPWT that includes brochures, postcards, local newspaper advertising and marketing merchandise for distribution to prospective students and their parents.

**Business skills**

Catlin has instituted several opportunities in which employees can share business skills with SPWT staff and students:

- **Mentoring.** Catlin employees serve as mentors to various members of the SPWT staff, with employees observing work at the school and the SPWT staff visiting Catlin to observe Catlin employees at work. SPWT employees participating in this programme include senior school managers, the reception staff and IT employees.
- **Student 'Lunch and Learn' sessions.** Catlin is designing a programme for Year 11 students interested in IT careers. The sessions, to be hosted by Catlin IT professionals, will cover job roles and possible career paths. In addition, a separate programme will be offered to Year 7 students, allowing them to visit Catlin's offices to get a flavour of a business work environment.

**Financial contributions**

Catlin has contributed funds towards the construction of the Catlin Art Gallery, a flexible space within the school that is used for teaching and exhibitions.

The total amount of funds committed by Catlin to SPWT during 2010 exceeded £50,000 (US\$77,500), including the Catlin Art Gallery. This amount does not include the time committed by volunteers and small expenditures that could not be accurately assessed.

Altogether, more than 30 Catlin employees participated in programmes connected with SPWT during 2010.

**Progress**

The most notable sign of progress at SPWT is the new £40 million facility to which staff and students moved in January 2011. Funding for the new building was approved by the local educational authority in 2006, and construction began in 2009.

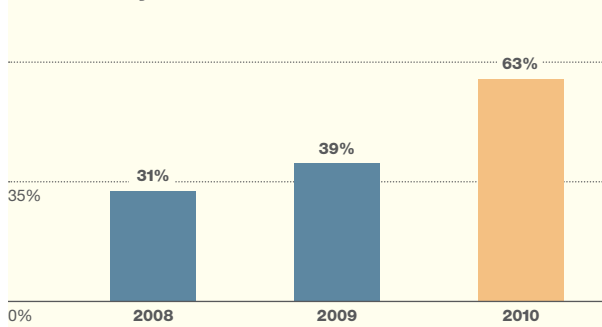
However, the school has made much more than physical progress since the 2009 Ofsted report. The agency in July 2010 re-inspected the school and concluded:

*"This school has come a long way in the last year. It is currently providing a satisfactory education, but the improvements that have been made since the last inspection are huge and it is securely on track to be good or even excellent."*

In addition, SPWT's examination results have risen dramatically. During 2010, the number of students achieving five results between A\* and C in GSCE examinations administered during Year 11 rose to 63 per cent, compared with 31 per cent in 2008 (see chart). The increase in test scores was among the highest of any secondary school in Greater London.

Catlin has played only a small role in the success of SPWT. The Group is committed to a long-term partnership to continue to improve educational opportunities for the youth of Tower Hamlets.

**St Paul's Way GCSE A\*-C Examination Results**



## Environmental

As an insurer, Catlin's direct actions do not impact the environment to the same extent as many other companies. Nevertheless, Catlin believes strongly that it has a duty to protect the environment in which we live, including ensuring operations are sustainable.

Catlin is a member of Business in the Community, a UK organisation that advises, supports and challenges its 850 corporate members to create a sustainable future whilst improving business performance.

### Catlin Arctic Survey

Catlin is continuing its sponsorship of the Catlin Arctic Survey in 2011.

The Group's objective in sponsoring the Catlin Arctic Survey to aid scientists in obtaining the crucial, impartial data they require to make more reliable conclusions about the impact of climate change and other changes to the environment and the new risks they could create.

Systemic changes in our environment could create new types of risk and therefore have significant consequence for insurers and reinsurers such as Catlin. Signals that our environment may be changing can often be found in the Arctic. However, the hostile Arctic environment makes it difficult for scientists to obtain the first-hand data they need to predict future changes.

The Catlin Arctic Survey facilitates that crucial data gathering by teaming experienced Arctic explorers and guides, who are accustomed to the harsh conditions, with leading research scientists from institutions in the United Kingdom, Europe, the United States and Canada.

### 2009 Catlin Arctic Survey

The first Catlin Arctic Survey sought to determine when the Arctic Ocean's sea ice cover would no longer remain a year-round surface feature of the Earth. Three explorers trekked more than 400 kilometres across the Arctic sea ice, taking thousands of measurements and observations over a 10-week period.

This data was collected and analysed by research partners in the Polar Ocean Physics Group at the University of Cambridge, which concluded there is a significant probability that, within ten years, only 20 per cent of the Arctic Ocean basin will have sea ice cover during summers.

### 2010 Catlin Arctic Survey

The 2010 Survey studied the effects of carbon dioxide on the Arctic Ocean.

When carbon dioxide dissolves in seawater it forms a weak acid. The survey studied whether the rate at which atmospheric carbon dioxide is increasing has led to increased ocean acidification. Because cold water absorbs CO<sub>2</sub> more effectively than warm water, the Arctic Ocean serves as an early warning indicator for the rest of the planet.

Three explorers again trekked more than 400 kilometres across the Arctic sea ice, collecting water samples and measuring sea ice thickness. This research was supplemented by work by research scientists and Arctic guides at the purpose-built Catlin Ice Base, located on the sea ice off Ellef Ringnes Island in far northern Canada.

Scientific findings resulting from the research carried out by the 2010 Catlin Arctic Survey are expected to be published in 2011.

### 2011 Catlin Arctic Survey

The third Catlin Arctic Survey, which began in March 2011, focuses on how changes in the Arctic Ocean might impact deepwater ocean currents. Changes in these currents, among other things, could significantly alter weather patterns globally.

## Catlin Group Limited Environmental Policy Statement

Catlin Group Limited is an international specialist property and casualty insurer and reinsurer with more than 50 offices worldwide. Catlin understands its duty to the environment and endeavours to improve and minimise its environmental impact, whilst working with its partners and other counterparties to embrace a more sustainable future.

Catlin looks for innovative and creative ways to help protect the environment and to promote study of potential environmental changes. In recognition of the serious implications that climate change and other environmental concerns may pose for the insurance industry, its policyholders and all of society, Catlin since 2009 has sponsored the Catlin Arctic Survey, whose aim is to obtain the impartial scientific data required to make more reliable conclusions about the potential impact of changes to the environment.

It is in this context that Catlin is committed to the continuous improvement of its sustainability performance and endeavours to:

- Continually improve our direct impacts on the environment;
- Measure, monitor and seek to reduce our carbon footprint;
- Report our environmental impacts through the appropriate forums, such as the Carbon Disclosure Project;
- Strive to reduce carbon costs effectively through a minimisation programme;
- Continue to actively engage with the insurance industry through ClimateWise;
- Continue to review opportunities to advance scientific understanding of climate-related issues as appropriate; and
- Adopt and meet all relevant legislative requirements.

Catlin regularly reviews its sustainability record at meetings of the Group Sustainability Committee, which reports directly to the Group Executive Committee. The Group will publicly report on its sustainability practices on an annual basis, allowing for a process of transparency.

The Catlin Group Limited Board of Directors endorses this policy statement and is fully committed to its implementation. This policy statement will be regularly reviewed and updated as necessary.

**Potential changes in the environment – especially long-term weather patterns – could significantly increase the frequency and severity of certain perils, including hurricanes and flooding. These changes could have a significant impact on Catlin, which is a major insurer and reinsurer of property risks.**

The amount of fresh water entering the Arctic Ocean is increasing from melting sea ice and glaciers, additional rainfall and river runoff. The 2011 Catlin Arctic Survey is investigating whether these phenomena could affect currents in the Atlantic Ocean, potentially leading to rising sea levels on the Eastern seaboard of North America and altering prevailing weather patterns on both sides of the Atlantic.

Research is being conducted through samples taken by a team of explorers trekking across the Arctic sea ice as well as through experiments conducted by scientists working at the Catlin Ice Base.

**ClimateWise**

Catlin participates in ClimateWise, another major initiative related to climate change.

In 2007 Catlin Underwriting Agencies Limited ('CUAL'), the Catlin subsidiary which manages the Catlin Syndicate at Lloyd's, joined ClimateWise, which is supported by various organisations participating in the UK insurance sector, including Lloyd's and the Association of British Insurers. By joining ClimateWise, insurance companies such as Catlin agree to embed six principles in their business activities:

- Lead in risk analysis;
- Inform public policy-making;
- Support climate awareness amongst customers;
- Incorporate climate change into investment strategies;
- Reduce the environmental impact of their own business; and
- Report and be accountable.

ClimateWise participants are required to report annually on their compliance with a set of principles to reduce society's long-term risk from climate change. CUAL, along with other companies with operations at Lloyd's, now report jointly through Lloyd's. The latest report is available at <http://www.lloyds.com/Lloyds/About-Lloyds/What-we-do/ClimateWise>.

**Business activities**

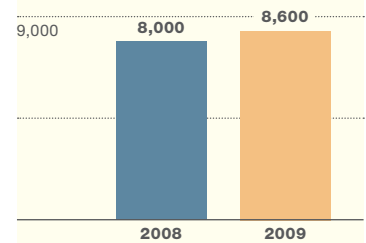
Potential changes in the environment – especially long-term weather patterns – could significantly increase the frequency and severity of certain perils, including hurricanes and flooding. These changes could have an extreme impact on Catlin, which is a major insurer and reinsurer of property risks. Climate change may also increase the potential for third-party liability claims, including negligence complaints against organisations whose operations causes changes to the environment and their executives.

Catlin during the past year has taken part in several business activities relating to potential environmental changes:

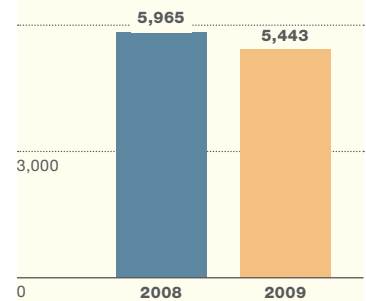
- **Emerging risks.** During 2010 Catlin established an Emerging Risks Working Group to examine new and developing risks, both globally and at a local level. The working group is chaired by the Group's Deputy Chief Underwriting Officer. The analysis carried out by the working group will not only seek to identify potential threats to the Group's business and the strategies to be employed to manage those threats, but also to identify potential business opportunities, such as new products that the Group may offer to clients.
- **Climate modelling.** Catlin uses climate model projections to perform sensitivity studies and enable the assessment of potential future losses in key regions in which Catlin currently operates. The Group conducts research to identify whether there are climate change models or tools that Catlin can adopt to provide an improved understanding of local climate change at shorter timeframes and support improved future strategic decision-making relating to risk pricing and allocation.

- **'Fleet Directions'.** Catlin UK Motor Fleet underwriting team actively encourages clients to adapt their behaviour with regard to climate change. Through 'FleetDirections' ([www.fleetdirections.com](http://www.fleetdirections.com)), Catlin provides Motor Fleet clients with online tools that provide environmental analyses of single vehicles and entire fleets, including the calculation of CO<sub>2</sub> emissions. Catlin believes it is the first insurer in the UK to recognise a client's 'green' credentials when pricing Motor Fleet insurance.

**Chart 9: Global carbon emissions (tonnes CO<sub>2e</sub>)**



**Chart 10: Global carbon emissions per employee (tonnes kg CO<sub>2e</sub>)**



**Carbon monitoring and offsetting**

Catlin annually commissions a recognised third-party carbon auditing firm to help calculate and verify the carbon footprint of its UK and global offices. The measurement, based upon the Greenhouse Gas Protocol, includes 'Scope 1' (natural gas and refrigerant usage) and 'Scope 2' (electricity) emissions associated with the offices in which Catlin is based. Catlin voluntarily discloses 'Scope 3' emissions sources, including business travel by air and rail, paper, water and waste.

The studies concluded that the total carbon footprint of Catlin's global operations during 2009, the most recent data available, increased by 8 per cent to approximately 8,600 tonnes of CO<sub>2</sub>e (2008: 8,000 tonnes). However, the total emissions per employee globally had decreased by 9 per cent to 5,443 kilos (2009: 5,965) (see charts 9 and 10 on page 11), demonstrating Catlin's ability to grow as a business whilst limiting its carbon impact. The 2009 carbon footprint of Catlin's six underwriting hubs is analysed in chart 11. Electricity was the largest contributor to Catlin's global carbon footprint in 2009, followed by air travel (see Chart 12).

Wherever possible, Catlin works with landlords to promote environmentally friendly office design and best practice. For example, the new premises in London to which the Group moved to in March 2011 offers real-time energy monitoring capabilities, the potential to recycle up to 85 per cent of all business-related waste, increased storage for bicycles and low-consumption plumbing fixtures.

Catlin attempts to make good environmental practice part of its everyday activities worldwide. For example, a comprehensive document scanning system in place globally enables employees to view documents electronically rather than on paper, minimising waste. The Group also encourages employees to recycle paper and other recyclable products wherever possible.

The Group targets its IT infrastructure as a source of energy savings. In early 2011 Catlin replaced graphic screensavers on personal computer monitors with plain black screensavers to reduce processor energy consumption. The plain black screensavers use significantly less energy and have been adopted across all global locations as part of our IT power policy.

**The 'offset credits' purchased by Catlin in the past year have been used to finance a project in Cholburi, Thailand, which uses biogas from wastewater to generate heat and power at a tapioca starch drying factory rather than fossil fuels.**

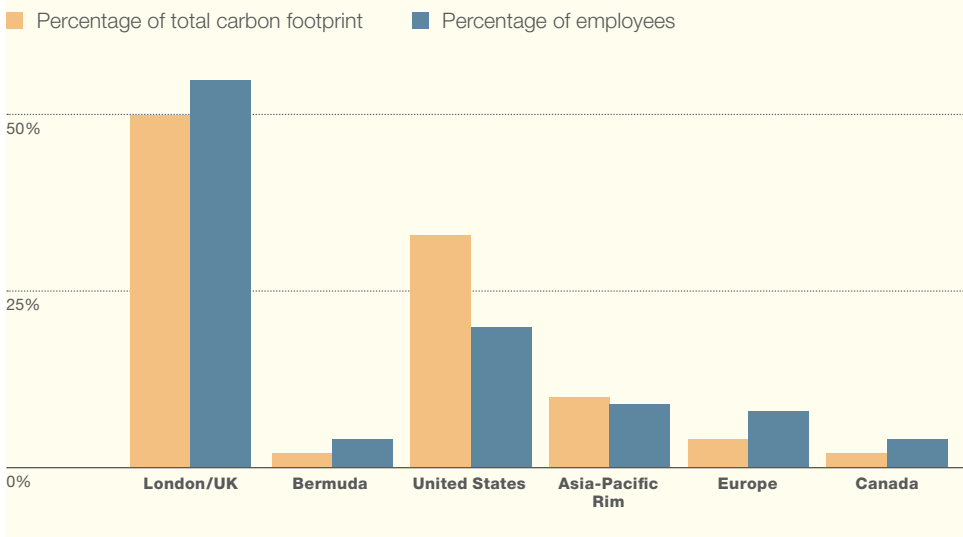
Since 2007, Catlin has offset all carbon emissions created by UK employees' air travel through a contract with the Carbon Neutral Company, a leading carbon offset and climate consulting business. During 2010, Catlin offset 1,974 tonnes of carbon emissions relating to air travel. The 'offset credits' purchased by Catlin in the past year have been used to finance a project in Cholburi, Thailand, which uses biogas from wastewater to generate heat and power at a tapioca starch drying factory rather than fossil fuels. The project helps reduce methane, a powerful greenhouse gas, and other air polluting emissions.

Rail travel is encouraged wherever feasible to reduce the carbon impact of short-haul flights, especially within Europe. Furthermore, the Group utilises video conferencing capabilities in offices across its underwriting hubs that reduce the need for air travel.

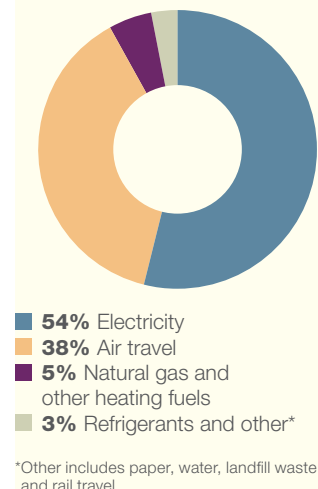
Beginning in 2011 Catlin will offset carbon emissions related to air travel on a global basis.

Catlin is a member of Carbon Disclosure Project ('CDP'), an initiative established in 2000 to collect and distribute high-quality information about businesses' carbon emissions. More than 2,500 organisations in some 60 countries now participate in the CDP.

**Chart 11: Catlin's Global carbon footprint**



**Chart 12: Contributors to Catlin's global carbon footprint**





This Report was printed in the UK at a facility certified to ISO 14001, using 100 per cent vegetable-based inks on an Forest Stewardship Council (FSC) accredited paper produced from 100 per cent Elemental Chlorine Free (ECF) pulp that is fully recyclable and is produced by a mill which supports well-managed forestry schemes.

