

Flood Re – 2022 ClimateWise Report

Disclosure of actions taken in line with ClimateWise principles across Flood Re business activities

Flood Re

Flood Re Limited (hereinafter ‘Flood Re’ or ‘the Company’) is the Scheme Administrator for the Flood Reinsurance Scheme (‘Flood Re Scheme’) and is principally engaged in the provision of flood peril reinsurance cover within the UK. The Flood Re Scheme is a joint initiative between the UK insurance industry and the UK Government. The Flood Re Scheme was established by the Water Act 2014. Further details of the Scheme can be found on the Company’s website at www.floodre.co.uk.

Flood Re Limited’s purpose is to promote the availability and affordability of flood insurance for eligible homes, while minimising the costs of doing so, and to manage, over its lifetime, the transition to risk-reflective pricing for household flood insurance.

In order to do this, Flood Re Limited provides reinsurance cover at a subsidised fixed rate to cedants, resulting in an expected underwriting loss each financial year. The Company finances this through a £135m Levy (reduced from £180M on 1 April 2022) on UK household insurers. The Levy also finances the purchase of an outwards reinsurance programme to protect the Company up to a £2.286bn (2021: £2.273bn) maximum Liability Limit.

Flood Re Limited is a mutual reinsurer and was incorporated in August 2013 as a private UK Company limited by guarantee. Regulations designating the Flood Re Limited Scheme came into force on 11 November 2015, providing Flood Re Limited with the power necessary to fulfil its purpose.

On 1 April 2016, Flood Re Limited was authorised by the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA).

Flood Re Limited launched on 4 April 2016.

1. Be accountable

1.1. Ensure that the organisation's board is working to incorporate the ClimateWise Principles into business strategy and has oversight of climate risks and opportunities.

Climate change is a top area of focus for Flood Re’s Board. Beginning with the December 2019 Board Strategy day largely focused upon the impact of climate risk on Flood Re’s purpose, climate continues to be a focal part of Flood Re’s activities. This past year, Flood Re had significant milestones in terms of engagement (numerous events leading up to and at COP26 in Glasgow by FloodRe’s CEO and staff), influencing (in April 2022 Flood Re launched the world-first Build Back Better program to ensure that homes receiving claims monies after a flood can build back more resiliently, for which Flood Re was awarded the Sustainability Initiative of the Year Award for 2021 at the British Insurance Awards¹) and understanding (involvement in the Bank of England’s climate

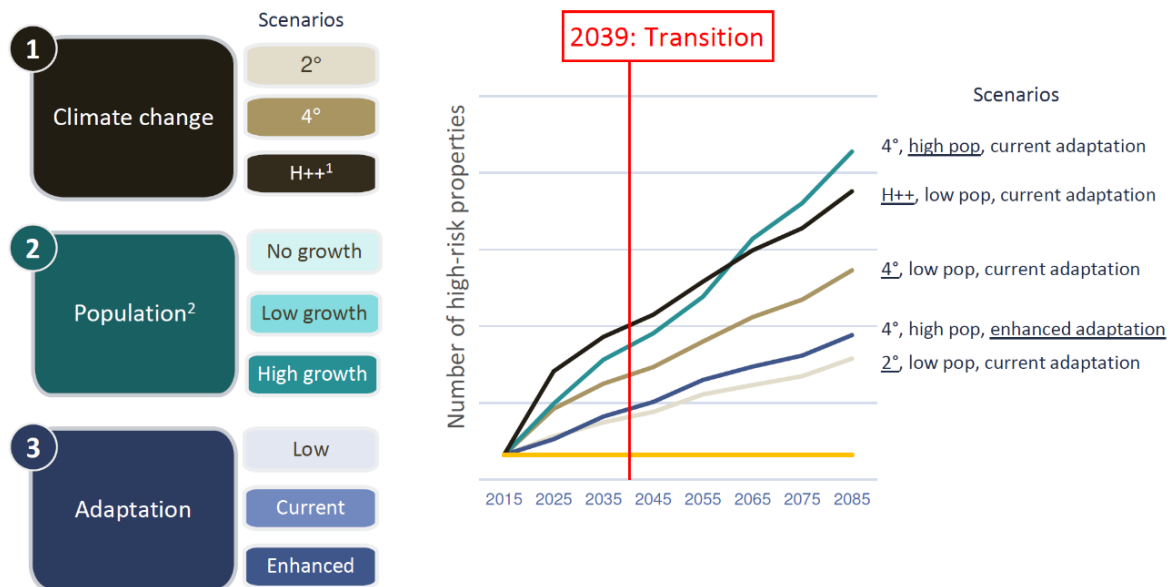
¹ An Insurance Post article noting the award and summarizing a number of Flood Re climate and sustainability initiatives is included at Appendix D

scenarios work and further development of understanding climate change risk through our Own Risk and Solvency Assessment).

- Flood Re's 2020/21 Own Risk and Solvency Assessment (ORSA) identified four major risks to Flood Re successfully transitioning out of the market in 2039: climate change, housing development, insufficient investment in flood defences, and lack of homeowner awareness of flood risk and investment in property level resilience measures. These continued to be tracked in the 2021/22 ORSA, which was discussed and approved by the Board in June 2022. The ORSA includes climate change as one of the cross-cutting drivers of risk for Flood Re and a focal point throughout the document, with specific sections on stress and scenario testing using the Bank of England's climate scenarios (see below), as well as five dimensions of how climate will affect the business (scheme operation, transition and exit, financial reporting/disclosure, investment considerations, and corporate social responsibility).
- Within the 2021 Annual Report² details are found on page 10 of the Statement by the Chair; pages 14-15 of the CEO Statement; and page 21 of the Strategic Report. Additional background and highlights from the Annual Report are also noted below.
 - Flood Re has developed a set of leading indicators to monitor factors that will affect Flood Re's goal of exiting the market in 2039. These include the impact of climate change on the problem of flooding, with tracking of CO2 pathways (see Appendix C). The top-level indicators have been reviewed by the board, were first published in Flood Re's 2021 Annual Report, and were included again in the 2022 Annual Report. As part of Flood Re's forthcoming 2023 Transition Plan, these 12 indicators are being examined in greater depth and will be published next year (more in sections 1.2 and 3.1).
- The Bank of England produced its 2021 Climate Biennial Exploratory Scenario (CBES) which outlined transition risks to the financial and insurance industry. Flood Re collaborated extensively with BoE staff since 2019 in assembling particularly the flood scenarios, and the version published in 2022 included a specific discussion of Flood Re and its 2039 exit from the market. The scenarios have been discussed at the Board level as part of the 2021 December Board Strategy Day and incorporated into Flood Re's planning via the Stress Testing in the ORSA.
- To further understand the impacts of these risks, Flood Re's Risk Function and Transition Team engaged with Sayers and Partners to use its Future Flood Explorer model (the same tool leveraged by the Committee on Climate Change for its "UK Climate Change Risk Assessment") to analyse the projected number of homes that will be at high risk of flooding out to the 2080s. The results of this analysis were the basis of the December 2019 Board and ExCo Strategy day mentioned above, which consciously shifted to focus on the medium- and longer-term risks to Transition. The exhibit below summarises the results of FFE's combined scenarios which consider each of the aforementioned risks to transition (Flood defence investment and Property level resilience are captured under the 3rd variable "Adaptation").
- The results of this presentation continue to impact individual and company objective setting, providing scenarios incorporating climate pathways and other factors that will influence the number of homes at risk of flooding in the UK. This scenario work is incorporated into the Flood Re ORSA, including the version discussed and approved June 2022. Further, in 2021 we launched the first phase of a property flood resilience scoring methodology project intended to

² [Annual Report and Accounts 2022](https://www.floodre.co.uk/wp-content/uploads/Flood-Re-Annual-Report-2022.pdf) <https://www.floodre.co.uk/wp-content/uploads/Flood-Re-Annual-Report-2022.pdf>

ultimately increase the take-up of property-level flood protection in high-risk areas. We also continue to advocate for planning policy that takes into account climate change and the future costs of insurance.



Climate change was highlighted in the Statement by the Chair of Flood Re in the 2022 Annual Report where he noted:

“Although 2021 was a relatively dry year in the UK, flooding events were as unpredictable and potentially damaging as in previous years.

In the height of Summer 2021, London experienced some of its worst floods in recent history – a reminder that surface water flash flooding in urban areas can cause huge damage over a very short period of time.

And in February 2022, three named storms – Dudley, Eunice, and Franklin – affected the UK within the space of a week, the first time this has occurred since storm-naming was introduced in 2015. Thankfully, on this occasion the flood damage was not as severe as it might have been, but it could so easily have been far more serious – as it sadly was for our neighbours in western Germany and Belgium who suffered terrible devastation and loss of life caused by flooding in July 2021.

Much of the debate at COP26 was of course about efforts to slow the pace of climate change. This is essential, but it is equally important to recognise that climate change is happening now and we must take steps to adapt to it. In the run-up to the Glasgow summit, we took our Floodmobile on a tour of the UK to highlight ways in which flood resilience measures can be installed in homes to limit the potential damage caused by flooding.”³

1.2. Describe management's (below board-level responsibility) role in assessing and managing climate-related risks and opportunities.

- Beneath the Board, Flood Re has a number of committees that discuss climate-related risks as a matter of routine given the threat of climate change directly on both Flood Re's

³ Annual Report and Accounts 2022 <https://www.floodre.co.uk/wp-content/uploads/Flood-Re-Annual-Report-2022.pdf> p10

operation as a catastrophe reinsurance vehicle and our long term goal to transition out of the market in 2039. These include the Executive Committee and its sub-committees; the Transition Sub-committee, Reinsurance and Securities Sub-committee and Investment Working Group.

- As noted above, Flood Re's Risk Function (led by the Chief Risk Officer/CRO) and Transition Team (led by the Communications and Transition Director) initiated the work to analyse the projected number of homes that will be at high-risk of flooding out to the 2080s. Expanding on this work, Flood Re is currently working with insurers who cede policies to us to predict the number properties that may have difficulty finding affordable insurance once Flood Re exits the market. This analysis is expected to be complete by the end of 2022.
- Flood Re's CRO, Chief Actuary, and Head of Transition have actively engaged with regulators to ensure stakeholders (such as insurance companies and mortgage underwriters) take into account the exit of Flood Re from the market in 2039 as stipulated by statute. Since the December 2019 publication by the Bank of England of its consultation paper 'The 2021 biennial exploratory scenario on the financial risks from climate change'⁴, Flood Re has engaged throughout the CBES process to ensure that the scenarios, which run until 2050, to ensure insurers explicitly consider the exit of the Flood Re Scheme out of the market in 2039 (i.e. pre-2039 insurers can utilise the Flood Re Scheme to cede high flood risk properties, and post-2039 where they will need to review their underwriting approach). This work was reflected in the consideration of four scenarios regarding Flood Re's 2039 exit which are detailed in Section 2, Box A of the CBES report published on 24 May 2022⁵.
 - Upon the release of the scenarios, Flood Re officials worked with the Association of British Insurers to ensure industry stakeholders were aware of the risks highlighted in the CBES scenarios and how best to integrate these into their planning.
 - Flood Re also shared the suggested actions to be taken by government recommended by insurers in a joint capacity building workshop with the Town and Country Planning Association (TCPA) for local authorities in June 2022 concerning sustainable urban drainage, a measure used to increase building resilience especially to surface water flooding. Additional workshops will promote the suggestions the insurance industry has made to improve building regulations, standards and planning permission, avoiding building on flood plains, more regular reviews of building regulations (at least every five years) and introducing a legal duty for all developers to have due regard to insurability of buildings.⁶
 - Given the long-term nature of banks' mortgage portfolios, consideration of the availability and cost of insurance in these scenarios both pre- and post-2039 were drawn out in the CBES exercise. Mortgages issued this year with greater than 20-year durations will run beyond the lifetime of the Flood Re Scheme.
 - To better understand the mortgage sector's perspective, Flood Re hosted Nationwide at the December 2021 Board Strategy Day. The Head of Property Risk gave a presentation on the "Expectations of Lenders, Current Challenges and Lending in the Future" which covered the bank's 'Risk Hub' and how they are monitoring energy and climate pressures. Flood Re





⁴ <https://www.bankofengland.co.uk/paper/2019/biennial-exploratory-scenario-climate-change-discussion-paper>

⁵ <https://www.bankofengland.co.uk/stress-testing/2022/results-of-the-2021-climate-biennial-exploratory-scenario>

⁶ <https://www.bankofengland.co.uk/stress-testing/2022/results-of-the-2021-climate-biennial-exploratory-scenario>

continued the engagement with the mortgage sector in a policy sprint in May 2022 with the insurance sector, lawyers, the Department for Levelling Up, Communities and Housing (DLUCH), Defra, and the EA to broaden the understanding around flood risk management and sustainable insurance affordability.

- As mentioned earlier, the Transition team and Risk team at Flood Re have prepared a list of Leading Indicators to monitor and report on progress related to climate change and mitigation efforts aligned with the Transition Strategy Buckets.⁷ This will report annually on the current position of each area of Transition in a similar manner to the Committee on Climate Change's Annual "Progress Reports". The following graphic shows the indicators that were reported in Flood Re's 2021 and 2022 Annual Reports⁸, and will be expanded on via the 2023 Transition Plan. More details on this work are also described in section 3.1 below.

Transition Area	Progress Assessment	Leading Indicator/ Expert Judgement
Reduce the risk of flooding		<ol style="list-style-type: none"> 1. Level of flood defence investment 2. Extent of housing development in the floodplain
Reduce the damage and cost of flooding		<ol style="list-style-type: none"> 3. British Standard for flood resistance products 4. Level of engagement of community with flood groups 5. Number of properties that benefit from PFR 6. Overall cost and time taken to settle claims
Achieve an effective market		<ol style="list-style-type: none"> 7. Flood modelling use in risk-reflective pricing and awareness 8. Effective level of Flood Re subsidy ("rate shock") 9. Householder flood risk awareness of their home 10. Engagement with insurers at strategic and operations level
Limits of affordability		<ol style="list-style-type: none"> 11. Number of households at highest flood risk 12. Support for those at highest risk post-Flood Re 13. CO₂ emissions and the likely "climate pathway"

2. Incorporate climate-related issues into our strategies and investments

2.1. Evaluate the implications of climate change for business performance (including investments) and key stakeholders.

Climate Change and its implications for UK Flood Risk cuts across both aspects of the Flood Re Scheme's Strategic Purpose, namely to:

⁷ Flood Re Our Vision: Securing a future of affordable flood insurance, page 5. See https://www.floodre.co.uk/wp-content/uploads/2018/07/Flood_Transition2018_AW.pdf

⁸ Most recently in [Annual Report and Accounts 2022](https://www.floodre.co.uk/wp-content/uploads/Flood-Re-Annual-Report-2022.pdf) <https://www.floodre.co.uk/wp-content/uploads/Flood-Re-Annual-Report-2022.pdf> p22

(1) Promote the Availability and Affordability of flood insurance for eligible homes, while minimising the cost of doing so, and

(2) 2039 Transition to risk reflective pricing for household insurance, for those households at risk of flooding.

In the case of the first element of Flood Re's purpose, the efficient operation of the Reinsurance Scheme in the short/medium term, the potential implications of climate change are:

- Further emergence of Climate Change and coincident impacts on UK Flood Risk;
- Behavioural changes on the part of ceding insurers; and/or
- Change in appetite of our outwards reinsurers.

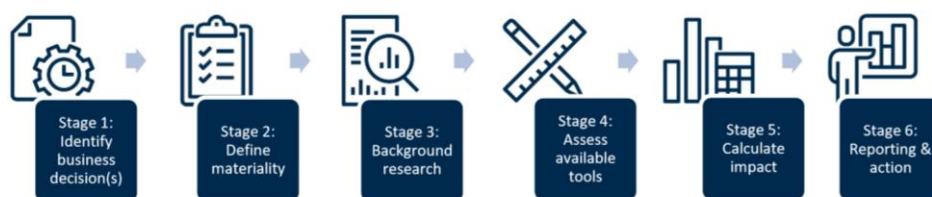
Each can impact the Scheme's forward looking risk profile and as such have been explicitly considered by the Flood Re leadership team (Board and Executive Committee) through a range of short/medium term stress and scenario tests (set out in Section 2.2 below). With regards to the second aspect of our purpose, Climate Change clearly presents a long-term threat to Flood Re's 2039 Transition Objectives, and specifically UK household flood risk. A longer-range, UK-wide (all properties) set of scenarios have been considered to assess the impact of various climate change pathways and public policy initiatives on 2039 transition. The results of this analysis are set out in Section 2.2 below.

The above assessments have focussed primarily on the potential for Climate Change to impact insured losses and the Scheme's strategic objectives. With regards to asset-side impacts of climate change, given Flood Re's highly conservative investment portfolio (UK Government backed short term deposits and Cash at Bank), there are limited market transition/"Minsky Moment" risks for Flood Re.

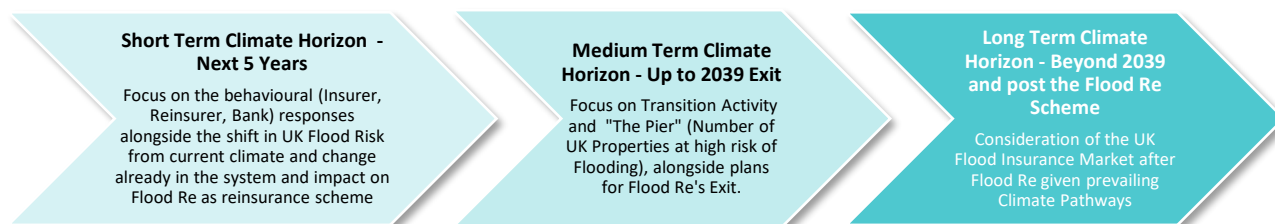
The implications of climate change as it relates to stakeholder risks are also regularly communicated to stakeholders. As noted throughout this submission, Flood Re officials have been active in working with the Bank of England on its CBES scenarios to communicate these risks to the financial industry. The indicators (discussed further in sections 1.2 and 3.1) published in Flood Re's annual reports provide an additional channel of communication, and its forthcoming 2023 Transition Plan will be a document focused on the question of risks and how the industry can best adjust to minimize them.

2.2. Measure and disclose the implications of climate-related issues for business performance (including investments) and key stakeholders. & 2.3 Incorporate the material outcomes of climate risk scenarios into business (and investment) decision making.

As highlighted in the previous section over the course of 2021/22, as we have since 2019/20, we continue to utilise stress and scenario tests to assess the implications of a range of Climate Change pathways, impacting both elements of Flood Re's Strategic Purpose. We use the PRA's "[Framework for assessing financial impacts of physical climate change](#)" as the common approach for each assessment, see the framework schematic below for the steps of each exercise:



The impacts of climate change on UK Flood Risk cut across a range of areas of the Flood Re Scheme. To aid with targeting our activity and messaging, there are three time-horizons over which we consider the implications of Climate Change for Flood Re as per the diagram below.



Set out below are the details of each exercise (from 2019 to 2022) and the approaches taken to disclose and share the results and next steps from each. Appendix A provides an overview of the 5 dimensions of climate change that the board has integrated into its work since 2019 (for the scheme's operation, its exit, disclosure, investments, and Corporate Social Responsibility), and Appendix B provides details of workstreams arising from these dimensions since inception.

1) Climate Change - Operation of the Reinsurance Scheme (Short/Medium Term Risk)

- 2019/20 Initial Comparison of UK Flood Models – Climate Change Modelling & GIST 2019:** In 2019 and alongside the PRA's 2019 GIST exercise we sought to understand how UK Flood Risk may be impacted over a range of climate change pathways/emissions and response scenarios. This initially focused on modelling the impact of Climate Change on Flood Re's portfolio to provide a base for comparing a selection of UK Flood models that incorporate climate change impacts. To further allow consistent comparison of the models' assessment of Climate Change we also sought to fix the scenarios/GHG emissions scenarios being assessed, and used the PRA's 2019 General Insurance Stress Test (2019 GIST) scenarios as the common base. The three GIST Scenarios considered a range of pathways and time periods.

Disclosure: The results of Flood Re's 2019 GIST Climate Change Scenarios have been shared and discussed with the PRA, who published their [industry-wide feedback \(Annex 4\)](#). We continued to engage with the PRA's scenario and climate change teams to share our findings and approaches to assessing the impact of Climate Change on UK Flood Risk in the lead up to the May 2022 publication of the Bank of England's 2021 Biennial Exploratory Climate Change Scenarios.

Informed Decision Making: Results of the GIST 2019 analysis provided the basis for comparing various UK Flood Model's climate change projections and their various strengths and limitations in order to select the right tool for the job moving forward.

- 2019/20 - Short / Medium Term Behavioural Changes of Key Counterparties (Insurers and Outward Reinsurers):** As the GIST 2019 exercise was industry-wide and required consistency of outcomes, it considered Flood Re's exposure as point in time and static. For our Own Risk and Solvency Assessment (2019/20 ORSA), we took this a step further to consider material

behavioural change on the part of our major counterparties as a result of shifts in their view of climate change and UK Flood Risk.

For this more dynamic assessment we delivered a range of scenarios assessing the solvency implications of a shift in the risk appetite of both our ceding insurers (increased ceding to Flood Re as perception of UK Flood Risk changes) and our outwards Reinsurance counterparties (increased cost of outwards cover). Given our considerable capital position the Scheme remained well within its Solvency Risk Appetite Thresholds in each of the scenarios.

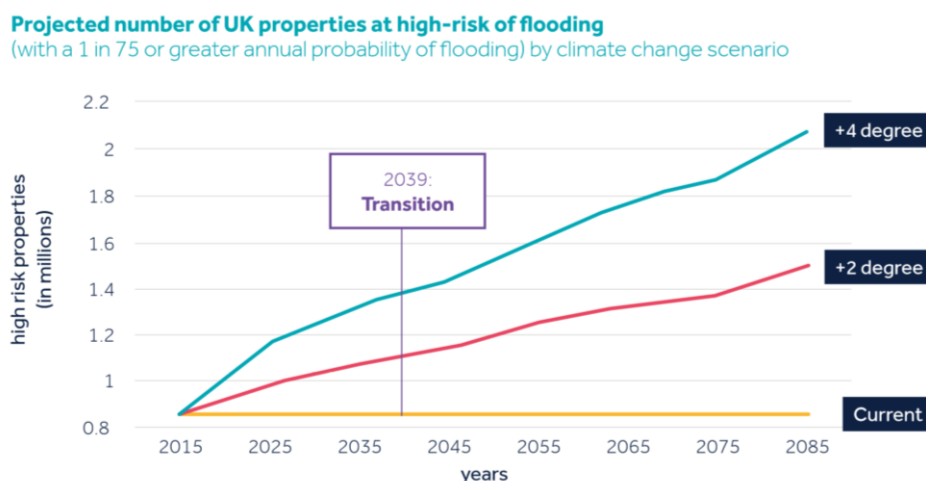
Disclosure: Similarly to the 2019 GIST exercise, the Flood Re ORSA Report with the results of these scenarios has been shared with a range of stakeholders including the PRA and rating agency. A summary of our ORSA Stress and Scenario testing is included in our annual (publicly published) Solvency and Financial Conditions Report (SFCR).

Informed Decision Making: The ORSA Climate Change stress testing analysis tested the scheme under a range of adverse scenarios to help inform our cycles of business planning and future decisions around structure of outwards RI and other business levers within Flood Re's control post QQR (Setting Levy 1, Liability Limit).

2) Climate Change Implications for 2039 Flood Re Transition (Medium/Long Term Risk)

- To assess the longer-term impact of Climate Change on UK Flood Risk and hence risk to a successful 2039 exit out of the market we worked with the model and results from the last Climate Change Risk Assessment (CCRA)⁹.

By 2039, assuming a four-degree warming scenario, 1.5 times as many properties may be at a high-risk of flooding, increasing from 860,000 to 1.3 million properties given current levels of adaptation/flood defence spend and low population growth (housing development).



⁹ Climate Change Risk Assessment 2017 Projections of future flood risk in the UK, page 63
<https://www.theccc.org.uk/publication/sayers-for-the-asc-projections-of-future-flood-risk-in-the-uk/>

Disclosure: For an overview of our consideration and disclosure of the impact of Climate Change on Flood Re's Strategic Objectives, see pages 26-29 of our [Annual Report \(YE 2019/20\)](#).

Informed Decision Making: Climate Change has been acknowledged as a key threat to a successful 2039 Transition since the launch of the Flood Re Scheme, and this analysis has further reinforced that point. The modelling has also provided us with the basis to consider other variables (including property development, increased flood defence spending) impacting UK household flood risk in 2039, and work through "what needs to be true" to manage these risks to Transition. This has in turn supported proposals in our first Quinquennial Review (Build Back Better) and our Transition Activity next steps. This ongoing work by Flood Re's Board and staff continues to be reflected in our Annual Reports, including the Transition Indicators workstream outlined in section 1.2 and 3.1, as well as the ORSA process.

One opportunity Flood Re identified from this work has been to increase its engagement with the planning sector to ensure that new homes and developments are not built in areas at high risk today or where risk is expected to increase in the future. In March 2020, Flood Re presented at the Town and Country Planning Association's (TCPA's) Spring Conference 'Climate Change – game over?' concerning the importance of incorporating assumptions of insurance availability in development. This work continues today, and was taken further throughout 2021 and 2022 with capacity-building workshops and joint policy advocacy with the TCPA, which will be detailed further in section 5 below.

Remuneration: Flood Re's remuneration policy includes a performance-based bonus scheme that directly links the compensation of staff to the achievement of the company's strategic objectives, which are linked to climate change as outlined in 2.1 above. The performance-based bonus scheme award maximum expressed as an additional percentage of an individual's base salary (10%, up to 30% in some cases), with 33% of the bonus amount determined by an annual committee evaluation of the company's progress towards its strategic objectives.

The company objectives include:

- *Understand Current Day Climate Related Modelling Deficiencies: Develop a view on the "market information shortfall" relating to model providers not fully reflecting current day climate change impacts. Such a view would put Flood Re in a leading, rather than following position in this area.*
- *In collaboration with the National Housing Federation, promote and enable better flood risk management and resilience.*

Examples of specific personal/individual objectives over the past year with climate change linkages include delivery of COP26 events, incorporation of climate risk into model outputs, and promoting and enabling better flood risk management and resilience (with variations of the latter being an objective for numerous Flood Re staff).

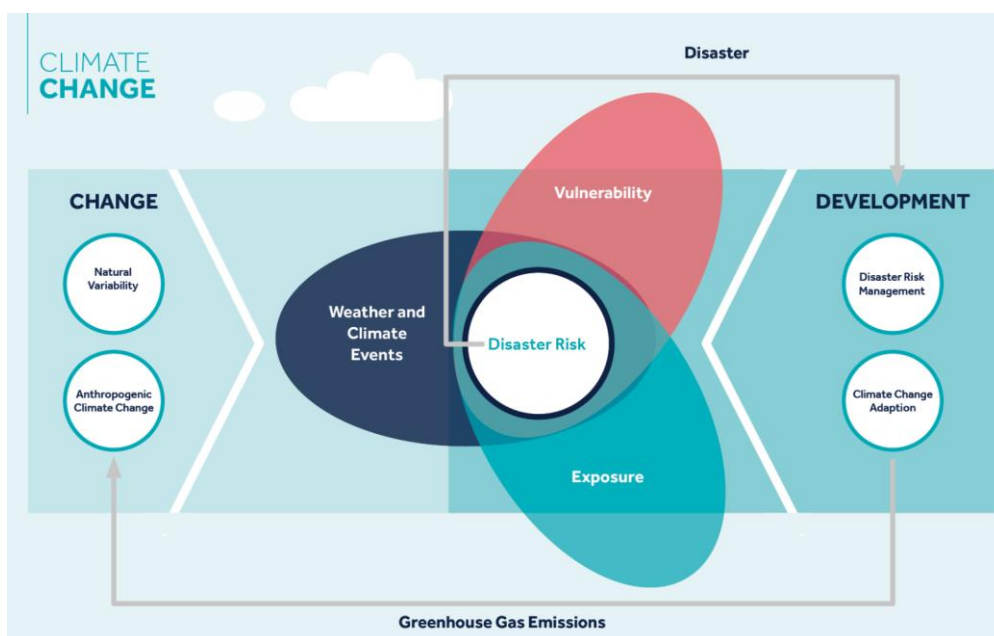
3. Lead in the identification, understanding and management of climate risk

3.1. Ensure processes for identifying, assessing and managing climate-related risks and opportunities are integrated within the organisation (including investments).

- Flood Re has a number of on-going and new processes to ensure we are identifying, assessing and managing climate-related risks and opportunities are integrated within the organisation.

- On-going processes include an assessment against each of our objectives of the climate change impact. As mentioned earlier, in the 2021 Annual Report¹⁰ details are found on page 10 of the Statement by the Chair; pages 14-15 of the CEO Statement; and page 21 of the Strategic Report. Within the section “Climate change impact on strategic objectives” we note the impact on insurers, reinsurance, transition, and banks. The 2020 Annual Report highlighted new climate metrics Flood Re is now methodically tracking, specifically:

“Flood Re will actively track observed climate change, climate change projections, levels of adaption and UK Government spending using data published at regular intervals by the Met Office, the National Adaptation Programme, the Committee on Climate Change and others. The complex relationship between the forces of higher CO₂ emissions, flood hazard, development, vulnerability, and adaptation is shown below in a diagram published by the Intergovernmental Panel on Climate Change.¹¹ Flood Re will only be able to transition out of the market to affordable risk-reflective prices if the centre ‘disaster risk’ area for the UK falls below the current level – the level which necessitated the market intervention enabled by the Scheme to reinsure UK flood risk.



Source: IPCC, 2018, <https://www.ipcc.ch/site/assets/uploads/2018/03/Fig1-1.jpg>

Flood Re will continue to support stakeholders actively to improve risk mitigation and adaptation, while also seeking to ensure homeowners and property underwriters do not face a cliff edge at the end of the Scheme’s planned life.”¹²

As noted above, Flood Re has continued to actively develop its transition indicators work in anticipation of its 2023 Transition Plan (see Appendix C for specific detail on the Climate Change Indicator), and incorporates the scenario work through its ORSA process, and through work on the CBES with the BoE (the latter being reflected back into Flood Re’s thinking, as well as informing the wider industry).

¹⁰ <https://www.floodre.co.uk/about-us/reports/> In the 2020 Annual Report, these are found on pages 5-6 of the Statement by the Chair; pages 7-9 of the CEO Statement; and pages 20-21 of the Strategic Report.

¹¹ <https://www.ipcc.ch/site/assets/uploads/2018/03/Fig1-1.jpg>

¹² Flood Re 2020 Annual Report: <https://www.floodre.co.uk/wp-content/uploads/Flood-Re-Annual-Report-2020-FINAL.pdf>

- Flood Re has been active in monitoring, and actively participating in, climate-related regulation that affects our business, as well as the wider industry. Flood Re organised and participated in events prior to and during COP26, with an 8-week programme leading up to the Summit, as well as a tour of communities by Flood Re taking the OxCam Pathfinder's Floodmobile en route to COP, and a speech by Flood Re's CEO at a World Climate Summit panel. Flood Re is also monitoring the developments of the TCFD and how credit rating agencies are incorporating ESG factors. Specifically, ESG experts from S&P Global Ratings presented to the Board and Executive Committee at the December 2021 Strategy Day on these matters. Staff work to inform and incorporate the Bank of England's CBES process have been extensively detailed elsewhere. In addition, public policy activities are described in greater detail in section 5 below, including Flood Re's world-first Build Back Better initiative, which will allow for increased spending on the flood resilience of homes, and planning advocacy and capacity building intended to improve the flood resilience of new homes built across the UK. Each of these initiatives will have a significant impact on Flood Re's climate-related liabilities going forward, as well as those of the wider insurance community.

3.2. Support and undertake research and development to inform current business strategies (including investments) on adapting to and mitigating climate-related issues.

- As mentioned in section 1, to further understand the impacts of climate risks, Flood Re's Risk Function and Transition Team engaged with Sayers and Partners to use its Future Flood Explorer model (the same tool leveraged by the Committee on Climate Change for its "UK Climate Change Risk Assessment") to analyse the projected number of homes that will be at high-risk of flooding out to the 2080s. These have been incorporated into Flood Re's planning, with the exhibit shown above in response to principle 2.2 summarizing the results of FFE's combined scenarios which consider each of the aforementioned risks to transition.
- Building on work undertaken in 2019-2020 on the viability of Flood Performance Certificates, Flood Re has undertaken work, in conjunction with stakeholders including the Environment Agency, Defra and Middlesex University, to run an innovative pilot in East Peckham. An ongoing EA flood management scheme to install property-level measures in numerous properties is being used as a test-bed for standardising data collection, and trialling a new PFR scoring mechanism to translate the implementation of specific PFR measures into a resilience rating to be incorporated into prototype Flood Performance Certificates for actual homes under real flooding conditions. This work will support the rollout of the Build Back Better campaign and property-level flood resilience measures – described in greater detail in section 5 below.
- Flood Re has become a research partner in the Wyre Valley Natural Flood Management (NFM) project, which will trial an innovative approach to natural flood management, with both adaptation and mitigation benefits. The project went live in March 2022, and is described in greater detail in section 5.2.
- The Transition Team also conducted research on the experience of post-2009 property owners trying to access flood insurance. Outcomes of this work were shared at the TCPA Policy Sprint event in May 2022 and at an ABI Property Steering Group meeting in June 2022.
- The Transition Team also conducted research the value of increased investment in flood defence maintenance which was launched at the ABI's Property Conference the joint research received wide national, regional and trade coverage. Flood Re shared the research with stakeholders including Defra and the Environment Agency, and it was reportedly valuable to the Environment Agency in making their case for maintenance funding for flood defences.

- Going forward, as previously mentioned Flood Re will be conducting analysis on homes that may have difficulty accessing insurance once Flood Re exits the market, which will be reported as part of its 2023 Transition Plan, alongside additional Indicators work. Flood Re will also be releasing work on surface water flood modelling.
- Further Flood Re is conducting analysis on the building and developer sector to determine the best way to engage stakeholders to increase the take up of resilient building methodologies, including sustainable urban drainage.

4. Reduce the environmental impact of our business

4.1. Encourage our suppliers to improve the environmental sustainability of their products and services, and understand the implications these have on our business.

- Flood Re is a small organisation and has only a few suppliers. Specifically, the company's three main suppliers and their respective ESG strategies are as follows:
 - Guy Carpenter are our reinsurance brokers and support our catastrophe modelling capabilities. Guy Carpenter have been working with us to understand the potential future and retrospective impacts of climate change, including through their own internal approach to climate conditioning loss outputs for insurance and reinsurance modelling. In their own practice Guy Carpenter is guided by Marsh & McLennan's standards of conduct, and are included in their ESG reporting, with the 2021 report showing progress towards their commitments (including achieving carbon neutral certification and reducing scope I, II, and business travel emissions) and outlining a company-wide commitment to net zero operations by 2030¹³.
 - Polo Works provides critical technology and business process support. Previously part of Capita, a larger service provider with a well-established sustainability strategy, as a newly-established small firm they have not yet established a company-wide sustainability or disclosure strategy.
 - Addresscloud is a provider of technology for use by Flood Re participants via the Property Data Hub. As a company they are committed to reducing their environmental impact and have policies to minimise the use of paper, energy, water and fossil fuel use. With respect to carbon emissions, and as a remote company, they take two approaches -- first, offsetting employee emissions by investing in a range of carbon reduction and sequestration schemes; second, operating cloud infrastructure using a serverless architecture meaning consumption of cloud resources is scaled in real-time according to customer demand, enabling efficiencies and reduced energy usage. Their cloud provider is working towards 100% renewable energy supply for its data centres and already offsets emissions where renewable supply is not yet available. They have also been vocal in pressing the industry to effectively factor in and manage climate risks¹⁴.

4.2. Disclose our Scope 1, Scope 2 GHG emissions and Scope 3 GHG emissions using a globally recognised standard.

¹³ <https://www.marshmclennan.com/about/esg.html>

¹⁴ <https://www.insurancebusinessmag.com/uk/news/flood/flood-consultant-issues-warning-to-insurers-414419.aspx>

Flood Re is classified as a large unquoted company due to its size in terms of turnover, measured in Gross Written Premiums and Total Assets. It is required to report in accordance with Streamlined Energy & Carbon Reporting (“SECR”) legislation as at 31 March 2022 as a result. Energy use is calculated using the most up to date conversion factors provided by the Department for Business, Energy & Industrial Strategy (BEIS), published January 2022. The SECR is reported in detail in our 2022 Annual Report & Accounts¹⁵.

Our 31 March 2022 energy use was 438,767 kwh (2021: 272,259 kwh), and total emissions were 135 t/Co2e (2021 – 107 t/Co2e), reflecting the return to the office on a limited basis for most staff following the 2021 year being predominantly in lockdown and staff working from home. In 2021 flood Re had 36 staff, and this increased to 53 in 2022. We are reviewing the lessons learned from this period to identify any changes in working which we will seek to continue in a post-COVID-19 environment which will include Flood Re’s Carbon Footprint as one lens to be reviewed.

4.3. Measure and seek to reduce the environmental impacts of the internal operations and physical assets under our control.

Flood Re is a 53-person company and our UK-only operations mean that travel requirements are limited. Most employees take public transport or cycle to work. Our partitioned office space, part of a set of offices within one larger building, limits our ability to manage energy usage. As areas of the whole building are variously in use or not, there is an underlying energy usage required for heating, lighting, security and systems maintenance that is unavoidable. Our allocation of the total energy usage varies as occupation throughout the building changes, therefore is largely outside our control.

There is again limited opportunity to manage our investment-related climate impact as our investment portfolio comprises of deposits with the UK Debt Management Office throughout the year and investments in UK Treasury Gilt.

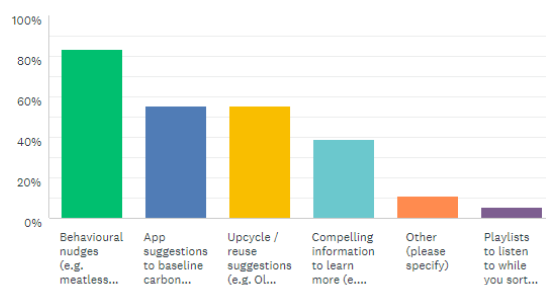
4.4. Engage our employees on our commitment to address climate change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate-informed choices outside work.

- Beginning in September 2021 Flood Re engaged employees to ask what resources would be most useful to engage them to reduce their greenhouse gas emissions. (See poll results below.)

¹⁵ [Annual Report and Accounts 2022](https://www.floodre.co.uk/wp-content/uploads/Flood-Re-Annual-Report-2022.pdf) <https://www.floodre.co.uk/wp-content/uploads/Flood-Re-Annual-Report-2022.pdf> pp 28-31

Every little thing helps reduce our impact on the planet: which of the following resources would be most helpful (check all that apply)?

Answered: 18 Skipped: 0



ANSWER CHOICES	RESPONSES	
Behavioural nudges (e.g. meatless Mondays, buy local, unplug electronics)	83.33%	15
App suggestions to baseline carbon usage (e.g. zero carbon, CarbonTrack, ClimateHero)	55.56%	10
Upcycle / reuse suggestions (e.g. Ollo, gumtree)	55.56%	10
Compelling information to learn more (e.g. Feeding Bill Gates a Fake Burger @ youtube)	38.89%	7
Other (please specify)	11.11%	2
Playlists to listen to while you sort the recycling	5.56%	1
Total Respondents: 18		

- Subsequently the Transition team offered periodic nudges to reduce employee CO2 emissions. These included keeping household heat set below 19 degrees, trying to limit short-haul trips or carpooling, offsetting air travel, sourcing second-hand items/ gifts when possible, and buying less CO2 intensive flowers on Valentine's Day. Going forward, additional nudges and/or reminders will be shared with employees to encourage them to reduce their CO2 impact.
- Flood Re conducted an environmental impact assessment in November 2018. The outcome of that review was:
 - 'Office Waste Management (with Landmark) - Viridor waste management used for recycling – confidential waste is recycled. Recyclable items include plastics, paper, cardboard paper towels, batteries, and glass.
 - Travelling Carbon Footprint – Very limited international (flight) travel. Majority of the office was using public transport, walking or cycling into work as well as a number of staff members working from home periodically.
 - Stationary - Flood Re use the Commercial Group who are certified carbon neutral, and have a gold award to sustainability/recycling.
 - Paper – Flood Re orders 'Focus Cool Earth Club A4 Paper' as every ream purchased contributes to Cool Earth's campaign to prevent deforestation.
 - Catering – Pre-COVID Flood Re was using EAT for our catering, ordering from the nearby branch which provided 100% compostable coffee cups. EAT also donate as much left over food as possible to local charities.
 - Flood Re has purchased a reusable stand to use at conferences and trade shows. The stand is robust and allows us to use the stand for around three years covering approximately 22 shows and conferences. Prior to this Flood Re used a company to provide backdrops which were single use. The stand hardware should last ten years.

5. Inform public policy making

5.1. Promote and actively engage in public debate on climate-related issues and the need for action. Work with policy makers locally, regionally, nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.

- Flood Re has engaged and influenced public policy in many regards ranging from regulatory, environmental matters both domestically and abroad. 2021 was a significant year for Flood Re's public policy work, notably with the release of its Quinquennial Review, activities as part of COP26, the policy changes to enable the Build Back Better scheme, and the Bank of England's release of its CBES.
- UK - Regulatory:
 - As mentioned under Principle 1, Flood Re's CRO and Chief Actuary have actively engaged with regulators since 2019 through the Climate Biennial Exploratory Scenarios process. This engagement will ensure stakeholders, such as insurance companies and mortgage underwriters, take into account the exit of Flood Re from the market in 2039. This work was reflected in specific discussion of the Flood Re 2039 exit in the final scenarios, which was published on 24 May 2022¹⁶. As a result, participants in the CBES exercise are aware of the need to explicitly ensure they account for the exit of Flood Re (and the flood risk transfer mechanism it provides to households) and to adjust their underwriting approach after 2039.
- UK – Policy (national):
 - Flood Re actively worked with Defra officials and other stakeholders in order to design and implement the legislation underpinning the Build Back Better scheme, for which Flood Re was awarded the 2021 Sustainability Initiative of the year award at the British Insurance Awards. The scheme allows for any homeowner with a policy with a participating insurer, if affected by flooding, to receive up to £10,000 in order to rebuild their property with flood resilience and resistance measures. This enhances the climate resilience of the home to flooding, reduces damages and impacts, and saves needless waste that comes from having to replace non-resilient materials following a flood. Following Parliamentary Approval the BBB scheme went live in April 2022. This is a world first public-private initiative to drive behavioural change and increase take up of PFR which we hope will improve the products on the market, the quality of installation and the effectiveness overall. The measures represent a milestone for the insurance industry, in terms of overcoming the industry standard of restoring a property to its original condition with no betterment – building an industry-led coalition to implement the change required considerable and sustained effort by Flood Re.
 - A parliamentary reception was held on 20 April with 25 MPs in attendance, and a speech by Flooding Minister Rebecca Pow MP on the benefits of flood resilience measures.
 - A BBB Documentary was produced, which received over 1,000 views upon its release and more than 100,000 impressions on social media.
 - Flood Re provided input and policy recommendations on a number of key government strategy documents including the Environment Agency's National Flood & Coastal Erosion Risk Management Roadmap, which was released in June 2022.
 - Flood Re also provided subject matter expertise on Defra's Flood and Coastal Erosion Risk Management Programme project concerning measuring resilience to flooding and coastal change over four workshops throughout the year beginning in July 2021.

¹⁶ <https://www.bankofengland.co.uk/stress-testing/2022/results-of-the-2021-climate-biennial-exploratory-scenario>

- Regarding surface water risk, which represents the fastest and largest growing flood risk to insurers¹⁷, Flood Re took part in Defra’s workshop on the review of the Implementation of Schedule 3 of the Flood and Water Management Act 2010 – Sustainable Drainage.
 - Flood Re’s first Quinquennial Review (QQR) concluded in 2022 following more than two years consultation and collaboration with Defra, Insurers and stakeholders. Following formal public consultation the government accepted Flood Re’s recommendations to:
 - Implement the Build Back Better scheme
 - Adjust its levy to make it responsive to needs
 - Use funds for activities to support the transition to affordable risk-reflective pricing, including the uptake of property-level flood resilience
 - Reduce the cost of premiums to provide relief to the lowest-value properties
 - The Transition Team also conducted research the value of increased investment in flood defence maintenance which was launched at the ABI’s Property Conference the joint research received wide national, regional and trade coverage, and was shared with stakeholders such as Defra and the Environment Agency (EA). The research was reportedly valuable to the EA in making their case for maintenance funding for flood defences.
 - Flood Re has been active in ensuring Flood management and resilience concerns are reflected in national planning policy. In addition to the workshop held with the TCPA (noted in section 1.2 and in ‘local’ section below), Flood Re has actively worked with MPs to propose amendments to the proposed Levelling Up and Regeneration Bill, in collaboration with the ABI.
 - Flood Re’s Communications and Transition Director spoke at the New Statesman Politics Live event, including on the importance of integrating climate adaptation and flood management concerns in the Bill.
 - Flood Re also provided responses to:
 - The Scottish Parliament’s Green Recovery inquiry (December 2020), noting the opportunity to integrate effective flood management and climate adaptation into plans, in order to build in a way that makes homes and communities more resilient to the climate of the future.
 - Scotland’s National Planning Framework 4 (NPF4) in April 2022, in support of the proposed approach integrating flood planning in street design, notably the use of Sustainable Urban Drainage Systems.
 - Defra’s Nature Recovery Green Paper Consultation in May 2022, noting the importance of collaboration among Arms’ Length Bodies and other stakeholders in planning for flood risks.
- UK – Policy (local):
 - Planning
 - In June 2020, Flood Re was a sponsor of the National Planning Summit 2020 and led a presentation on the Importance of Future Insurance Availability in Development. The presentation was followed by a panel discussion on “Climate Change: How are Planners Delivering Sustainable Development in the Face of the Climate Crisis?”

¹⁷ Bank of England, Climate Biennial Exploratory Scenarios, May 2022, Chart 4.12: Largest increases in projected insurance losses result from the intensification of tropical cyclones in the US, and flooding in the UK.

- Building on this engagement, Flood Re held a number of capacity-building workshops with the Town & Country Planning Association (TCPA) throughout 2021 and 2022 and sponsored the publication of a Climate Guide for local authorities on planning for climate change.¹⁸ Flood Re also held a number of workshops on the guidance when it was released. As mentioned previously Flood Re also held a workshop jointly with the TCPA on 5 May 2022, on how best to build in resilient ways in flood-susceptible areas, in order to minimize future flood and climate related risks to the housing sector. The workshop was attended by representatives from the insurance and financial sectors, government, civil society groups, and municipal planners. The Transition Team presented research on the experience of post-2009 property owners trying to access flood insurance. Outcomes of this work were shared at this event and at an ABI Property Steering Group meeting in June 2022.
- Flood Re has also been providing subject matter expertise on the Rochdale Flood Poverty Project to assess opportunities to improve financial resilience in that deprived area that may be relevant to other communities.
- Going forward, as previously mentioned Flood Re will be conducting analysis on homes that may have difficulty accessing insurance once Flood Re exits the market, which will be reported as part of its 2023 Transition Plan, alongside additional Indicators work. Flood Re will also be releasing work on surface water flood modelling.
- International/COP26
 - An intense programme of activity for COP26 covered an eight-week period spanning from Flood Expo in Birmingham (21-22 September) and culminating at Floodex (9-10 November) - details in 6.1 below.
 - Flood Re also took the “Floodmobile”, a mobile demonstration unit of over 50 resilient adaptations for the home, on a “Road to COP26” tour of flood risk areas in the UK to highlight the need for property flood resilience and the need for adaptation. The tour started in Worcester, heading through York and Carlisle and concluded in Glasgow three days ahead of COP26.
 - In Glasgow, Flood Re’s CEO spoke on a panel at the World Climate Summit on “Investing for Resilience”.
 - The Flood Re website hosted a COP26 Hub page to keep up-to-date with all of our activity. Updated in real-time with videos, vlogs and links to news articles. See www.floodre.co.uk/cop26-hub
 - Flood Re is a member of the World Forum of Catastrophe Programmes, which meets annually. Through this forum, Flood Re’s CEO has provided considerable assistance to colleagues in other jurisdictions on setting up schemes modelled on Flood Re. In past years, he has provided extensive time and expertise to the Canadian government on their planned flood insurance scheme, and through 2021 and 2022 met with the Earthquake Commission of New Zealand (EQZ) on the design of their scheme.

5.2. Support and undertake research on climate change to inform our business strategies and help to protect our customers’ and other stakeholders’ interests. Where appropriate, share this research with scientists, society, business, governments and NGOs in order to advance a common interest.

¹⁸ Royal Town Planning Institute: The Climate Crisis, a guide for local authorities on planning for climate change, October 2021. <https://www.rtpi.org.uk/climatecrisis>

As mentioned above, Flood Re devotes significant resources collaborating and/or providing expert input on policies developed by stakeholders such as the Bank of England, the ABI, the Environment Agency, the Committee on Climate Change, the National Infrastructure Commission, academics and consultants concerning the implications of climate change on the insurability of homes. Specific research conducted touched on the following topics:

- Future housing risk - As mentioned in section 1 and 3, to further understand the impacts of climate risks, Flood Re's Risk Function and Transition Team engaged with Sayers and Partners to use its Future Flood Explorer model (the same tool leveraged by the Committee on Climate Change for its "UK Climate Change Risk Assessment") to analyse the projected number of homes that will be at high-risk of flooding out to the 2080s. This work was discussed at Flood Re's December Board Strategy Day and led directly to the company's engagement with the planning sector and with the Bank of England.
 - Going forward, also previously mentioned, Flood Re will be conducting analysis on homes that may have difficulty accessing insurance once Flood Re exits the market. This will be reported as part of its 2023 Transition Plan, alongside additional Transition Indicators work.
- Flood Re became one of the partners in the Wyre Valley Natural Flood Management (NFM) Pilot, which seeks to track the avoided losses due to natural flood risk management, and represents one of the leading projects for piloting a new business model for implementing nature-based solutions. The pilot went live in March 2022 and is testing an innovative structure to attract private sector investment to reduce flooding (amongst other benefits) through NFM. Partners in this exciting project include Defra, United Utilities, the Environment Agency, Co-op Insurance, Esmée Fairbairn Foundation (EFF), The Rivers Trust and Triodos Bank UK. Flood Re has provided financial support for research and monitoring activities, and provided considerable staff time and expertise to develop the model to estimate benefits the impact of interventions and likely benefits (e.g. risk reduction). The project will combine multiple revenue and benefit streams, with both adaptation (natural flood management) and mitigation (carbon sequestration) benefits. March 2022 represented the official start of the project with implementation of the legal structure and governance/committee meetings. Landscape interventions will be implemented throughout 2022, and the project will run until 2031, measuring the year-over-year effectiveness of the measures.
- Building on work undertaken in 2019-2020 on the viability of Flood Performance Certificates, Flood Re has undertaken work, in conjunction with stakeholders including the Environment Agency, Defra and Middlesex University, to run an innovative pilot in East Peckham. We will use the opportunity of an ongoing EA flood management scheme, which includes installing property level measures in a significant number of properties, to test standardising data collection, a new PFR scoring mechanism and ultimately the use of Flood Performance Certificates in real conditions. The methodology will represent a world-first step in quantifying the reduction of risk due to the installation of measures, which will help remove many of the barriers preventing the more widespread take up of PFR, enabling those who have taken up property flood resilience measures to demonstrate to their mortgage providers, insurers and future buyers that their property is safeguarded against future floods.
- Social vulnerability – Flood Re commissioned Sayers and Partners to research social vulnerability and flood risk exposure to increase understanding regarding flood vulnerability today and in the future due to climate change. The analysis examined the intersection of low income, exposure to flood risk and insurance take up at present and in the 2050s and 2080s.

This work was published in December 2020, and supplemented previous work by Flood Re and Sayers and Partners that was published in December 2020.

- Building on this work Flood Re has also been providing subject matter expertise on the Rochdale Flood Poverty Project to assess opportunities to improve financial resilience in that deprived area that may be relevant to other communities. This work will continue into 2023.

6. Support climate awareness amongst our customers/ clients

6.1. Communicate our beliefs and strategy on climate-related issues to our customers and/or clients.

- As mentioned previously, the most recent release of Flood Re's Annual Report & Accounts (ARA) s provide clear communications of our views regarding climate change to insurers, government and to the public¹⁹. This can be found on pp 10-12 (Chair's Statement) and 20-21 (Strategic Report) of the 2022 ARA; pp 10 (Chair's Statement), 14-15 (CEO Statement) and 21 (Strategic Report) of the 2021 ARA; and pp 5-6 (Chair's Statement), 7-9 (CEO Statement) and 20-21 (Strategic Report) of the 2020 ARA.
- COP26 events:
 - An intense programme of activity for COP26 covered an eight-week period spanning from Flood Expo in Birmingham (21-22 September) and culminating at Floodex (9-10 November) . The events provided the opportunity to note the importance of urgent action to address adaptation challenges, highlight Flood Re's Build Back Better initiative, and highlight the role of public-private partnerships in building resilience and managing costs associated with climate change. Events included presentations at the Public Policy Exchange, a New Statesman event, National Housing Federation Asset Conference, and industry trade shows.
 - Flood Re also took the "Floodmobile", a mobile demonstration unit of over 50 resilient adaptations for the home, on a "Road to COP26" tour of flood risk areas in the UK to highlight the need for property flood resilience and the need for adaptation. The tour started in Worcester, heading through York and Carlisle and concluded in Glasgow three days ahead of COP26.
 - In Glasgow, Flood Re's CEO spoke on a panel at the World Climate Summit on "Investing for Resilience".
 - The Flood Re website hosted a COP26 Hub page to keep up-to-date with all of our activity. Updated in real-time with videos, vlogs and links to news articles. See www.floodre.co.uk/cop26-hub
 - Flood Re's CEO wrote an article for the Economist's Business Reporter supplement which was delivered to 117,000 subscribers and handed to all COP26 Delegates.
- The Build Back Better initiative: as noted above, this industry initiative was supplemented with considerable communications work:
 - A parliamentary reception was held on 20 April with 25 MPs in attendance, and a speech by Flooding Minister Rebecca Pow on the benefits of flood resilience measures.
 - A BBB Documentary was produced, which received over 1,000 views upon its release and more than 100,000 impressions on social media.
 - More than 20 pieces of media coverage generated including trade and national press.

¹⁹ <https://www.floodre.co.uk/about-us/reports/>

- Build Back Better has been and continues to be our key focus when engaging stakeholders at events and conferences including BIBA 2022, Flood and Coast 2022 as well as Flood Expo and Flood Ex later in the year.
- As well as recyclable BBB postcards we've also invested in a sustainable and reusable conference stand which features our BBB branding.

Also noteworthy is the fact that the BBB program provides concrete financial incentives for insurers and their customers to understand and address their climate risks, while providing the flexibility for insurers to set their own standards for certification of materials and accreditation of installers. Flood Re has been active in supporting both of these aspects of the industry, and to stimulate the growth of the industry, including through Flood Re's role chairing the Property-Level Flood Resilience (PFR) Roundtable, and its work with that group to develop the PFR code of practice for the installation and construction of PFR, which was published in 2021.

- As mentioned in our ClimateWise submission last year and in the public policy section 5.1 above, Flood Re has taken the following steps:
 - As mentioned in sections 1 and 5, Flood Re's CRO and Chief Actuary have actively engaged with regulators since 2019 through the Bank of England's Climate Biennial Exploratory Scenarios process. This engagement will ensure stakeholders, such as insurance companies and mortgage underwriters, take into account the exit of Flood Re from the market in 2039. This work was reflected in specific discussion of the Flood Re 2039 exit in the final scenarios, which was published on 24 May 2022²⁰. As a result, participants in the BES exercise are aware of the need to explicitly ensure they account for the exit of Flood Re (and the flood risk transfer mechanism it provides to households) and to adjust their underwriting approach after 2039.
 - Flood Re provided input and policy recommendations on a number of key government strategy documents including the Environment Agency's National Flood & Coastal Erosion Risk Management Roadmap, the Scotland National Planning Policy Framework 4 (NPF4) and Defra's consultation on Nature Recovery.
 - Flood re held capacity-building workshops with the Town & Country Planning Association (TCPA), held a joint workshop was on how best to build in resilient ways in flood-susceptible areas, and built on the Flood Risk Charter launched jointly with the National Flood Forum in 2019.
- Other recent and future outreach on climate change include the following:
 - As mentioned previously, in June 2020, Flood Re was a sponsor of the National Planning Summit 2020 and led a presentation on the Importance of Future Insurance Availability in Development. The presentation was followed by a panel discussion on "Climate Change: How are Planners Delivering Sustainable Development in the Face of the Climate Crisis?"
 - When the BBB scheme went live in April 2022 following Parliamentary Approval, Flood Re CEO Andy Bord provided commentary in the media on the scheme and noted the growing severity of climate impacts. It received 137 pieces of positive media coverage with a potential reach of 21 million people. There were also 17 pieces of broadcast media. Example of this coverage include:

²⁰ <https://www.bankofengland.co.uk/stress-testing/2022/results-of-the-2021-climate-biennial-exploratory-scenario>

- Mail Online, 04/14/2022 – ‘Aviva, Lloyds join British FloodRe insurance scheme to build flood resilience’²¹
- Insurance Times, 04/14/2022 – ‘Flood Re Reveals ‘Build Back Better’ Scheme’²²

With further comment from CEO Andy Bord on climate impacts picked up in:

- The Independent, 04/19/2022 – ‘Top 10 areas of Britain most at risk of flooding due to climate crisis revealed’²³
- BBC, 04/14/2022 – ‘Flooding Meant I could only reach my home by boat’²⁴

Also attached as Appendix D is an Insurance Post article covering Flood Re’s receipt of the Sustainability Initiative of the Year at the British Insurance Awards.

- Flood Re presented at The-Women’s-Insurance-Net-work (TWIN) on climate change in August 2021.²⁵

6.2. Inform our customers and/or clients of climate-related risks and provide support and tools so that they can assess their own levels of risk.

- Build Back Better scheme outreach as outlined in section 6.1 above has involved the dissemination of information by 2 major channels:
 - Outreach to insurers to explain the benefits of and process for joining the scheme have taken place throughout 2021 and early 2022, and resulted in the scheme launching in April of 2022 with more than 50% of the insurance market participating, which is a significant milestone for the industry.
 - The scheme launched alongside a documentary and an information campaign that explain the scheme’s benefits, and how to work with insurers to participate. The documentary received 1,000 views upon its release and more than 100,000 impressions on social media. This will be augmented by a consumer-facing campaign during the autumn of 2023, in conjunction with the Environment Agency.
- Flood Re uses the OxCam Pathfinder project’s “Floodmobile” to demonstrate over 50 resilient adaptations for the home.
 - Flood Re was one of the partners in funding the Environment Agency-led project, as part of the Property Flood Resilience “Pathfinder” project for the Oxford-Cambridge region. The Pathfinder projects helped raise awareness of climate change, flooding, and the need for resilience in UK regions, and the Floodmobile constitutes a legacy output of the project.
 - As noted above, it undertook a “Road to COP26” tour of flood risk areas in the UK to highlight the need for property flood resilience and the need for adaptation. The tour started in Worcester, heading through York and Carlisle and concluded in Glasgow three days ahead of COP26.

²¹ <https://www.dailymail.co.uk/wires/reuters/article-10718203/Aviva-Lloyds-join-British-FloodRe-insurance-scheme-build-flood-resilience.html>

²² <https://www.insurancetimes.co.uk/news/flood-re-reveals-build-back-better-scheme/1440908.article>

²³ <https://www.independent.co.uk/climate-change/news/britain-flooding-risk-2050-london-b2087013.html>

²⁴ <https://www.bbc.co.uk/news/business-61082008>

²⁵ <https://www.the-womens-insurance-net-work.com/>

- Other recent actions taken by Flood Re include supporting dissemination of the 'Know Your Flood Risk' campaign and co-investing with the EA in their 'What the Flood' campaign with actions 'Prepare. Act. Survive. Flood guide.'²⁶²⁷

7. Enhance reporting (5%)

7.1. Submission against the ClimateWise Principles.

- Flood Re has submitted its report against all ClimateWise sub-principles on time and in full.

7.2. Public disclosure of the ClimateWise Principles as part of our annual reporting.

- Flood Re's 2020 Annual Report noted:
"Joined ClimateWise, a consortium of academic and insurance providers working to better communicate, disclose and respond to the risks and opportunities associated with the climate-risk protection gap. ClimateWise published its first Principles Review since the framework was aligned with the Taskforce for Climate-related Financial Disclosures."

The 2021 Annual Report noted that we remain a member of ClimateWise and submitted our report in August 2021.

- Flood Re posted its 2020 ClimateWise Principles submission (from August 2021) on its website²⁸ and will post this submission once completed and submitted.
- Flood Re also completed a gap analysis workshop with LCP during Q3 2021/22 in order to determine to what extent activities already being carried out by Flood Re meet the recommendations, and determine the next steps to help work towards the requirements in a structured way. The results of the gap analysis, shown opposite, demonstrate Flood Re's activity to date has created a strong basis for delivering TCFD compliant disclosures.
- The Executive Committee has approved the IWG's proposal to carry out a TCFD Roadmap over FY 2022/23, with Flood Re's first set of TCFD compliant disclosures published as part of the 2022/23 YE financial reporting. These activities proposed will strengthen our approach to

		Area	Progress	Area	Progress
Governance	Expertise		●	Risk framework	●
	Policy		●	Business management oversight	●
	Roles and responsibilities		●	Investment oversight	●
Strategy	Risks and opportunities		●	Stewardship	●
	Business impacts		●	Metrics	●
	Scenario analysis – liabilities		●	Use of metrics	●
	Scenario analysis – assets		●	Targets	●

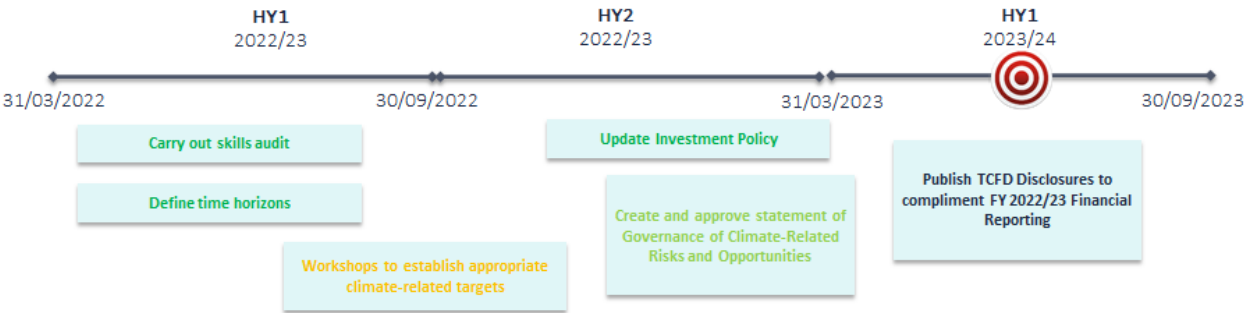
● Achieves best practice
 ● Meets TCFD recommendations
 ● Progressing
 ● No significant action to date
 ● Less relevant for current asset mix

²⁶ <https://www.knowyourfloodrisk.co.uk/>

²⁷ EA campaign details:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873033/Withdrawn_200311_Flood_Action_Campaign_support_us.pdf

²⁸ [Flood-Re-Response-to-Principles-20Aug2020.pdf \(floodre.co.uk\)](#)

managing climate-related risks and supports our obligations to the PRA under Supervisory Statement SS3/19.



BACKGROUND: Flood Re “Angles” to Climate Change

Five elements have been identified which have a Climate Change related “angle” for Flood Re. Either where Climate Change is an overt risk (e.g. 1. Operating the RI Scheme, 2. Transition) or where it needs to be considered (3. Fin Disclosures, 4. Investments 5. CSR)

In terms of “size” of the work on Climate Change, the lions share sits in the Transition column and this is aligned to the “Limits of Affordability”/ “sizing the pier” work delivered to date. The other areas are nevertheless being taken forward as per the exhibit below

