

Sustainability at Swiss Re

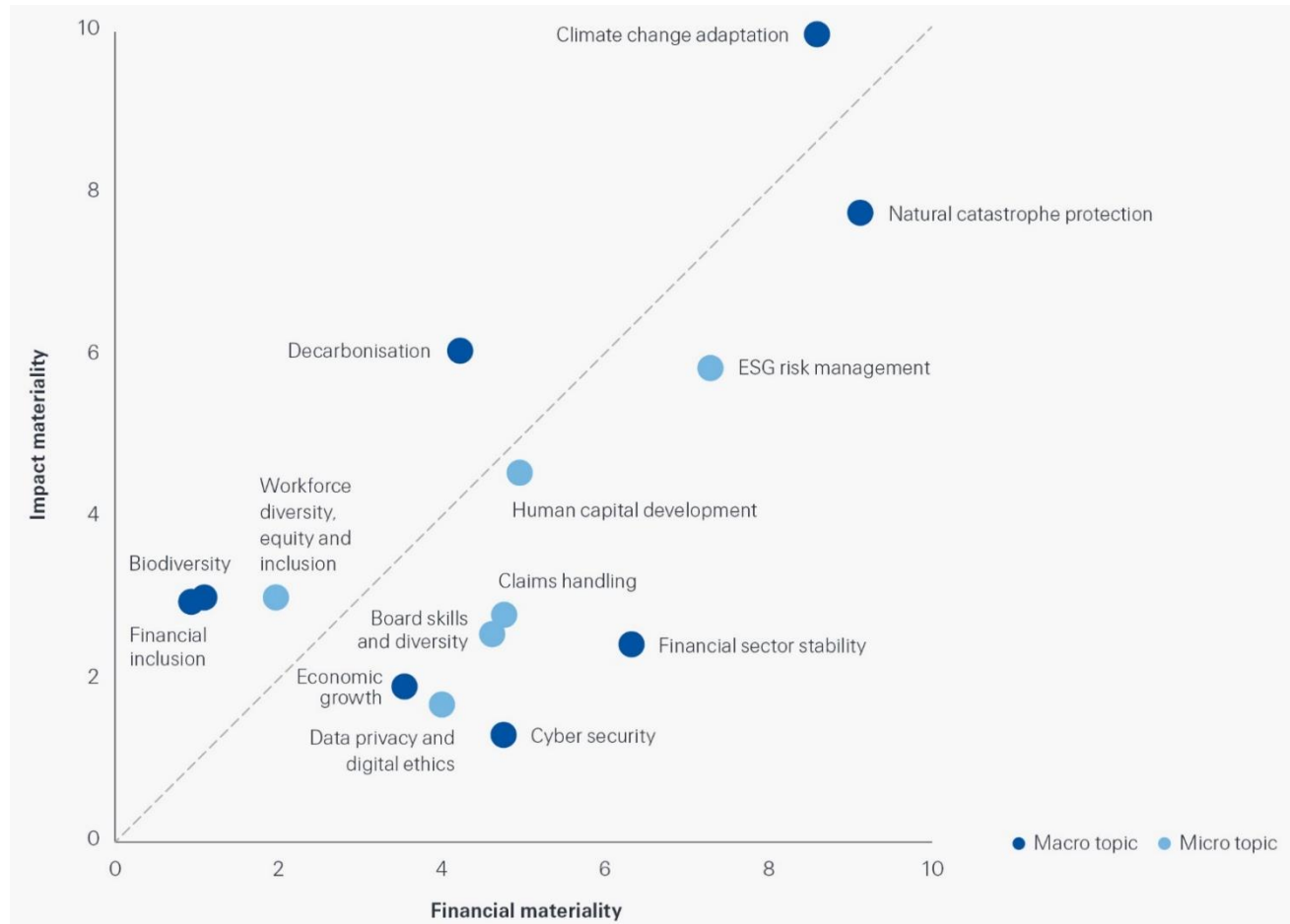
Alicia Montoya, Head Research Commercialisation, Swiss Re Institute
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1 Group Sustainability Strategy 2023-2025

Materiality assessment 2022 formed the basis of the sustainability strategy update

Materiality assessment



- The materiality assessment surveyed a wide range of internal and external stakeholders to determine sustainability priority topics
- The assessment covered double materiality, i.e. the financial effects of sustainability matters on the firm (financial materiality), and the firm's effects on sustainability matters (impact materiality)
- The topics were grouped into macro topics (related to external challenges) and micro topics (related to Swiss Re's decisions and business practices)

Swiss Re Group Sustainability Strategy



UN Sustainable Development Goals



Refined GSS 2023-25: Two Ambitions



Advancing the Net Zero Transition

We advance the net zero transition by charting our decarbonisation pathway and engaging with clients and stakeholders on their net-zero journey.

This entails:

- **Committing to a decarbonization pathway and setting reduction targets for assets, liabilities and operations**
- **Providing risk transfer solutions and investments** to advance the net-zero transition across different sectors
- **Engaging with clients and stakeholders**, building on our risk knowledge



Building Societal Resilience

We build societal resilience by enhancing disaster resilience and fostering financial inclusion in both advanced and emerging economies.

This entails:

- **Closing the natural catastrophe protection gap** through offering re/insurance products and services against natural catastrophes, including **advancing climate adaptation**
- **Fostering financial inclusion** with a focus on **household financial protection** and **healthcare protection**
- **Engaging with clients and stakeholders**, building on our risk knowledge

Refined GSS 2023-25: Three Enablers

- **People and Operations:** Strategic planning of skills and capabilities needed today and, in the future, along with the ability to attract, develop and retain the best talent at the right time, in the right place and for the right roles, are key enablers for the implementation of Swiss Re's sustainability strategy. We are committed to creating a culture of performance and inclusion to unlock the potential of our people, driving resilience, engagement and sustainable success. Resilient operations including sound processes and controls and a safe cyber environment plus readily available quality sustainability/ESG data are fundamental to enable the strategy.

Materiality assessment topics: Human capital development; Workforce diversity, equity and inclusion; Cyber security

- **ESG risk management:** Swiss Re systematically identifies, assesses and addresses environmental, social / human rights and governance factors in underwriting, investments and operations with the aim to achieve higher risk-adjusted returns over the long term while limiting reputational risks.

Materiality assessment topic: ESG risk management

- **Governance and Compliance:** Swiss Re's corporate governance framework includes how Swiss Re implements, enhances and monitors its Group Sustainability Strategy. The Board of Directors, the Board committees, the Group Executive Committee as well as individual members thereof, and the Group Sustainability Council members have explicit responsibilities related to sustainability and climate-related risks. Our Code of Conduct and supporting actions help us ensure that behaviour across the Group is compliant and demonstrates integrity.

Materiality assessment topics: Board skills and diversity; Data privacy and digital ethics; Claims handling

ESG Risk Framework

Environment

**Social /
Human
Rights**

Governance



**Agriculture,
Forestry & Food**



**Nuclear Weapons
Proliferation**



Defence



Oil & Gas



Hydro Dams



Thermal Coal



Mining

2 Sustainability highlights

Sustainability in underwriting: key actions in 2022



ESG Risk Framework

- Screened over 100 000 potential transactions for ESG risk exposure in 2022
- Expanded exclusions rolled out under the Oil and Gas Policy in 2022¹:
 - Oil and gas companies or projects with >10% of production located in the Arctic AMAP² region (excluding Norway)
 - New oil and gas field projects that receive final investment decision after 2022
- Prepared for implementation of Thermal Coal Policy for reinsurance treaties³



Net-Zero Insurance Alliance (NZIA)

- Swiss Re was one of the eight founding members of the NZIA in 2021
- In 2022, Swiss Re chaired the NZIA Metrics and Targets Workstream, building the foundation for the Alliance members' individual target setting
- Version 1.0 of the NZIA Target-Setting Protocol published in January 2023⁴



Partnership for Carbon Accounting Financials (PCAF)

- Swiss Re chaired the Working Group that developed the Global Greenhouse Gas Accounting and Reporting Standard for Insurance-Associated Emissions
- First version of the Standard was launched in November 2022

¹ Limited to direct and facultative re/insurance

² Arctic Monitoring and Assessment Programme

³ The extension sets specific coal exposure thresholds for treaties across property, engineering, casualty, credit and surety and marine cargo lines of business, and became effective at the beginning of 2023

⁴ NZIA members, incl. Swiss Re, have committed to publish their respective first individual target by July 2023

Responsible investing: well on track to deliver on 2025 targets

Targets to be achieved by year-end 2024 and reported in 2025	Progress as of year-end 2022	Approach to climate action
<p>-35% Carbon intensity reduction of corporate bond and listed equity portfolio¹</p>	<p>-42% Reduction of the carbon intensity of corporate bond and listed equity portfolio since 2018</p>	<p>Set targets</p> <hr/> <p>Set targets to achieve net-zero by 2050³</p>
<p>USD +750m Additional social and renewable energy infrastructure debt²</p>	<p>USD +751 m Capital deployed in social and renewable energy infrastructure debt since 2019</p>	<p>Take actions</p> <hr/> <p>Actively manage climate risk & support real economy transition</p>
<p>USD 4bn Green, social and sustainability bonds¹</p>	<p>USD 3.8bn Green, social and sustainability bonds held at the end of 2022</p>	<p>Measure</p> <hr/> <p>Measure & monitor trajectory towards net-zero</p>
<p>1.5°C Investee company engagement in alignment with Paris Agreement temperature goal</p>	<p>80% Share of top 20 emitters in the actively managed listed equity portfolio engaged on "Alignment of Business Model with 1.5°C Target"</p>	<p>Report</p> <hr/> <p>Inform share- & stakeholders transparently</p>

¹ Target relative to base year 2018

² Target relative to base year 2019 and based on original face value

³ In alignment with Net-Zero Asset Owner Alliance Target Setting Protocol; net-zero refers to net-zero greenhouse gas emissions in investment portfolio

Sustainability in own operations: progressing on our journey to net zero



The CO2NetZero Programme: “Do our best, remove the rest”

- Do our best: reduce operational greenhouse gas emissions on a science-based, 1.5°C-aligned pathway: e.g., by sourcing 100% renewable electricity and cutting air travel
- Remove the rest: carbon removals accounted for 24% of our compensation mix for greenhouse gas emissions in 2022 (2030 target: 100%)
- Scale up carbon removal: key role in developing the concept of the NextGen¹ carbon removal buyer club, joined as founding buyer in 2022



Triple digit internal carbon price: Carbon Steering Levy

- Do our best: stringent internal carbon price incentivises emissions reduction
- Carbon Steering Levy: increased to USD 112 per tonne of CO₂e from USD 100 in 2021 (plan to increase to USD 200 by 2030)
- Remove the rest: funds used to finance the transition to high-quality carbon removal certificates



Engaging employees on net-zero

- The NetZeroYou2 Programme engages employees since 2021 to take action individually
- Do your best: employees calculate their footprint and complete challenges in an app suggesting actions to reduce their personal carbon footprint
- Remove the rest: employees are offered access to the same carbon certificates mix that Swiss Re uses to compensate operational emissions

Integrating sustainability into underwriting at a deal and portfolio level



Actions re/insurers can take – some examples

An aerial photograph of a flooded agricultural landscape, likely rice paddies, with several white circles overlaid on the image. Each circle contains a different action that re/insurers can take. The background shows a grid of water-filled fields with some green vegetation and small structures scattered throughout.

**Natural
Catastrophe
protection gap**

**Nature-based
solutions**

**Societal
resilience
programmes**

**Advance
decarbonization
of society**



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