

News release

Swiss Re announces ambitious climate targets; accelerates race to net zero

- **Swiss Re announces ambitious carbon reduction target for its investment portfolio of 35% by 2025**
- **The Group moves ahead with full phase-out of thermal coal; new exit strategy in treaty re/insurance by 2030 (OECD) and 2040 (rest of the world)**
- **As first multinational company, Swiss Re introduces a triple-digit real internal carbon levy for own operations**

Zurich, 16 March 2021 – Swiss Re today announced new measures to support the transition to a net-zero economy, encompassing both asset management and underwriting as well as its own operations.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "Climate change remains the biggest challenge we face as a society. The stakes are high and require immediate attention. Signing up to net-zero emissions by 2050 and setting concrete climate targets are important first steps. What needs to follow now is action. We are moving ahead in all areas of our business to accelerate the transition towards net zero."

Ambitious carbon reduction targets for investment portfolio

As a founding member of the UN-convened Net-Zero Asset Owner Alliance, Swiss Re has committed to transition its investment portfolio to net-zero greenhouse gas emissions by 2050. Today, Swiss Re announced concrete targets for how to achieve this:

- 2025 carbon intensity reduction target of 35%¹ for corporate bond and listed equity portfolio; direct real estate portfolio already ahead of 1.5°C pathway by 2025.
- Long-term objective to exit coal-based assets for the portfolio by 2030.
- Swiss Re will systematically engage with portfolio companies on developing climate strategies as part of a broader engagement framework.
- Target to increase investments in renewable and social infrastructure by USD 750 million. In addition, target to expand green, social and sustainability bond exposure to USD 4 billion by the end of 2024 (from USD 2.6 billion at end of 2020).

¹ Relative to 2018

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- Swiss Re will report on progress towards targets on an annual basis.

The ambitious targets build on the already substantial decrease of the carbon intensities in Swiss Re’s corporate bond and listed equity portfolio of around 30% between 2015 and 2018.

Guided by a systematic climate approach

The new targets have been defined in accordance with science and the Net-Zero Asset Owner Alliance Target Setting Protocol, which Swiss Re played an instrumental role in developing, and which serves as a guide for the Alliance members.

To further increase transparency of its actions, Swiss Re has advanced its climate approach in Asset Management focusing on the following four steps to mitigate climate related risks, while supporting the net-zero transition of the economy:



Taking action includes expanding Swiss Re’s green, social and sustainability bond exposure to USD 4 billion – an ambitious target within the industry relative to total assets under management and increasing social and renewable infrastructure investments by USD 750 million.

Another measure that Swiss Re has implemented is the aspirational and new framework to engage with companies in the equity portfolio. This includes taking an active dialogue with them to limit global warming to 1.5°C.

Swiss Re’s Group Chief Investment Officer Guido Fürer said: “We believe that by engaging with the real economy and supporting the companies we invest in to develop a climate strategy and to manage related risks, we will improve our risk-adjusted returns, while also propelling the transition to a net-zero emissions economy.

“While we have already made considerable progress by substantially cutting CO₂ emissions of our portfolio, today’s announcement is another important step in the race to net-zero. As asset owners we can play a meaningful role, and I’m pleased to see momentum building amongst the investor community.”

Complete phase out of thermal coal in re/insurance

With an update of its thermal coal policy, Swiss Re is accelerating its move to net-zero in insurance underwriting. In 2023 Swiss Re will tighten its coal policy by introducing new thermal coal exposure thresholds for treaty re/insurance across its property, engineering, casualty, credit & surety and marine cargo lines of business. The thresholds will be lowered gradually and will lead to a complete phase out of thermal coal exposure in OECD countries by 2030 and in the rest of the world by 2040.

The thermal coal policy was established in 2018. It marked a first step towards a comprehensive carbon steering mechanism with the goal to transition Swiss Re's re/insurance business to net-zero emissions by 2050. The coal policy is part of the Group's Sustainable Business Risk Framework which was established already in 2009. In 2020, Swiss Re revised the oil and gas policy in the same framework and in the beginning of 2021 gradually started withdrawing insurance support from the most carbon-intensive oil and gas production.

Strategy of 'do our best – remove the rest' to achieve net-zero emissions from own operations by 2030

For its own operations Swiss Re is committed to achieving net-zero emissions already by 2030, focusing primarily on emission reduction measures as part of its strategy to 'do our best'. Since 2020, Swiss Re is sourcing 100% of its power from renewable sources. To prevent going back to the pre-pandemic travel intensity, Swiss Re has set itself a 30% reduction target for flight emissions for 2021, relative to the 2018 level.

On top of that, Swiss Re is the first multinational company to introduce a triple-digit real internal carbon levy on both direct and indirect operational emissions (such as from business travel). The new Carbon Steering Levy has been set at USD 100 per tonne CO₂ as of 2021 and will gradually increase to USD 200 per tonne CO₂ by 2030. The levy gives Swiss Re a strong incentive to further reduce its operational emissions. It also provides a 10-year funding scheme to move from carbon offsetting to supporting carbon removal projects enabling the compensation of any unavoidable emissions in line with its 'remove the rest' strategy.

Swiss Re has already started to engage in the emerging carbon removal market. In 2019 the Group participated in the world's first auction for negative emission certificates, and last year signed a collaboration agreement with Climeworks, one of the world's leading direct carbon air capture companies.

Selected climate commitments and initiatives of Swiss Re

- Paris Pledge for Action www.parispledgeforaction.org
- UN Global Compact Business Ambition for 1.5°C www.unglobalcompact.org
- UN-convened Net-Zero Asset Owner Alliance www.unepfi.org/net-zero-alliance

- FSB Task Force on Climate-related Financial Disclosures www.fsb-tcfd.org
- WEF Alliance of CEO Climate Leaders www.weforum.org/projects/alliance-of-ceo-climate-leaders
- Powering Past Coal Alliance [Powering Past Coal Alliance \(PPCA\)](http://Powering Past Coal Alliance (PPCA))
- RE100 initiative www.theRE100.org

Swiss Re

The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally.

For logos and photography of Swiss Re executives, directors or offices go to <https://www.swissre.com/media/electronic-press-kit.html>

For media 'b-roll' please send an e-mail to media_relations@swissre.com



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Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase", "may fluctuate" and similar expressions, or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism or acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature of the reinsurance sector;
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events,

domestic political upheavals or other developments that adversely impact global economic conditions;

- increased volatility of, and/or disruption in, global capital and credit markets;
- the Group's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group's financial strength or otherwise;
- the Group's inability to realize amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;
- the Group's inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise;
- changes in legislation and regulation, or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings;
- uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions;
- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability;
- the outcome of tax audits, the ability to realize tax loss carryforwards and the ability to realize deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on the Group's business model;
- changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities;
- changes in accounting standards, practices or policies;
- strengthening or weakening of foreign currencies;
- reforms of, or other potential changes to, benchmark reference rates;
- failure of the Group's hedging arrangements to be effective;
- significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than-expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- changing levels of competition;
- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events;
- limitations on the ability of the Group's subsidiaries to pay dividends or make other distributions; and
- operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing risks.

These factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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