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ESG Footprint of Insurers

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Changing governance of ESG landscape

Strong ESG governance as well as double materiality are key considerations for insurers

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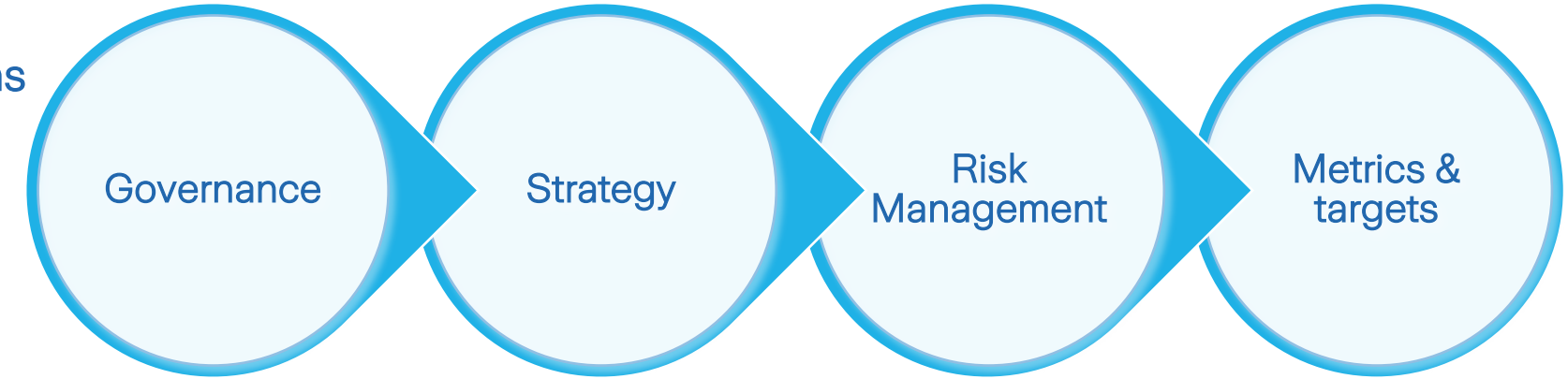
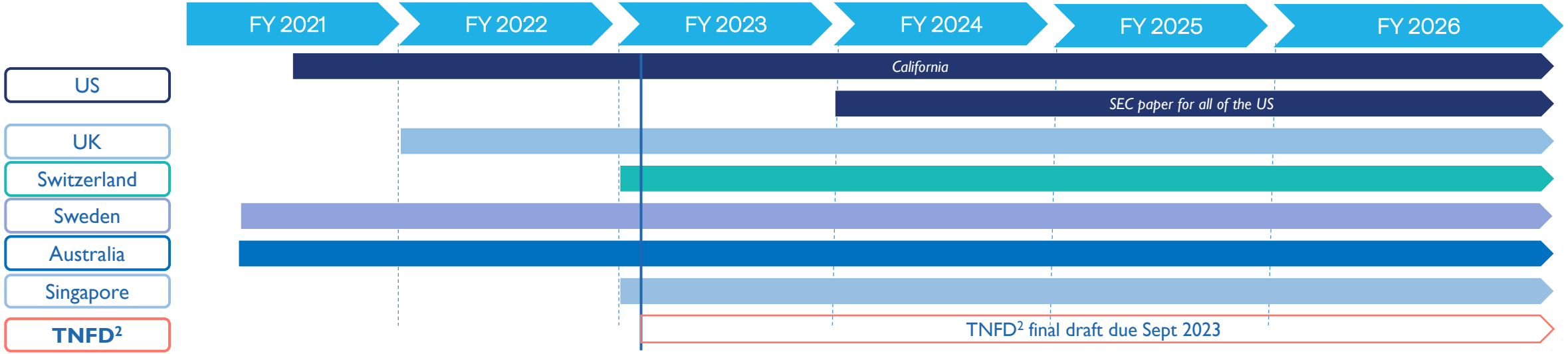
Core recommendations of TCFD[1]



TCFD[1] adoption rates across markets (indicative only and not exhaustive)



1 TCFD: Taskforce for climate related financial disclosure
2. TNFD: Taskforce for nature related financial disclosure

Focus on reporting impacts across the insurance value chain

Example: At Zurich ESG is embedded in the way we run our business and continues to rapidly evolve

Customers	Employees	Operations	Underwriting	Investing	Partners and communities
Accompany on Net Zero transition	Workforce diversity, equity & inclusion	Science-based CO2e targets	Global climate risk assessment	Engage on investees Net Zero transition	Sustainable sourcing
Responsible data management	Employee skill development	100% renewable power target	Mitigate climate change	Proxy voting	Contribute to communities
Sustainable insurance products	Wellbeing	100% electric fleet target	Emerging technologies	Finance the transition	Enhance flood resilience

Underwriting frameworks should ensure awareness and mitigation of key ESG concerns

Example: Zurich's sustainability referral process in underwriting

Escalation process supports the increased focus sustainability risks across lines of business

Sustainability desk

Provide guidance on process, individual sustainability risks and support above country escalations

Sustainability advisory team

Local underwriter

Country Chief Underwriting Officer

Group Chief Underwriting Officer

Commercial Insurance CEO & Regional CEO

Example: TCFD reporting as part of Zurich's Annual Report

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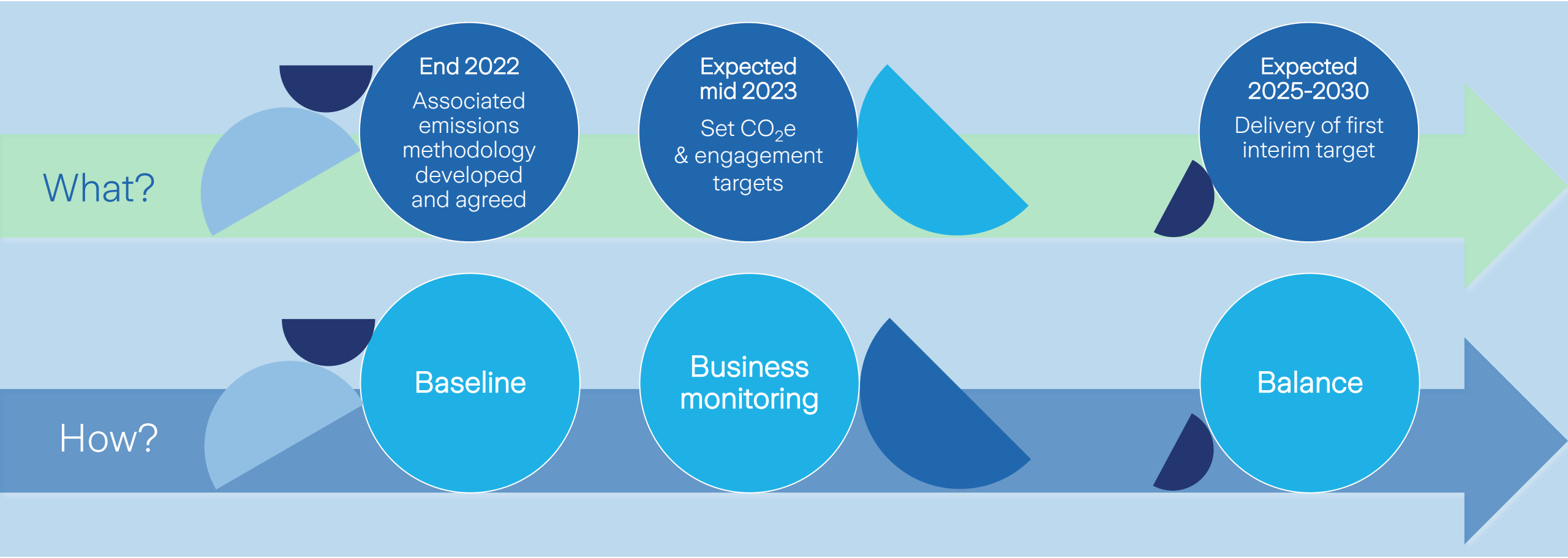
Figure 15:
Potential climate change-related impacts to our underwriting portfolio under NAA and early-action scenarios with strategically aligned responses[1]

Sector	Line of business	Portfolio weight	Demand impacts		Loss impacts		Responses
			No additional action	Early-action	No additional action	Early-action	
All sectors	Retail and commercial motor						Monitor loss trends associated with electric vehicles to reflect appropriately in pricing. Optimize claims network for emerging technology.
All sectors	Property						Continue best-in-class CAT modelling, accumulation management and continued development of Zurich Resilience Solutions. Reshape portfolios in case of NAA.
Construction	–						Optimize expected growth in construction by continuing to balance risk across the portfolio and understanding risks associated with changing construction methods.
Financial services	–						Deepen ESG review as part of the underwriting process within Financial Lines, with a focus on customers' climate-related reporting.
Agriculture	–						Continued investment in models developing insights at commodity, product and country level to support adjusting mix. Assess potential growth in private products.
Heavy industry and mining	–						Leverage carbon capture and storage and energy knowledge for customers developing own solutions. Explore customer activities around transition to understand growth opportunities.
Fossil fuels	–						Understand customers' transition plans and how Zurich can support. Increased risk engineering focus on maintenance of facilities that may be in run-off.
Power	–						Grow market share in renewables to maximize growth above that modelled. Continue to build on existing specialist knowledge to manage risk.
All sectors	Life protection						Focus on commercial sales to sectors with high growth, offer innovative life products with proactive measures and continuously monitor factors affecting vulnerability to climate.

- More information on Zurich's climate risk assessment can be found in the Integrated Sustainability Disclosure (ISD) which forms part of the annual report

Expectations and actions under the Net Zero Insurance commitment

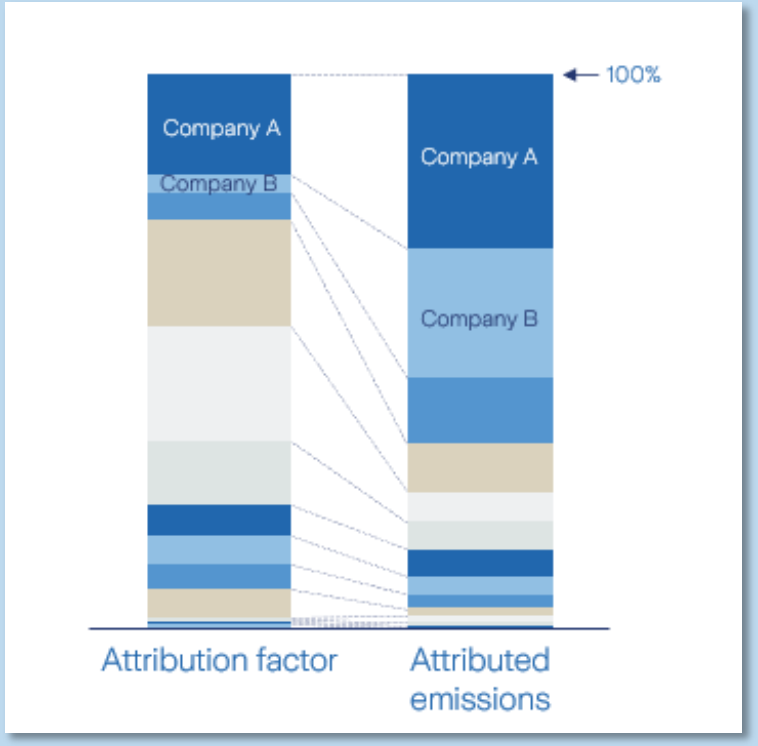
By signing up to the Net Zero Insurance Alliance (NZIA) insurers are demonstrating their commitments to net zero in underwriting by 2050



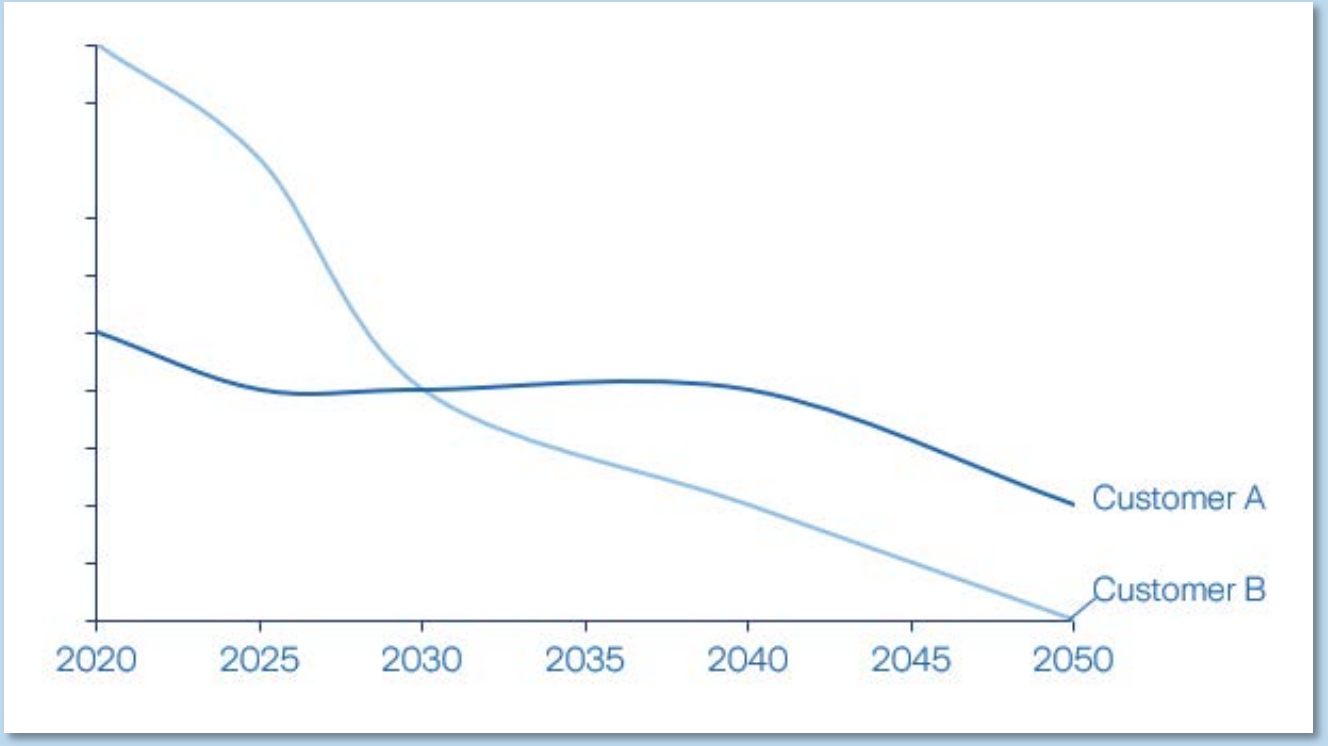
How does portfolio mix impact transition pathway of underwriting?

The complexity of different regional and industry mix of insurers should not be underestimated, nor consideration to the size of customers and availability of data.

Emissions attributed to underwriting portfolio[1]



Emissions reduction over time[1]



1. Indicative only

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Thank you