Sustainability Report 2020

Industry report of the Swiss insurance industry

ASA | SVV

Foreword

GRI 102-14
(Left-hand column)

Dear readers,

This is now the second edition of our industry-wide sustainability report.

The COVID-19 pandemic has naturally pushed a whole number of issues into the background over the past year, including that of our society's sustainable development. However, it is true to say that sustainability remains a key issue for people – and will move back into the spotlight in the future.

The discussions surrounding 'sustainable development' are of concern to people as individuals, as well as to policymakers, investors and regulators across the globe. And Switzerland is no exception, as this year's vote by the Swiss electorate on the amendment to the CO_2 Act shows. The legislator and the supervisory authority are also focusing increasingly on sustainability issues with the required transparency on climate-related risks on the books of financial market institutions and the mounting reporting obligations.

There are many reasons why the insurance industry is uniquely able to help shape this process of sustainable development. One relates to our core mission as insurers: our job is to cover risks for people and companies that arise not least from the fact that 'sustainability' is not implemented across the board, be it in the area of property insurance, health, mortality and longevity, financial provision, cyber risks or natural catastrophes. So it has always been one of our key responsibilities to recognise risks, reflect them in our models and thus make them manageable. In terms of investment policy, too, due to the long investment horizon of the premiums, insurance companies have a vested interest in ensuring that their investments are attractive over the long term, i.e. sustainable, and that opportunities arise to enter new business fields.

Our association strategy for 2020-2024 pursues six strategic approaches – three of which are directly related to sustainability issues: as well as firmly establishing sustainability and enabling innovation, these are the design of future occupation profiles and the world of work, and the further development of pension provision.

GRI 102-1
(Right-hand column)
GRI 102-5

This Sustainability Report of the Swiss Insurance Association (SIA) showcases the vast range of activities through which private insurers contribute to society's sustainable development. Despite the diverse spectrum of measures taken by our member companies, the common denominator is important: all approaches to sustainability must be holistic. This includes economic well-being, a society based on solidarity and, last but not least, securing Switzerland's exemplary education and employment standards.

Furthermore, as the Swiss insurance industry, we want to actively participate in finding specific solutions to the climate issue. As an association, we are committed to ensuring that the term 'sustainability' is not used to put ineffective or counterproductive regulations for Switzerland as a business centre in place. After all, a weakened business

location ultimately harms our economy's competitiveness in the global market, which in turn is detrimental to our prosperity and our environment.

The contribution made by the Swiss insurance industry to sustainable development in a comprehensive sense is highly relevant. Worldwide, the gaps in risk coverage and thus also the impending economic costs are growing by the day. Support of our clients in closure of these gaps has a stabilising impact on economic activity and is an important contribution to sustainable development worldwide. We are proud of this contribution – and we want to continue to make it.

Rolf Dörig
SIA chairman

Thomas Helbling
SIA CEO

2
Management summary

A report is not only an information tool, but also a control instrument. Appropriate sustainability reporting requires the topic to be strategically anchored. In addition, the Swiss insurance industry is convinced of the need to report objectives and measures transparently to the outside world – in line with the maxim: do good and talk about it.

This second sustainability report of the insurance industry is based on a learning process. In 2020, the SIA published its first report on its social and economic responsibility. It addressed and covered the main pillars of sustainability – in particular, the areas of investment, operational ecology and risk management. This report focuses more on the role that sustainability plays in the SIA's strategy. The publication highlights the interdependencies of the economic performance of the insurance industry and sustainability performance. Both the data made available and the scope of reporting have been expanded in this report. In order to meet the expectations of financial market players and civil society more closely, relevant sustainability or ESG aspects are now assigned a Global Reporting Initiative (GRI) indicator.

In the past reporting year, it became apparent that the financial market – alongside the regulator – is an important driver of and one of the biggest levers for sustainability. Consideration of sustainability issues has become mainstream, as is evidenced from the fact that sustainability criteria are now incorporated into more than 83 per cent of investments managed by the sector. The percentage is even higher in some asset classes, such as real estate, fixed-income securities and alternative investments. The number of companies included in the industry report that take ESG criteria into account in their investment management increased by seven year-on-year. The report also looks for the first time at which sustainable investment approaches (exclusions, integration, best-in-class, engagement, voting, sustainable thematic and impact investment) have been used in the individual asset classes. A detailed look at the industry's climate compatibility has also been added. The report on the results of the PACTA analysis includes the industry average of the financial investment portfolios of 24 insurance companies and also provides information on the results for the real estate and mortgage portfolios of 16 insurers.

GRI 102-49
GRI 102-51

A multi-year comparison has been used in the area of corporate environmental management to present a large number of meaningful performance indicators on material consumption and the greenhouse gas emissions of the companies surveyed. Compared with the previous year, the industry was able to improve its ecological performance further – due partly to the COVID-19 pandemic. The carbon footprint per full-time equivalent (FTE), for example, was reduced by 62 per cent from 1,553 kg to 973 kg. The increasing number of Swiss private insurers committed to achieving the goals set out in the Paris Agreement is another encouraging aspect.

Looking ahead, we can expect to see ever-mounting expectations and further voluntary and statutory requirements. Examples include initiatives such as the Task Force on Climate-related Disclosures (TCFD), which relates to climate risk reporting, and the calls to ensure better comparability for capital-based products. The SIA is committed to ensuring the most streamlined regulatory framework possible. In addition, the industry association supports the creation of incentives to encourage market participants to take responsibility for meeting sustainable business requirements themselves.

The Sustainability Report 2020 has been supplemented to include information on the contribution of the insurance industry to sustainable pension provision and thus to intergenerational equity, on its role as an important employer in Switzerland and on cross-sector cooperation for sustainable development in a broader sense. These additions allow us to report as comprehensively as possible on the effects of key sustainability aspects at all stages of the value chain, even if the extent to which they can be measured varies.

3
Committed to sustainability

GRI 102-16

Insurance companies have a long-term horizon for action. Meeting the needs of the present without compromising the options open to future generations – this is the definition of sustainability and also one of the core concerns of the insurance industry. This applies to the stabilisation and enhancement of pension provision, the design of the rapidly changing working world, climate change and the conservation of biodiversity. All these issues are important if we want to ensure that the younger generation can enjoy a secure pension, that employees have attractive jobs open to them in the future and that the economy has access to well-trained specialists – so ultimately our livelihoods are protected and our ecosystem becomes more resilient in the face of damaging influences. Despite the domination of the COVID-19 pandemic last year, the SIA worked hard to ensure a sustainable future, focusing on its three strategic priorities.

Thanks to its three-pillar system, the Swiss pension system has been considered the gold standard in international comparison for decades. For some years now, however, our country has been falling further behind in the relevant rankings. This is due in particular to the unsustainability of the system. Various proposals and initiatives to reform the old age and survivors' insurance (OASI) system and occupational pensions sparked considerable political activity last year. The SIA also contributed constructive proposals for solutions to the ongoing political debate on reform of the pension system.

Sustainability was also an important issue for national and international regulators alike; for example, the Swiss parliament adopted the revised version of the CO_2 Act. This legislation will come into force if the electorate approves the revision on 13 June 2021. The Swiss Financial Market Supervisory Authority (Finma) is increasingly concerned with the integration and transparency of climate-related risks in insurers' accounts. For example, the introduction of the Sustainable Finance Disclosure Regulation (SFDR) and the EU taxonomy in the EU will keep insurers in Switzerland busy over the next few years.

Swiss private insurers are important employers, taxpayers and investors at a national and international level. They take on risks that business and retail customers are not willing, or indeed able, to bear, allowing these customers to adopt a forward-looking approach to how they use their resources for the good of the economy and society alike. In Switzerland, the overall insurance industry generates gross added value of about CHF 32 billion. At almost 5 per cent, it makes a significant contribution to the country's economic output and ensures economic and social stability and resilience, even in these times. As a result of the pandemic, primary insurers made claims payments of more than CHF 1 billion last year. In addition, Swiss-based reinsurers reserved or paid out more than CHF 4 billion for pandemic-related claims worldwide in 2020. The industry also continued to meet its other obligations. It paid an average of about CHF 140 million in pensions and claims payments out every day. Insurers also took swift and targeted action with minimal red tape to help many of their SME clients.

The pandemic has revealed the limits of insurability. As a result, the insurance industry worked in close collaboration with the federal government to develop possible solutions for future pandemic insurance based on the concept of public-private partnership. Regrettably, the Federal Council has decided not to pursue the concept of pandemic insurance for the time being.

It intends to stay with the current model of hardship support and debt repayment by taxpayers in the future. From the insurance industry's point of view, this is not a sustainable approach to the problem.

As a supporting pillar and driving force of the Swiss economy, the insurance industry takes its economic responsibility in terms of sustainability into account, as evidenced by its clear commitment to sustainability and its gradual implementation in the insurance business. For example, the SIA's member companies spoke out in favour of compliance with the Paris Agreement as early as 2016, and pledged to lend their support to the Federal Council's associated CO_2 reduction targets. With capital investment of CHF 545 billion (excluding unit-linked life insurance), private insurers can potentially make an important contribution to promoting a more sustainable environment – be it to the climate or in social endeavours.

All these developments serve as confirmation that the SIA will continue to work intensively on the issue of sustainability.

3.1 Sustainability strategy of the industry association

The situation analysis, which serves as the basis for the association strategy for 2020-2024, shows that a large number of external factors challenge the insurance industry. Rapid advances in digitalisation influence customer needs and open up new opportunities for product design and pricing. Ongoing demographic change within society presents major challenges for the healthcare and pension systems. Climate change leads to increased physical risks in natural perils insurance, and also to transition risks in investment portfolios in connection with the move to a low-carbon economy. New communication channels are changing the way insurance companies communicate with their clients. The understanding of the roles between the private sector and the state has to be renegotiated time and again, which recently became very clear in connection with the pandemic. Changes in international legislation also have an impact on legislation in Switzerland. The ongoing phase of extremely low interest rates poses a major challenge to investment policy as a whole. Technological change is also having an impact on the working world of tomorrow. New skills will be required in the future.

Based on the situation analysis referred to above, six strategic directions were defined as part of the strategy. Three of these objectives place a clear focus on the topic of sustainability in a holistic sense:

- Further development of pension provision
- Anchoring sustainability, enabling innovation
- Shaping employment policy and the working world

These three aspects establish important factors in the development of the insurance industry – as we move towards a secure pension system and a new working world, and in the fight against climate change and the preservation of biodiversity.

An effective pension system plays a central role in determining a country's prosperity. Changes in Switzerland's age structure are pushing the existing pension system to its limits, and it must therefore be fundamentally revised. The insurance companies are an essential partner in this process, as they are responsible for a significant part of the pension system, namely for occupational pensions and in some cases also for the third pillar. The pension system has to be revised in such a way that the younger generation can look forward to a fair pension. Redistribution in the second pillar from the young generation to today's retirees has to be kept to a minimum. GRI 103-1 GRI 102-46

The rapid advances in digitalisation will lead to different skills and competencies in the future. This also applies to apprentices and trainees in the insurance industry. In order to remain attractive as an employer and to meet the challenges of the future, the sector has to make intensive preparations for these developments. GRI 103-1

Insurance companies consider the effects of climate change and the loss of biodiversity to be a risk with the potential to inflict real damage on society and GRI 103-1 the economy. Rising temperatures are expected to result in more heavy precipitation and an increase in drought in Switzerland. Biodiverse ecosystems are important in combating climate change, as healthy forests and well-preserved oceans can absorb carbon emissions. However, a high level of biodiversity ensures that nature produces substances essential for human activities and survival, ranging from food and protective functions to active ingredients used in medication.

This is why the insurance industry supports the federal government's goal of achieving net-zero greenhouse gas emissions by 2050. The strategy calls for standards to be developed for products, underwriting, claims and investments, in order to forge ahead with reductions in greenhouse gases. In order to mitigate the implications of global warming, the SIA will continue to support the federal government and cantons in preventing damage caused by natural perils.

GRI 102-19
GRI 102-20
GRI 102-52

The SIA has also made a commitment in its strategy to publication of regular and transparent reports on implementation of its sustainability efforts. The SIA's Sustainability Report, which was published for the first time in 2020, will be published every year in the future. In order to make faster progress in topics relating to sustainability, the SIA also established the Sustainability Committee last year. It is responsible for advancing specific sustainability issues and creating the necessary transparency at the level of the association.

3.2 Stakeholder dialogue

GRI 102-42

The Swiss insurance industry considers its Sustainability Report to be an important tool in an ongoing and systematic dialogue with its stakeholders. By increasing transparency, it aims to ensure that its internal and external stakeholders can understand and assess its activities relating to sustainability. This process has involved identification of those organisations, individuals or groups that are in contact with the industry, exert influence over the insurance industry and/or have touchpoints with its activities. The main stakeholders include the association's member companies, clients, non-governmental organisations, academic experts, Finma, authorities, policymakers, the media, associations, institutional investors and other capital providers. GRI 102-40

GRI 102-43

Stakeholder interviews were conducted with representatives of these stakeholders during the first half of 2021. These personal discussions were based on the sustainability topics set out in the SIA's strategy 2020-2024. The findings of the interviews will be used to define the focal point of future activities to make the industry more sustainable.

GRI 102-11
GRI 102-44

Stakeholder engagement and the results of addressing their interests and information needs will be presented in the next Sustainability Report.

4
Insurers assume social risks

4.1 Risk management

In line with its importance to the economy as a whole, the insurance sector plays an important role in promoting economic, social and environmental sustainability.

First and foremost, the insurance industry underwrites risks, allowing it to cushion the financial blow of loss events. The protection of private and corporate clients against risks that could pose a threat to their livelihood is the core mission of the Swiss insurance industry. This makes it an important partner for its private and corporate clients. It offers protection against climate risks – for example, in the event of floods or droughts. And individual insurers enter into business relationships with companies with business activities that may be controversial in some parts of society.

Traditionally, insurers have also helped their clients to avoid risk. In the interest of both partners, insurers help their customers to better protect themselves against potential loss events.

Insurance companies also rank among the economy's biggest investors. In this role, they contribute to making financial flows more sustainable.

Thus, insurance companies play an important role in the resolution of sustainability problems. Within this context, moves by insurance companies to expand their risk management systems are of central importance in ensuring that sustainability issues are handled appropriately. Climate change and other sustainability risks can lead to considerable social and economic damage. The importance of responsible behaviour by the corporate sector towards society has shifted significantly in recent years. Nowadays, companies are expected to take responsibility for the unintended negative implications of their business activities.

This results in two types of sustainability risk for both insurance companies and companies from other sectors: first, the risks resulting from the sustainability problems for the insurance industry itself. The focus here is on claims payments, but increasingly also on investment, reputational and liability risk. Second, the risks that arise for parties affected by sustainability effects. These are risks resulting from sustainability problems, such as changes in climatic conditions or environmental pollution.

4.2 Regulatory developments

The regulatory developments in sustainability risk management place new demands on risk management at insurance companies:

in June 2020, the Swiss federal government adopted guidelines on sustainability in the financial sector. The aim is to make Switzerland a leading centre for sustainable financial services. In order to achieve this, the Federal Council aims to create overall conditions that will improve Switzerland's competitive standing as a financial centre and allow the financial sector to make an effective contribution to sustainability. The SIA welcomes these guidelines, which are based on the principles of a market economy.

In November 2020, Finma unveiled proposals on how the disclosure regulations for larger insurance companies and banks can be expanded in order to take climate risk increasingly into account. This measure allows an easier comparison of companies and aims to ensure that they deal appropriately with these risks.

In December 2020, as part of its strategy to strengthen Switzerland's status as a sustainable financial location, the Federal Council recommended that companies publish reports in line with the recommendations of the Task Force on Climate-related Disclosures (TCFD). The Federal Council has also asked financial institutions to publish information on how they take climate and environmental risks into account in asset management as part of their legal loyalty and due diligence obligations. In addition, the Federal Council has asked the responsible authorities to develop a legal basis for the binding implementation of the TCFD by companies in all sectors. This is a measure that the SIA welcomes. Such information is essential in order to allow the financial sector to assess market risk and investment opportunities overall.

Over the last few decades, sustainability risks viewed from the perspective of the financial industry have related primarily to reputational risk. The primarily objective was to avoid criticism for doing business with or investing in controversial sectors. More recently, players such as the OECD and individual national regulators have set out further details on what they expect in terms of environmental and human rights due diligence. Today, sustainability issues increasingly pose financial risks (cf. 4.1). These increased transparency requirements also go hand-in-hand with more intensive cooperation between the individual Swiss insurance companies. This has taken place within the SIA, the working groups of the industry association Swiss Sustainable Finance and the networks of the UNEP Finance Initiative. Several Swiss insurers are already signatories to the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI).

Although the insurance industry has so far focused heavily on sustainability risk in the investment business, attention is increasingly shifting to actual insurance business – underwriting. This is an area in which relationships with clients and accordingly the solutions are more complex. As a result, companies must adopt a clear stance, expand their risk frameworks systematically and ensure consistent implementation in daily business. Thus, insurance companies first assess the relevance of the various sustainability risks. A subsequent prioritisation allows the introduction of testing and decision-making processes for individual business areas.

5
Method and definition

The current Sustainability Report of the Swiss insurance industry covers the reporting period from 1 January 2020 to 31 December 2020. This report was prepared for the first time in accordance with the guidelines set out by the Global Reporting Initiative in the GRI Sustainability Standards, which have been in force since 2018. However, not all criteria and information in the GRI Principles have been applied. Instead of a full GRI table of contents, the report contains a list in the appendix with references to GRI Standard Disclosures or topic-specific standards. This is designed to provide readers with an overview of the information used.

The chapters below include relevant data and information from the Swiss insurance industry collected in the period from mid-December 2020 until the beginning of March 2021. They are based on the data and information supplied by the participating companies in the industry report. Unless otherwise stated, the data collected refers to 2020. The reference date is generally 31 December 2020. Data that has been aggregated at the level of the sector as a whole is used in the report. The report does not provide data on individual companies.[1]

Data and information on investments and operational ecology were collected from member companies using questionnaires. GRI 103-3

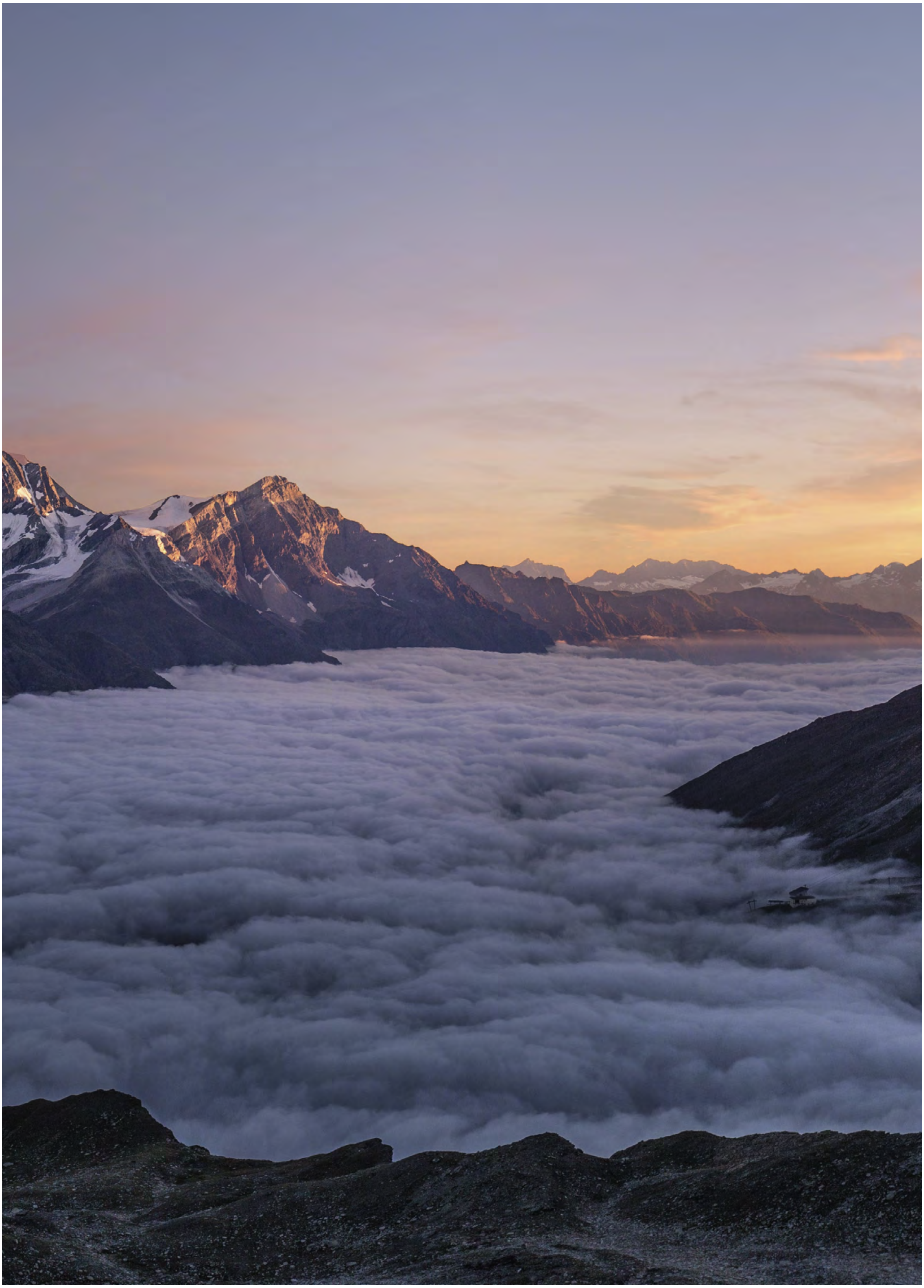
Compared with the previous year, the SIA has worked with the participating companies to significantly enhance the questionnaire, refining the level of detail of information. This allows additional and more precise information on investments. As the information is more refined and thus more comprehensive, the overall data taken as a basis has changed; thus, no comparison with last year's data has been provided. GRI 102-48

In the area of capital investment, 38 out of the 73 companies contacted took part in the survey. They manage about 80 per cent of capital investments[2] made by the private insurance industry. Thus, the market coverage of the companies participating in the survey allows statements to be made about the insurance industry as a whole. The results based on the data supplied are supplemented by qualitative statements on the efforts made by the industry. GRI 102-50 GRI 102-54

The questionnaire on operational ecology was answered by 29 member companies. As a general rule, 2020 is the reporting year; due to a lack of current data, two member companies reported their consumption and CO_2 data for 2019. GRI 102-45

The employee information is based on the SIA's personnel statistics for 2020, as published in May 2021.

For subject areas for which no quantitative information is available from the member companies, qualitative information is provided on the challenges and measures in the insurance industry.



6 Investment

6.1 Anchoring sustainability in insurance companies

By aligning their capital flows with sustainable investments, insurers can directly implement and fulfil their responsibility for sustainability as relevant players in the financial sector. This responsibility is broad-based: for example, it comes into play when insurers are required to assess risk correctly and fulfil obligations towards clients, or with the goal of a sustainable positive impact on the environment. As a result, a number of insurance groups started to manage their investments with sustainability criteria in mind and restructure their portfolios accordingly a few years ago. In some areas, such as real estate, insurers have focused specifically on the sustainability aspects for some time now.

In autumn 2018, participating companies affirmed their commitment to taking ESG criteria into account when managing their own investments. ESG stands for 'Environmental', 'Social' and 'Governance' and refers to the responsibility of the company to the environment, social issues and corporate governance. Uniform data acquisition on the management of companies' capital flows is made more difficult by the fact that no internationally established standards and norms exist in this area. In preparing this Sustainability Report, the SIA has relied on the sustainable investment criteria and strategies used as standard in the market.

The survey shows that the majority of participating insurers take sustainability criteria and strategies into account when deciding where to invest capital. Other smaller and medium-sized insurance companies that were not yet able to report any figures for 2020 are in the process of reviewing their strategic position and focus on responsible investing. The SIA supports the transfer of knowledge on particular topics within its member companies.

In total, 38 companies – and all large and medium-sized companies in particular – took part in the SIA survey. Of these, 33 companies stated that they apply various sustainability criteria and strategies in their investments. In addition, most have implemented internal guidelines. These include, for example, regulations on sustainable investment, the exclusion of certain investments, the exercise of voting rights and engagement[3]. GRI 103-1

6.2 Integration of ESG criteria

GRI 103-3

Of the 38 participating companies, 32 include ESG criteria in the investment decisions they made in 2020. This corresponds to an increase of seven companies compared with the previous year. Based on these criteria, the companies analyse whether and to what extent an investment decision should be made. They also use the ESG criteria in further steps within the investment process (e.g. in the areas of risk monitoring and divestment decisions). GRI 103-2

In terms of environmental responsibility, 31 out of these 32 companies focus on climate/climate change and (renewable) energy. Another focus is on investment to prevent environmental catastrophes and in water management. Some companies have also made a commitment to fully decarbonising their balance sheet by 2050.

Social responsibility was also assigned a strong weighting in the ESG criteria applied in investment management in 2020. All 32 companies have made this criterion a firm component of their policies. GRI 103-3 The spotlight is on human rights issues in particular. Other priority issues include employment rights, health, education and food security (in that order).

Insurers that apply environmental and social criteria when making investment decisions also take governance criteria into account, with equal attention paid to corporate governance and diversity within the company.

The reporting companies manage 80 per cent of investment made by the private insurance industry. ESG criteria are taken into account in the investment process in 83 per cent of these self-managed investments. The following values were achieved in the investment categories listed below, in which at least one of the following sustainability approaches was applied:

- Real estate (96 per cent of the investment volume of the participating companies)
- Fixed-income securities (97 per cent)
- Stocks (82 per cent)
- Alternative investments (86 per cent)[4]
- Mortgages (40 per cent)

For the first time, we looked at which sustainable investment approaches (integration, exclusions, best-in-class, voting, sustainable thematic and impact investment) are used in the various asset classes.

In general, we arrived at the following findings:

The explicit inclusion of ESG risks and opportunities (integration) is relevant to companies in the areas of real estate, fixed-income securities, stocks and alternative investments.

Exclusion plays a particularly important role in fixed-income securities, stocks and alternative investment asset classes. Exclusion is understood as the decision to avoid investment that is not consistent with certain standards and values. This can be the case if a certain industry exceeds predefined thresholds (e.g. coal).

The 'best-in-class' approach is less firmly established among companies. This approach is relevant for a third of companies in the case of fixed-income securities and stock transactions.

The exercise of voting rights in line with ESG guidelines (voting) is a key approach for many companies (26 out of 32) in the stocks asset class.

Impact investing and sustainable thematic investment play a relevant role for more than half of companies in the areas of real estate, fixed-income securities and alternative investments.

We also analysed for the first time the extent to which the companies exercised the voting rights attached to the shares they self-manage. This revealed that last year 22 companies exercised their voting rights in about 72 per cent of their self-managed shares.

6.3 Impact investing and thematic investments

GRI 103-2

The companies aim to use impact investing to have a positive and directly measurable impact on the environment – for example, climate protection or in social endeavours. According to the survey, impact investing plays an important role in the asset classes real estate, fixed-income securities and alternative investments for half the companies that make sustainable investments.

By investing in sustainable infrastructure, insurance companies aim to contribute to the transformation of energy supply or building stock towards a sustainable and low carbon future. Sustainable infrastructure (renewable energies, certified 'green buildings', social infrastructures, etc.) plays a particularly important role in thematic investments. Depending on how they are structured, sustainability bonds have a social (social bonds), ecological (green bonds) or combined (sustainability bonds) focus. Sustainability bonds such as these make up an important part of the investments made by many of the companies surveyed. GRI 103-3

It is important to note that the regulatory requirements applicable to insurers' investments are extremely restrictive. This is true in particular for investments in infrastructure; for example, direct investment in facilities that produce renewable energy cannot be counted towards tied assets. This means that many insurers are severely restricted in terms of alternative investments, although the industry would be very interested in long-term and sustainable investment in general. GRI 103-2

6.4 Exclusion criteria

When considering ESG criteria in the investment process, exclusion criteria are also an option: if a predefined criterion is not met, either no investment is made or an existing investment is sold. GRI 103-2

In total, 24 companies exclude investment in companies that generate revenue from thermal coal mining or which use a defined proportion (e.g. 30 per cent) of coal for power generation. Thus, coal is a very widespread exclusion criterion for many of the participating companies. The most commonly used exclusion criterion is 'controversial weapons' (28 companies). GRI 103-3

6.5 Reporting

GRI 103-2 GRI 103-3

Those companies that apply ESG criteria in their investments provided explicit information on their sustainability activities and endeavours in their annual reports 2020. Many of the participating companies also stated that they wanted to further expand their previous reporting on this topic. Larger insurers have already published separate sustainability reports in recent years, with others planning to do so in the future. In general, these reports are available on the company's website. In addition, all the companies that are signatories to the Principles for Responsible Investment ((PRI) have made a commitment to ensuring transparency in their sustainability strategy. The corresponding reports are available on the PRI website (www.unpri.org).

7 PACTA 2020: the lessons learned from the climate compatibility test

GRI 103-2

The goal of the Paris Agreement is to reconcile financial flows with a low-carbon path. The Capital Transition Assessment (PACTA 2020)[5] measures the progress made by the Swiss financial sector in terms of its contribution to reducing carbon emissions. PACTA 2020 was based on the climate compatibility test of 2017. The SIA supported the Swiss federal government's initiative to create transparency in achievement of the goals set out in the Paris Agreement. A total of 24 insurance companies, which together account for 79 per cent of the capital invested by Swiss insurance companies, took part in this test. In addition to the investment portfolio, the real estate and mortgage portfolios of 16 insurance companies were also assessed for the first time. At times, understanding and interpreting the results proved to be a challenge. It is imperative that the method, process and presentation of results is developed further in future PACTA studies.

GRI 103-3

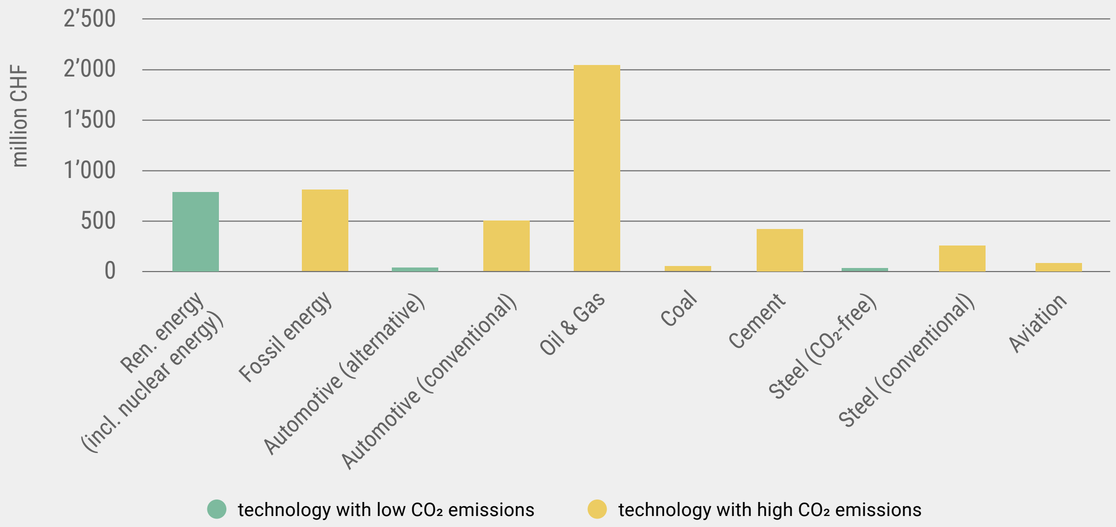
7.1 Financial investments

The analysis focused on those asset classes with the most direct and ideally verifiable impact on the real economy, for which public data is also available. These are direct investments in economic activities through the purchase of listed stocks and corporate bonds on the secondary market. The total market value of the portfolios submitted by the insurance companies came to approximately CHF 250 billion. Of this, 20 per cent are stocks and 53 per cent corporate bonds. The investments were made either directly or as part of a fund. These two asset classes were assessed in the study. The remaining 27 per cent relates to asset classes that have not yet been assessed as no suitable methods are available.

The analysis was restricted to those sectors with an impact on the climate (automotive production, including light and heavy commercial vehicles, aviation, coal mining, cement production, steel production, oil and gas production, power generation and shipping). These sectors represent 10 per cent of the industry portfolio in the survey, but are responsible for 74 per cent of CO2 emissions. For stocks, Figure 1 shows that in the field of energy production, the share invested in renewable energies is about the same as that invested in fossil energy production. With investment of just over CHF 2 billion, oil and gas extraction is the sector with the highest share of CO2 emissions. The shipping sector is not shown, as its share is negligible.

Stocks

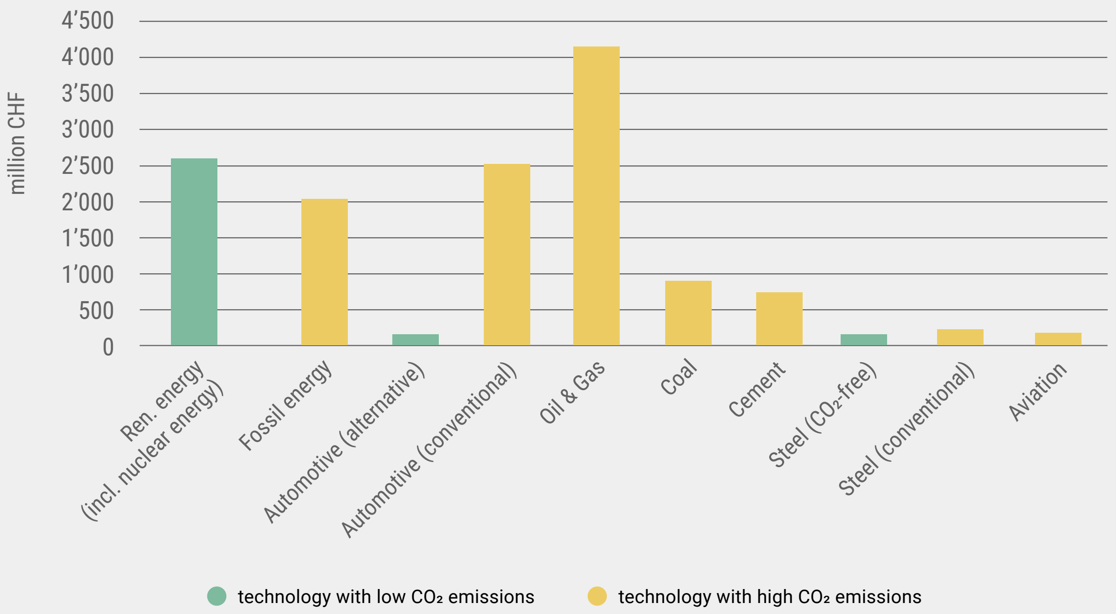
Figure 1: Investment in stocks (including in funds) from climate-relevant sectors



Compared with stocks, the proportion of investment in renewable energies in corporate bonds is slightly higher than that in fossil energy sources. As with stocks, the oil and gas extraction sector dominates the carbon emissions data. The automotive sector accounts for a bigger share in this asset class than is the case with stocks.

Bonds

Figure 2: Investments in bonds (including bonds in funds) from climate-relevant sectors



In order to assess the development of the portfolios over the next five years, an estimate was made for each company in the stock and investment portfolio as to how it will develop in terms of greenhouse gas emissions. This information was used to assess the climate impact for each sector in the portfolio and compared with the climate scenarios. A prerequisite for such a comparison is that the sector has a sufficiently granular reduction path derived from the climate scenarios. Suitable roadmaps are available for the electricity, coal, oil and gas and automotive sectors. As the analysis of the portfolio revealed, too little attention is paid to the environmental footprint, particularly when it comes to investment in the area of energy generation. Overall, it is still the case that too much is invested in fossil energy production and too little in renewable energy.

Target achievement level in the individual sectors for the asset classes

Sector	**Fossil fuels**			**Energy generation**		**Automotive**		
Technology	Oil	Gas	Coal	Renewable	Coal	Fossil	Electric	Hybrid
Bonds	2°C – 3.2°C	< 2°C	> 3.2°C	> 3.2°C	2°C – 3.2°C	2°C – 3.2°C	< 2°C	2°C – 3.2°C
Stocks	2°C – 3.2°C	< 2°C	2°C – 3.2°C	> 3.2°C	> 3.2°C	> 3.2°C	< 2°C	2°C – 3.2°C

Climate scenarios: < 2°C | 2°C – 3.2°C | > 3.2°C

7.2 Real estate

The PACTA 2020 report assessed the climate impact of the real estate portfolios submitted for the first time. In Switzerland, institutional investors own about 20 per cent of residential properties and approximately 10 per cent of commercial properties. Insurance companies assessed 7,263 buildings and eight mortgage portfolios.

According to the greenhouse gas inventory of the Federal Office for the Environment (FOEN), carbon emissions from Switzerland's buildings currently account for just over a quarter of the country's total carbon emissions. Newly constructed buildings are already largely equipped with renewable heating systems. However, the report shows that a significant proportion of older buildings held by all institutional property owners are still heated using oil or gas. Carbon emissions per square metre remain very high for buildings built before 1980 in particular.

The overall evaluation also shows that buildings directly owned by institutional owners emit less CO_2 per kg/m² on average than the rest of the building stock. According to the analysis presented in the methodology report, CO_2 emissions of Switzerland's entire building stock average 34.5 kg/m². The median carbon emissions for all directly used buildings came to 15.2 kg/m² in 2020. Taking the renovation measures planned by the participants over the next 10 years into account, this value drops to 11.5 kg/m², which would correspond to a reduction in total CO_2 emissions of 9 per cent a year. Thus, in the segment of directly held properties the current climate compatibility result can be described as good.

8
Retirement provision

Generally speaking, a way of doing business is considered sustainable if it can continue in the long term. From an economic perspective, this means that a society cannot live beyond its financial means, as this inevitably translates into losses for future generations.

In the context of the pension system, the term intergenerational equity is often used instead of sustainability. The terms ‘generation’ and ‘equity’ contained therein provide a brief and succinct definition of sustainability in this area: a generation cannot exploit services to the detriment of following generations.

Thanks to its three-pillar system, the Swiss pension system was for decades considered the gold standard in an international comparison. In recent years, however, Switzerland has fallen further and further behind. This is due in particular to the lack of sustainability: the ongoing reform backlog means that central parameters are outdated, and make the first and second pillars unstable.

The statutory framework has not kept pace with the increasing life expectancy in society at large. The standard retirement age for men has been 65 since its introduction in 1948. Then, an old-age pension was paid out for an average of 12-13 years; today, pensions are paid out for 21 years on average – a figure that is still rising. The rigid retirement age means that the higher life expectancy is fully reflected in a longer pension payment period. Despite its high levels of life expectancy, Switzerland is one of the few countries in Europe that has not increased its retirement age, or even seriously considered this step. More than half of OECD countries have adopted a retirement age of 67 or above, many with significantly lower life expectancy levels than Switzerland.

In the first pillar (OASI), which is financed on a pay-as-you-go basis, the longer pension payment period combined with the steadily decreasing number of contributors per pension recipient leads to an ever-mounting financial burden on the employed. In 1948, more than six working people financed one pensioner; today, there are just over three. In three decades’ time, according to the federal government’s forecast, there will be about two. The system is faced with significant financing problems, which will become even worse over the next 10 years as the baby boomer generation nears retirement. GRI 103-1

In the second pillar (OPA), in which retirement benefits are financed as part of a funded scheme, the excessive conversion rate has resulted in a massive non-systemic redistribution due to increased life expectancy and lower interest rates. Funds are redistributed from the active insured to pensioners in the amount of about CHF 7 billion a year. The redistribution reduces the interest on the retirement assets of the active insured, thus reducing their future retirement benefits.

With this situation in mind, the Federal Council submitted its draft Sustainable Development Strategy 2030 for consultation on 4 November 2020. In national strategic pillar (f) ‘Securing the stability of pension systems in the long term’, the government states:

‘The financial stability of Switzerland’s pension systems will be ensured despite the demographic trend. The federal government will ensure that the proposed reforms to ensure the financial equilibrium of pension systems, while maintaining social protection, consider the interests of all age groups and respect the intergenerational contract.’

It has been common knowledge for some time that the first and second pillars of the pension system are not sustainable, and it is clear the measures that must be taken. In the country report 2019 from the Organisation for Economic Co-operation and Development (OECD), the international experts recommended the following measures for Switzerland:

- Fix the retirement age at 65 for both sexes as planned, then raise it gradually to 67 and thereafter link it to life expectancy.

- Lower the parameter used to calculate annuities ('minimum conversion rate') and make it a more flexible technical parameter set by ordinance.

- Use the existing annual conference on older workers to find ways to introduce greater flexibility into the salary-setting system and decouple it from seniority.

- Flatten the age-related increase in retirement credits in the second pillar.

- Allow workers to compensate for gaps in their pension rights through contributions after the age of 65.

It is imperative that the pension system is reformed as a matter of urgency. From the SIA's perspective, steps to stabilise the OASI and OPA systems must be taken and implemented as quickly as possible, while maintaining the overall view. To the extent that it is compatible with the objective of stabilisation, adjustments can and should also be made to reflect changing needs in the interests of modernisation.

In the current OASI reform ('OASI 21'), this means specifically:

- Reference age of 65 for women and men
- Increase in VAT by 0.3 percentage points

The following measures are planned or required in the OPA reform also underway:

- Reduction in the OPA conversion rate to 6 per cent
- Introduction of a contribution to finance compensation for pension conversion losses
- Measures for the transitional generation
- Better provision for low-income earners and part-time employees (in particular women)
- Flatter progression of retirement credits

In addition to these stabilisation and modernisation steps, further reforms to make the OASI and OPA systems sustainable are inevitable. The SIA has pointed out for years that if this objective is to be achieved, the central parameters (reference retirement age, OPA conversion rate, OPA minimum interest rate) must reflect real-life circumstances. It welcomes and supports policy proposals with the following objectives: GRI 103-2

- Linking the reference age to life expectancy
- Securing a balance between contributions and benefits in OASI GRI 103-2
- Economically correct conversion and interest rates in OPA
- Additional incentives in favour of private pensions

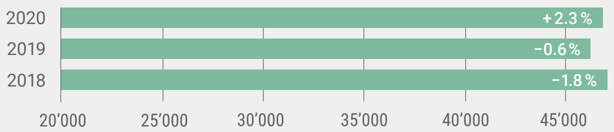
9
The working world

Private insurers provide jobs for more than 47,000 people and train over 2,000 young people in various occupations every year. The industry association's annual employment statistics show the composition of the workforce and the changes compared with previous years[6]:

GRI 103-1

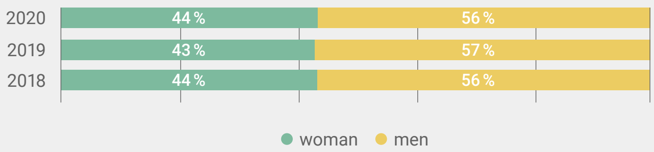
GRI 103-1

47,015 employees in Switzerland

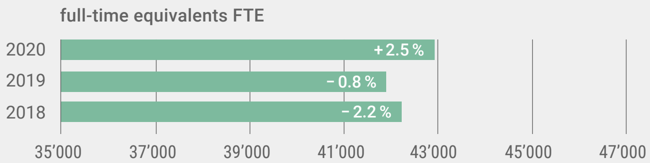


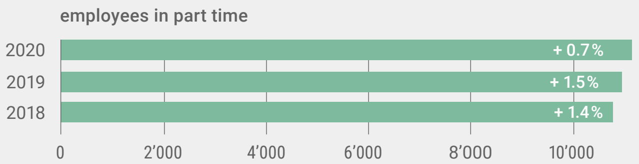
44 % woman

56 % men

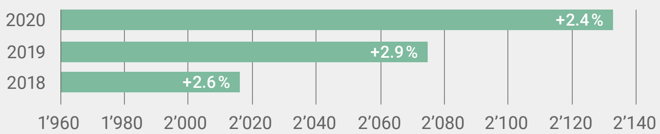


11,148 employees or in Switzerland 24 % part time

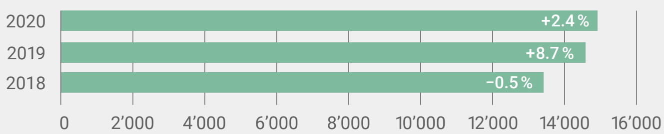




2,125 trainees and apprentices

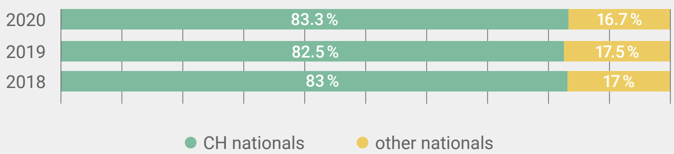


14,950 customer consultants



83,3 % CH nationals

16,7 % other nationals



The Strategy 2020-2024 describes education and liberal labour market policies as the pillars of the industry's competitiveness. In order to ensure high quality training, the SIA identifies future-oriented job profiles and promotes suitable training courses. For example, it is committed to strengthening the dual system of vocational education. As well as a high degree of permeability, this ensures a diverse range of training opportunities and attractive professional development opportunities.

9.1 Promoting mixed teams

The insurance industry wants to remain attractive to employees in the future. As a result, the SIA is therefore committed to promoting diverse, inclusive and thus sustainable collaboration, and to making optimal use of the positive aspects of this diversity. SIA works with the Competence Centre for Diversity and Inclusion at the University of St. Gallen (CCDI-HSG) and has a benchmarking report prepared on a regular basis. The SIA also supports Compasso. The employers' organisation offers guidance and assistance to help companies deal with employees facing health problems. Among other things, Compasso shows employers how exits from the primary labour market can be avoided as far as possible, making it easier to maintain or regain employability. At the company level, there is also a wide range of initiatives, programmes and events to promote diversity and inclusion.

9.2 The working world of tomorrow

The working world is changing at a rapid pace. External factors such as the COVID-19 pandemic have accelerated this development even further. In this context, the SIA with its member companies has identified future fields of action for the working world of tomorrow. For example, both employers and employees are increasingly exploiting and valuing the advantages of location-independent work and forms of work such as the home office and remote/mobile working. By reducing commuting and travel, which in turn reduces the carbon footprint, location-independent forms of work make a far from insignificant contribution to sustainable mobility. In order to further promote the efficiency and effectiveness of this mobile collaboration, insurance companies have made targeted investments in digitalisation in recent years.[7]

GRI 103-2

9.3 Skills of the future

GRI 103-3

With the Institute of Insurance Economics (I.VW) at the University of St Gallen and the Swiss Federal Institute for Vocational Education and Training (SFIVET), the SIA has published the 'Skills of the future' study[8], the aim of which is to identify coming trends and changes in the insurance industry between now and 2030. Based on the changes expected, the study analysed which skills will be required for the new activities in the future. The report will be used by insurance companies to ensure targeted vocational education and training for their employees. The SIA will also use the report to review vocational training profiles based on the trends researched and the skills required. The Association for Professional Insurance Education (VBV-AFA) has also addressed this issue and is incorporating the findings into current reform projects such as 'Kaufleute 2022' and into the further development of vocational training and the VBV insurance intermediary examination.

GRI 103-2
GRI 103-3

9.4 Support of young talent

GRI 103-2
GRI 103-3
GRI 103-1

The evaluation of skills and subsequent review of vocational training programmes are closely linked to the issue of promotion of young talent. After all, sustainability relates in particular to the support of future generations. Only if they are involved early enough will be possible to find a sufficient number of good and suitable employees in the long term. For companies and the industry as a whole, apprentices are an investment in the future that should not

GRI 103-1

be underestimated. During the COVID-19 pandemic in particular, many insurers actively invested in vocational training by maintaining or expanding their range of apprenticeships and continuing to employ the graduates as far as possible.

In order to showcase the industry's appeal and the training opportunities available in the insurance industry, the SIA launched the startsmart.ch platform in spring 2020. The 'Berufsfinder' tool and the associated platform are designed to help young people find a suitable apprenticeship in the insurance industry.

The development processes are a good way of systematically establishing sustainability aspects in insurance-specific vocational training. These are coordinated via the VBV.

10
Corporate environmental management

As insurers with a long-term focus, companies are aware of the current environmental challenges arising from their business activities. That is why Swiss insurance companies engage where they can bring about specific and positive changes.

Most insurance companies in Switzerland base their ecological balance sheet on the recognised standard of the association for environmental management and sustainability in financial institutions (www.vfu.de). This involves quantification and reporting of energy, water and paper consumption and CO_2 emissions. To allow comparisons to be drawn between the different companies, the data is presented on the basis of full-time equivalents (FTEs). Only the direct emission of greenhouse gases is measured. The grey energy associated with products is not included, as no systematic collection process is in place for this data.

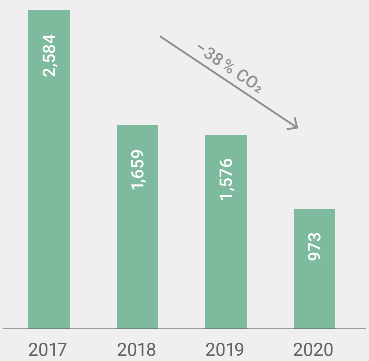
10.1 Greenhouse gas balance sheet

GRI 103-1
GRI 103-3

An evaluation of the figures reported for 2020 indicates a general improvement in the ecological balance sheet. For example, the carbon footprint per FTE was reduced from 1,553 kg in the previous year to 973 kg in 2020. This corresponds to an improvement of 62 per cent within a year.

GRI 103-2

Carbon footprint
kg CO_2, per FTE



Relative values per FTE for the main resource consumption levels in operational ecology.

GRI 302-3
GRI 302-4
GRI 305-4
GRI 305-5

	Unit	2017	2018	2019	2020	Relative change
Building energy consumption	kWH	4,156	4,208	3,958	3,526	11 %
Heating energy consumption	kWH	1,886	1,469	1,477	1,295	12 %
Electricity	kWH	3,408	2,637	2,468	2,039	17 %
thereof share of renew. electricity	%	82	54	55	57	3 %
Water consumption	m³	13	12	12	8	34 %
Paper consumption	kg	79	59	51	45	12 %
Volume of waste	kg	120	108	109	85	22 %
Business travel	km	7,263	6,010	5,298	2,309	56 %
of which km by air	%	35	16	14	4	69 %
of which km by car	%	43	63	59	69	17 %
of which km by public transport	%	24	20	67	24	64 %
CO_2 emissions	kg	2,584	1,659	1,576	973	38 %

COVID-19 dominated 2020. Certain values reflect just how much the pandemic affected various business practices and thus consumption. The replacement of business travel, as the largest energy driver to date, by building energy consumption is a particularly striking example.

Down by 56 per cent year-on-year, business travel shows the biggest relative change. This is due primarily to the increased shift to working from home and on-site working and meetings replaced with online services, thus rendering daily commutes obsolete.

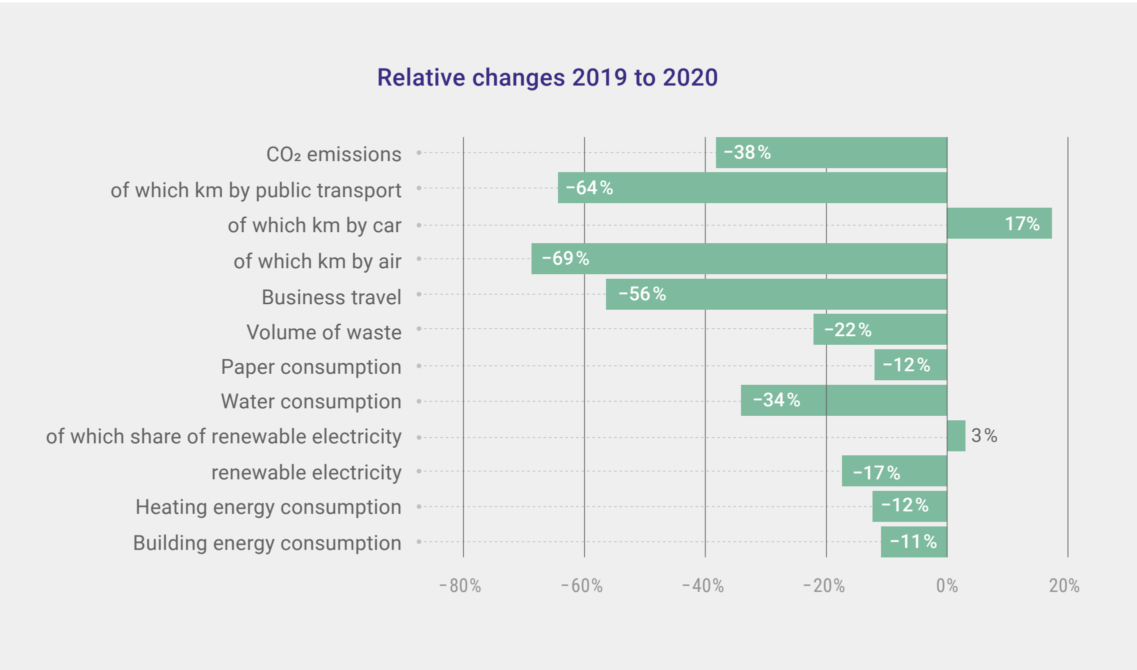
The 17 per cent increase in car use can be explained by the fact that many employees avoided public transport during the pandemic.

Building energy consumption was the largest driver of energy consumption in 2020, although this figure was reduced significantly by 11 per cent compared with the previous year. Other values also all show a reduction in consumption. Measures were also taken to help increase the share of renewable electricity.

GRI 103-3

GRI 302-4

GRI 305-5



10.2 Operational ecology

GRI 103-3

Reducing greenhouse gas emissions to net zero is a priority for many companies. The complete conversion to electricity generated from renewable and low-carbon sources makes an important contribution to this. This measure is already actively promoted by numerous companies at their individual locations. Other measures include the use of more energy-efficient fleet vehicles and investment in climate protection and compensation projects.

Companies were increasingly focusing on sustainability in business travel even before COVID-19. For example, some companies provide employees with energy-efficient fleet vehicles and charging stations for private vehicles or compensate them financially for the use of public transport or bicycles. Although flexible working models, such as working from home, were already in place before COVID-19, their acceptance and appeal rose to new levels during the crisis. In 2020, many companies recognised the positive impact of flexible working models on the environment. In order to further reduce emissions, they want to continue to promote this trend in the future.

Numerous companies are reducing paper and PET consumption by raising awareness among employees and switching to more environmentally-friendly consumer products (e.g. recycled paper, coffee mugs instead of disposable cups).

Entrepreneurial concepts to promote sustainability require the involvement of the workforce as a whole. Transparency, information and motivation alone will result in employees acting sustainably in the long term. Thus, sustainability objectives and the associated measures are communicated transparently, with targeted action taken to promote intrinsic motivation (e.g. compensation for public transport and bicycles).

11
Impact of climate change

As well as the need to slash greenhouse gas emissions (mitigation), the Paris Agreement also requires each country to adapt to the implications of climate change. Switzerland has been making considerable efforts to protect against natural hazards for many years, taking the predicted effects of climate change into account. The insurance industry has supported various projects within the industry, the federal government or municipalities in connection with natural hazard prevention for many years. The most important projects are listed below.

Damage to buildings caused by extreme weather events has increased steadily in recent years. Depending on the location and type of construction project or building, the potential options include structural, technical or organisational measures. Since protection against natural hazards is not a mandatory requirement in many areas, property developers and owners are responsible for the matter themselves. The platform 'Schutz vor Naturgefahren' offers specific tips and all the basic information available in Switzerland. The website was completely redesigned and updated in 2020. The 'Schutz vor Naturgefahren' project is backed by key players in the area of building protection: the association of cantonal buildings insurers (VKG), the Swiss Insurance Association (SIA), the Swiss homeowners' association (HEV), the Swiss Society of Engineers and Architects (SIA), the association of Swiss cantonal banks (VSKB) and the association of Swiss municipalities (ASC).

Thunderstorms triggering hail events cause substantial damage time and again. In Switzerland, more than a third of all claims relating to damage to buildings caused by natural perils are due to hail events. In the agricultural sector, hail damage amounting to between CHF 40 million and CHF 150 million occurs every year. The proportionality of protective measures against hail depends not only on the costs of the measures, but also to a considerable degree on the expected probability of occurrence. Better climatological data bases for planning and prevention efforts makes an important contribution to the economy. In a joint project with the stakeholders involved, a new hail climatology for Switzerland is currently being developed under the auspices of the Federal Office of Meteorology and Climatology MeteoSwiss. The project results will be made freely available to all users from the public and private sectors. The SIA is heavily involved in the project, which is scheduled for completion in the course of 2021.

GRI 103-1

GRI 103-2

GRI 103-3

In order to keep building damage to a minimum in the event of a severe hailstorm, the individual components must be able to withstand the impact of a hailstone. The hail register includes a list of components tested for hail resistance. New components are tested and published every year. The SIA also supports the work on this register.

In 2016, the Federal Council decided to implement the 67 measures listed in the report 'Umgang mit Naturgefahren in der Schweiz' (Dealing with Natural Hazards in Switzerland) to improve safety against natural hazards. It commissioned the Federal Department of the Environment, Transport, Energy and Communications (DETEC) to prepare a report on the status of implementation of the measures. The report, which was prepared under the leadership of the Federal Office for the Environment (FOEN) and presented in 2020, shows that, although Switzer-

land is on track, there is still a lot of work to do. Currently, 25 per cent of the planned measures have been implemented. As some measures are implemented jointly with the insurance industry, the SIA was also involved in preparation of the report.

With the help of a support group from administration, practice and research, successful flood protection strategies that can be taken by homeowners are identified and communicated with the help of films. Credible protagonists from the target group report on the flood protection measures they have implemented successfully. Three of these films have already been made and were released in spring 2020. The SIA provided active support in this project.

In addition to the projects supported by the association and thus the entire insurance industry, individual insurance companies have provided financial support for various protection projects.

12 Collaboration for sustainable development

12.1 Association activities

In order to make the insurance industry more sustainable, the SIA works with various partners in areas including knowledge exchange, political engagement and public relations.

The SIA is involved in all economiesuisse's committees that deal with sustainability issues. Together with this umbrella organisation for the business community, the SIA supports the CO_2 Act and the Federal Council's objectives for net-zero emissions by 2050.

At the Swiss Green Economic Symposium (SGES) 2020, the SIA, together with Swiss Sustainable Finance (SSF), organised an innovation forum on the topic of effective investment, new avenues and market opportunities. The objective of SSF's platform, of which the SIA is also a member, is to strengthen Switzerland's position in the global market for sustainable finance. To achieve this goal, SSF is focusing on information, awareness-raising and growth-promoting measures. Together with other partners, the aim is for the Swiss financial centre to become a leading hub for the sustainable finance sector.

In November, the SIA was set to attend the COP26 climate conference in Glasgow as a representative of the Swiss business community and as part of Switzerland's official delegation, but as a result of the pandemic the conference was cancelled.

The SIA has worked with the University of St Gallen and the Institute of Insurance Economics (I.VW-HSG) on various topics – both on sustainability (joint event at the SGES on the effectiveness of sustainable investment) and on issues relating to the future working world (study on the skills of the future).

12.2 Membership of organisations

GRI 102-13
GRI 102-12
GRI 103-13

Dialogue in sustainability networks and a focus on common standards allow insurance companies to better understand the needs and expectations. This enables companies to actively shape and implement solutions and ultimately respond more quickly to emerging challenges and changes. Some insurance companies are also the founding members of organisations such as the Net-Zero Asset Owner Alliance. They are also actively involved in key working groups of various associations and networks.

Larger Swiss insurers in particular are involved in these organisations through membership and/or active mandates. A non-exhaustive list includes:

National and international initiatives

- UN Global Compact, *www.unglobalcompact.org*
- PRI Principles for Responsible Investment, *www.unpri.org*
- PSI Principles for Sustainable Insurance, *www.unepfi.org/psi*
- TCFD Task Force on Climate-related Financial Disclosures, *www.fsb-tcfd.org*
- UNEP FI UN Environment Programme Finance Initiative, *www.unepfi.org*
- Net-Zero Asset Owner Alliance, *www.unepfi.org/net-zero-alliance*
- Institutional Investor Group on Climate Change IIGCC, *www.iigcc.org*
- International Corporate Governance Network ICGN, *www.icgn.org*

– Forum Nachhaltige Geldanlagen FNG, *www.forum-ng.org*

– Swiss Sustainable Finance, *www.sustainablefinance.ch*

– Swiss Association for Responsible Investments, *www.svvk-asir.ch*

12.3 Further sustainability activities of insurance companies

At many companies, sustainability is not just a topic taken into account in investments, but is also part of everyday business. In addition, many companies are also involved in specific activities linked to the concept of sustainability outside their company.

Here are a few examples to illustrate further activities of insurance companies relating to sustainability:

Activities within companies

– Sustainable design of company properties through sustainable operation or sustainable property refurbishment

– Implementation of ESG factors in the core processes of all units and teams

– Specific objectives to reduce operational CO_2 emissions

– Switch to renewable electricity

– Reduction in paper consumption

Activities outside companies

– Social engagement through specific sponsorship measures

– Commitment to social and professional reintegration

– Support of SMEs that develop innovative solutions for climate protection

– Promotion of mobility for people with physical impairments

– Promotion of biodiversity and diversity of species

– Support for the Ombuds Office Children's Rights Switzerland

– Prevention projects for natural hazards

– Support for the Swiss Paralympics

13 Appendix

The following table contains an overview of GRI references. The placement of the GRI labels should be seen as a navigation aid. GRI labels are placed within the report as soon as information is provided on the corresponding key metrics or on management approaches – irrespective of whether the information provided is complete from the view of GRI reporting. Additional information has to be provided in particular in relation to reporting on material topics.

Since this report goes further than a mere presentation of SIA as an organisation, there are also gaps in the General Standard Disclosures (e.g. organisation and governance bodies, number of employees, number of members, main areas of activity, etc.). Further information on the Swiss Insurance Association and the insurance industry as a whole is available on the website at www.svv.ch.

A determination of the material issues in terms of the greatest impact of the SIA or the Swiss insurance industry on the environment, society and the economy has not yet been defined, and a comprehensive situation analysis is not available. The issues that have been identified as material, i.e. reportable, include:

- Investment
- Retirement provision
- The working world
- Operational ecology
- Impact of climate change

Other issues at the same level (e.g. risk management and collaboration in sustainable development) should be considered as more of an approach. As a result, no GRI disclosures have been made on these issues in the report.

GRI = Left-hand column GRI = Right-hand column

GRI Standard	Name	Page	Additional information and omissions
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organisational Profile			
102-1 Name of organisation		2	Swiss Insurance Association SIA
102-3 Headquarters of organisation			Zurich
102-4 Location of operations			SIA operates in Switzerland
102-5 Ownership and legal form		2	
102-6 Markets served			SIA operates in Switzerland
102-10 Significant changes to the organisation and its supply chain			none
102-11 Precautionary principle or approach		9	
102-12 External initiatives		30	
102-13 Membership of associations		30	

GRI Standard	Name	Page	Additional information and omissions
Strategy			
102-14 Statement from senior decision maker		2	
Ethics and Integrity			
102-16 Values, principles, standards and norms of behaviour		7	
Governance			
102-19 Delegation of authority		9	
102-20 Executive-level responsibility for economic, environmental and social topics		9	
Stakeholder engagement			
102-40 List of stakeholder groups		9	
102-42 Identification and selection of stakeholders		9	
102-43 Approach to stakeholder engagement		9	
102-44 Key topics and concerns raised		9	Will be addressed in the next Sustainability Report
Reporting practice			
102-45 Entities included in the consolidated financial statements		12	
102-46 102-46 Definition of report content and topic boundaries		8	
102-47 List of material topics			Will be addressed in the next Sustainability Report
102-48 Restatements of information		12	No restatements compared with the previous year
102-49 Changes in reporting		5	
102-50 Reporting period		12	
102-51 Date of most recent report		5	
102-52 Reporting cycle		9	
102-53 Contact person for questions on the report		35	
102-54 Claims of reporting in accordance with the GRI Standards		12	

Material topics

GRI Standard	Name	Page	Additional information and omissions

Investment

GRI Standard	Name	Page	Additional information and omissions
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	14	
	103-2 Management approach and its components	14, 15, 16, 17	
	103-3 Evaluation of the management approach	12, 14, 16, 17	

Retirement provision

GRI Standard	Name	Page	Additional information and omissions
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	8, 20	
	103-2 Management approach and its components	21	

The working world

GRI Standard	Name	Page	Additional information and omissions
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	9, 22, 23	
	103-2 Management approach and its components	23	
	103-3 Evaluation of the management approach	23	

Operational ecology

GRI Standard	Name	Page	Additional information and omissions
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	25	
	103-2 Evaluation of the management approach	25	
	103-3 Evaluation of the management approach	12, 25, 26	
GRI 302: Energy 2016	302-3 Energy intensity	25	
	302-4 Reduction of energy consumption	25, 26	
GRI 305: Emissions 2016	305-4 GHG emissions intensity	25	
	305-5 Reduction of GHG emissions	25, 26	

Impact of climate change

GRI Standard	Name	Page	Additional information and omissions
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	8, 28	
	103-2 Management approach and its components	28	
	103-3 Evaluation of the management approach	28	

Footnotes

1. Most participating companies publish ecological balance sheets and report on their responsible investment activities on their websites.

2. Unit-linked investments were not included.

3. Engagement refers to an active dialogue between shareholders and management teams of investment companies or other relevant stakeholders. The focus is on the integration and application of environmental, social and governance criteria within their sphere of influence. It is also about owners being able to influence the companies in which they invest. Research shows that this strategy is often capable of achieving more than simple avoidance of investment in certain sec tors. Source: 'Sustainable Asset Management: Key Messages and Recommendations of SFAMA and SSF', https://www.sustainablefinance.ch/upload/cms/user/EN_2020_06_16_SFAMA_SSF_key_messages_and_recommendations_final.pdf

4. The complex nature of these investments (hedge funds, etc.) makes it difficult to provide clear evidence of sustainability in each fund.

5. Bridging the gap, measuring progress on the climate goal alignment and climate actions of Swiss financial institutions, Report November 2020; 2ii, wüestpartner and PACTA

6. https://www.svv.ch/en/sia/sia-publications/facts-and-figures/facts-and-figures/employee-statistics

7. www.svv.ch/de/standpunkt/versicherer-gestalten-die-arbeitswelt-von-morgen

8. www.svv.ch/de/skills

LEGAL NOTICE
Published by: Swiss Insurance Association (SIA), Sustainability Committee. Contact: Gunthard Niederbäumer, SIA. Content collaboration: Sustainability Committee, Investment Committee. Editorial team: Lisa Schaller, Urs Arbter and Jan Mühlethaler, SIA. Editorial collaboration: Daniel Schriber, Schriber Kommunikation, Lucerne. Translation F: Christine Reversac Baudry, I: Assofide SA, E: Supertext AG. Graphic design: Klar für Marken GmbH, Zurich. Printed by: Druckerei Robert Hürlimann AG, Zurich.

GRI 102-53

ASA | SVV

Swiss Insurance Association SIA
Conrad-Ferdinand-Meyer-Strasse 14
P.O. Box
CH-8022 Zurich
Tel. +41 44 208 28 28
info@svv.ch
svv.ch