

Swiss finance sector comes together to address climate change

17.00-19.00, 1 July, 2015, Zurich

Agenda

Setting the stage

Sabine Döbeli, CEO, Swiss Sustainable Finance: Climate change and Swiss finance – from threat to opportunity

Understanding the role of the financial sector in climate change and taking action

Maximilian Horster, Partner & Director Financial Industry, South Pole Group: The financial industry and climate change: international trends and corporate solutions as a response

Tobias Jung, Head of Research, Inrate: Aiming at carbon – ensuring positive impact!

Climate finance: a growing business opportunity for the financial sector

Linde Griebhaber, Perspectives : Climate finance – the key stakes in the run-up to the Paris COP

Financial institutions: best practice showcase

Hendrik-Jan Boer, Head of Sustainable Investments & Senior Portfolio Manager, Sustainable Equity, NN Investment Partners Switzerland Ltd. (formerly known as ING Investment Management Switzerland) Ltd.: Environmental influences within sustainable investments

Lasse Wallquist, Senior Environmental Mgmt Specialist, Vice President, Corporate Real Estate & Logistics Swiss Re: Environmental sustainability in the operations and its link to corporate strategy and priorities

Round table with participants and informal networking apéro at South Pole Group

Setting the stage

Sabine Döbeli, CEO, Swiss Sustainable Finance: Climate change and Swiss finance – from threat to opportunity



Climate Change and Swiss Finance – from threat to opportunity

Sabine Döbeli, CEO Swiss Sustainable Finance, 01.07.2015

Switzerland can build on strengths in finance and sustainability

Leading financial centre

- 3 Swiss banks among the 10 largest wealth managers
- Around 10 % of global securitized assets under Swiss management
- 70 % + Share of Swiss insurance premiums earned abroad

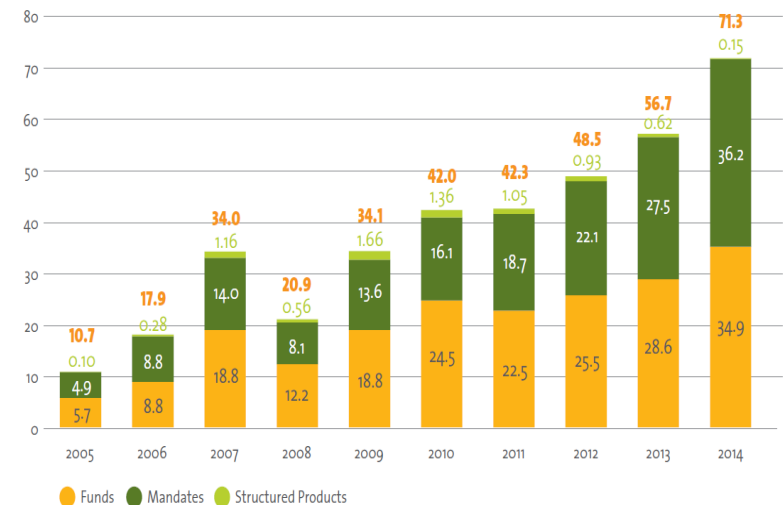
High sustainability standards

- Sustainability is anchored in Swiss constitution (Art. 73)
- Switzerland ranks no. 1 in the Global Competitiveness Index (WEF 2014)
- High stability, security and reliability, as illustrated by the high score in the World Bank «Government Effectiveness Index»

Sustainable finance in Switzerland

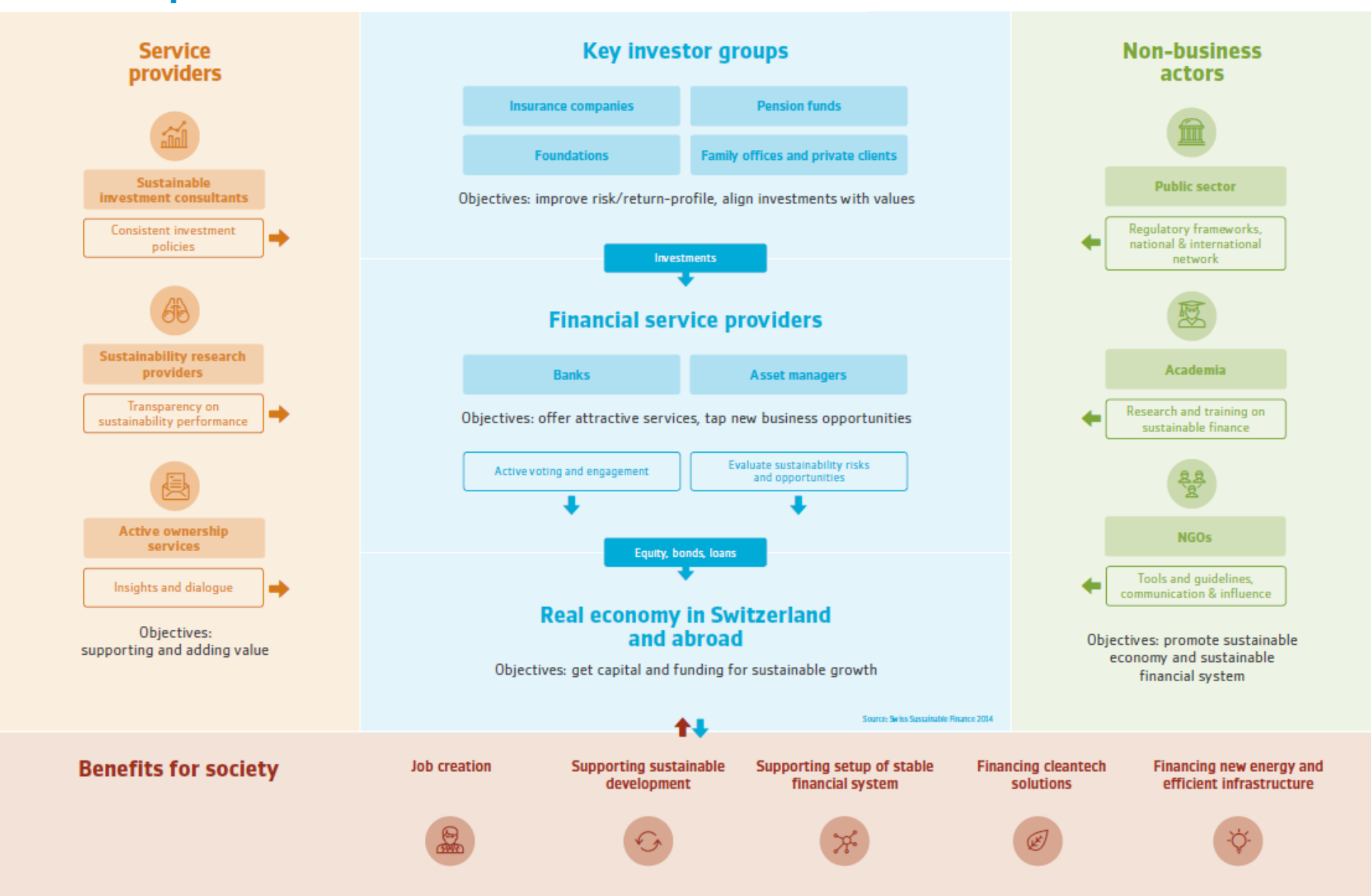
- Sustainable investments of CHF 71 bn managed in Switzerland (2014)
- One third of global microfinance investments managed in Switzerland
- Innovative sustainable finance products developed
 - First global sustainability index series
 - Reputational risk indicator as a basis for financing decisions
 - Fairtrade fund
- Landscape of sustainable finance with over 220 actors

FIGURE 3: Investment Funds, Mandates and Structured Products



Source: Forum Nachhaltige Geldanlagen

Landscape of Swiss Sustainable Finance



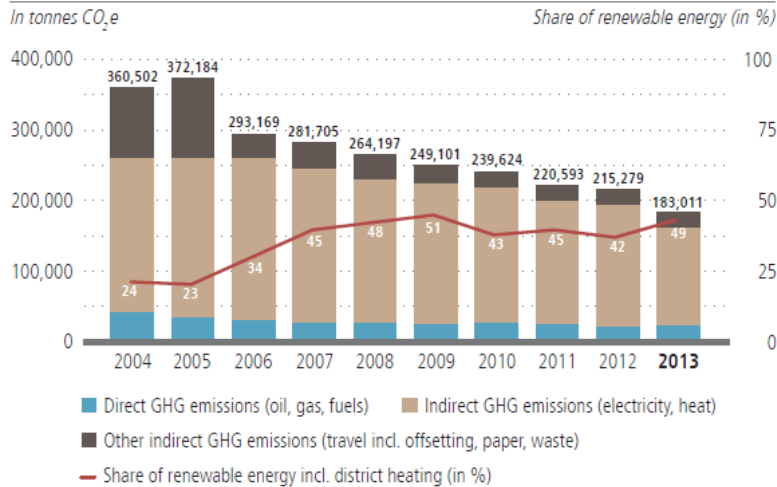
The role of financial service providers in addressing climate change

- Reduce carbon footprint in own operations
- Measure and reduce carbon intensity of client portfolios (while keeping risk/return profiles stable)
- Support Swiss industry in reducing their footprint (i.e. through consulting in lending process)
- Finance change
 - Thematic investments (funds, green bonds, real estate)
 - Private equity/venture capital

Swiss financial service providers: strong in reducing their own footprint



UBS's greenhouse gas (GHG) footprint



49.3%

Total reduction in CO₂ emissions per employee between 2003 and 2013



Key Performance Indicators for Environmental Management¹

	2014		2013 ²		2012 ²	
	Absolute	per FTE ³	Absolute	per FTE ³	Absolute	per FTE ³
Energy (MWh)	576,000	12.4	633,000	13.5	696,000	14.3
Business travel (km)	531,389,000	11,500	528,312,000	11,300	561,843,000	11,600
Paper (t)	4,400	0.10	5,200	0.11	5,600	0.11
Water (m ³)	1,021,000	22	1,136,900	24	1,326,400	27
Waste (t)	12,100	0.26	11,600	0.25	13,500	0.28
Greenhouse gas emissions ⁴ (CO ₂ equivalents in metric tons)	244,900	5.3	268,700	5.7	325,100	6.7

¹ According to VU standard (rounded figures).

² Minor adjustments made to 2012 and 2013 basic data sets.

³ Employees (full-time equivalents).

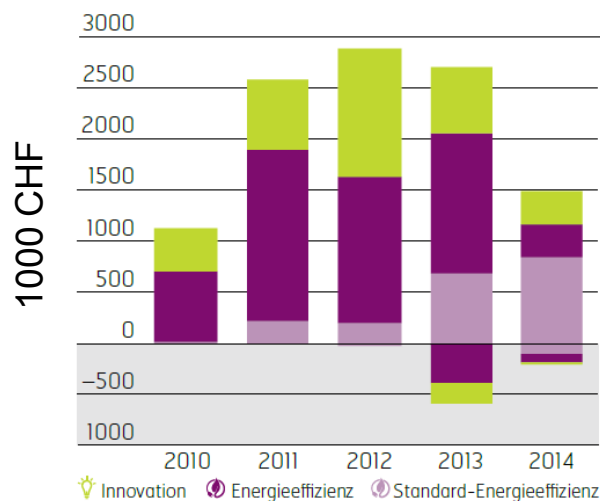
⁴ Net greenhouse gas emissions.

-24% in 2 years

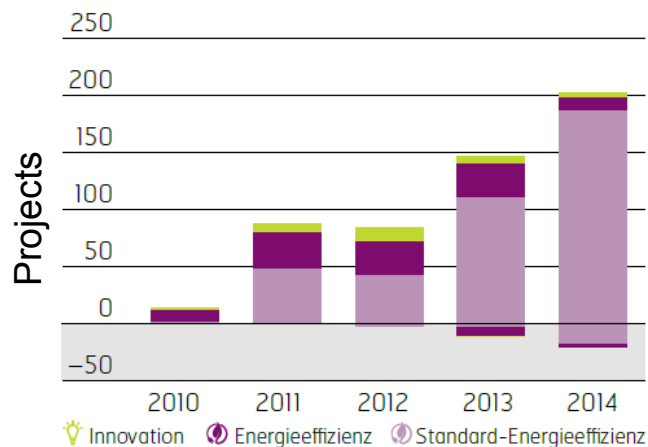
Swiss financial service providers: strong in climate initiatives



Förderung von Projekten in tausend CHF



Förderung von Projekten nach Anzahl



Many companies have climate-neutral operations
(i.e. Credit Suisse, Swiss Re, Vontobel, ZKB, Zurich Insurance Group)

Swiss banks and investors: not so strong in integrating climate risks into core business

- Share of sustainable funds as of total funds around 4%
- No Swiss signatory to the Montreal Carbon Pledge,
1 Swiss member with IIGCC
- No Swiss institutional asset owners divesting from fossil fuel stocks
- Total volume of sustainable thematic funds 17.02 billion CHF (2014)

Stranded Assets – Wave of institutional investors announcing action 2014/2015 – but Swiss institutions missing

- Axa Group
- Norwegian Government Pension Fund
- KLP Group
- University of Glasgow
- The Rockefeller Brothers
- World Council of Churches
- Oxford City Council
- Stanford University
- Etc.

Glasgow Divests... This Changes Everything

 Louise Hazan October 8, 2014

[Share](#) [Tweet](#)

The University of Glasgow has become the first university in Europe to divest from the fossil fuel industry. After a year of student campaigning the University Court has voted today to begin **divesting its entire £129 million endowment from fossil fuels**. This is a major victory for the UK and Europe's rapidly growing fossil fuel divestment movement.



Norway fund could trigger wave of large fossil fuel divestments, say experts

Other investors are likely to follow Norwegian fund's move out of coal-based investments, due to its size as the world's largest sovereign wealth fund

theguardian
Winner of the Pulitzer prize 2014

[sport](#) [football](#) [opinion](#) [culture](#) [business](#) [lifestyle](#) [fashion](#) [environment](#) [tech](#) [travel](#)

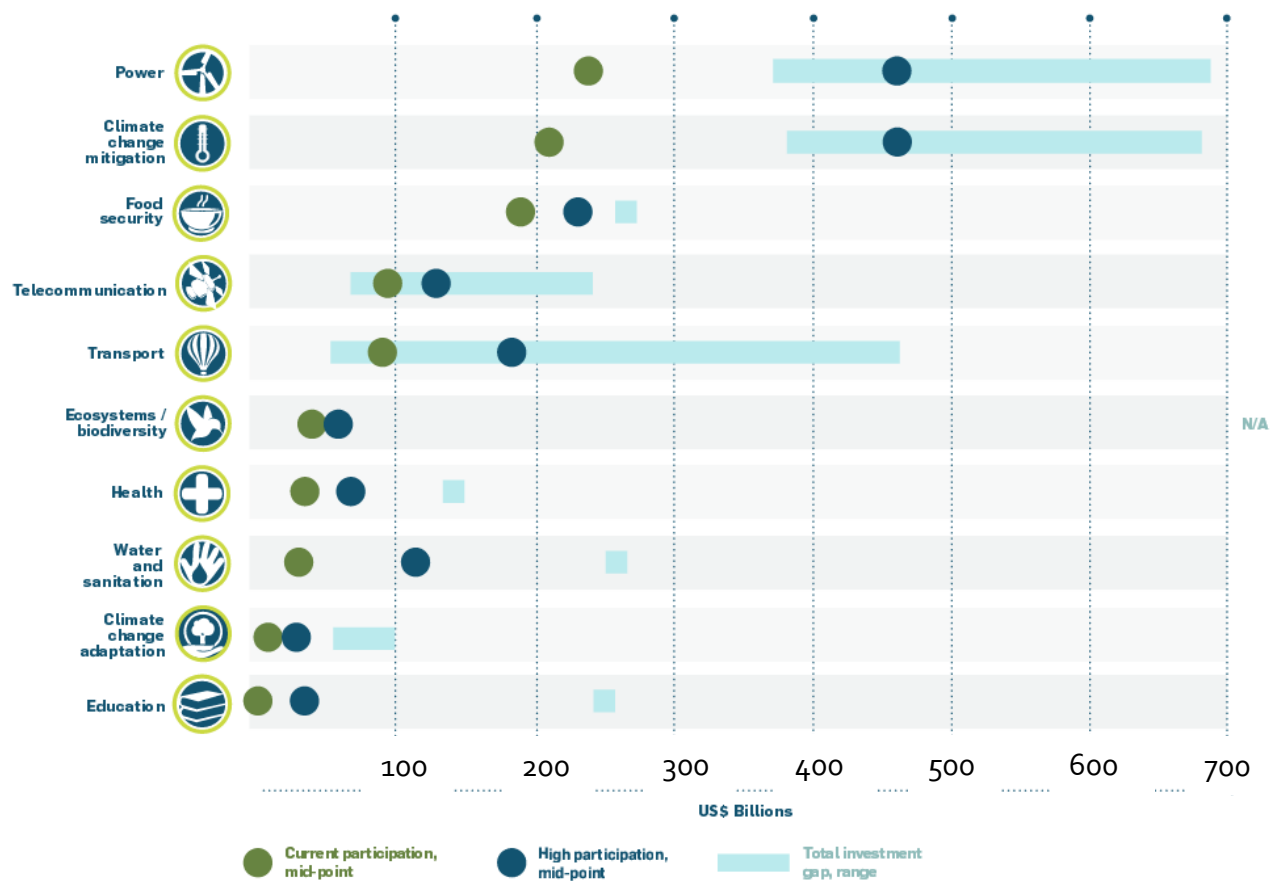
[browse all sections](#)

[climate change](#) [wildlife](#) [energy](#) [pollution](#)

Rockefeller Brothers Fund: it is our moral duty to divest from fossil fuels

UN calls for private sector involvement to finance development

Total investment needs and private sector participation in key SDG sectors in developing countries



5-7 trillion USD per year to achieve SDGs

Source: UNGC and UNCTAD

Three thesis on Swiss sustainable finance

1. Sustainability brings new ways to enhance private wealth management

- Innovation and longterm view complement existing Swiss strengths (quality and stability) for the benefit of clients

2. No Swiss centre for global asset management without broad ESG integration

- Large asset owners take it for granted
- Regulators are getting active

3. Multi-specialist offerings as export products

- Sustainable investment services/research
- Innovative satellites (thematic funds, impact investing)
- Philanthropy/foundation services

Contact

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www.sustainablefinance.ch

Setting the stage

Sabine Döbeli, CEO, Swiss Sustainable Finance: Climate change and Swiss finance – from threat to opportunity

Questions?

Understanding the role of the financial sector in climate change and taking action

***Maximilian Horster, Partner & Director
Financial Industry, South Pole Group: The
financial industry and climate change:
international trends and corporate solutions as a
response***

***Tobias Jung, Head of Reserach, Inrate:
Sustainable investment solutions: Strengths and
limitations of Portfolio Carbon Screenings!***

The Climate Impact of Investments

Dr. Maximilian Horster – Director Financial Industry



About South Pole Group

We measure and reduce environmental and social impact for 1'000+ clients.

We enable our customers to create value from sustainability-related activities.

Our staff of 130 employees in 17 offices worldwide are passionate to fight climate change.

Developing solutions worldwide



Regional office



Headquarter



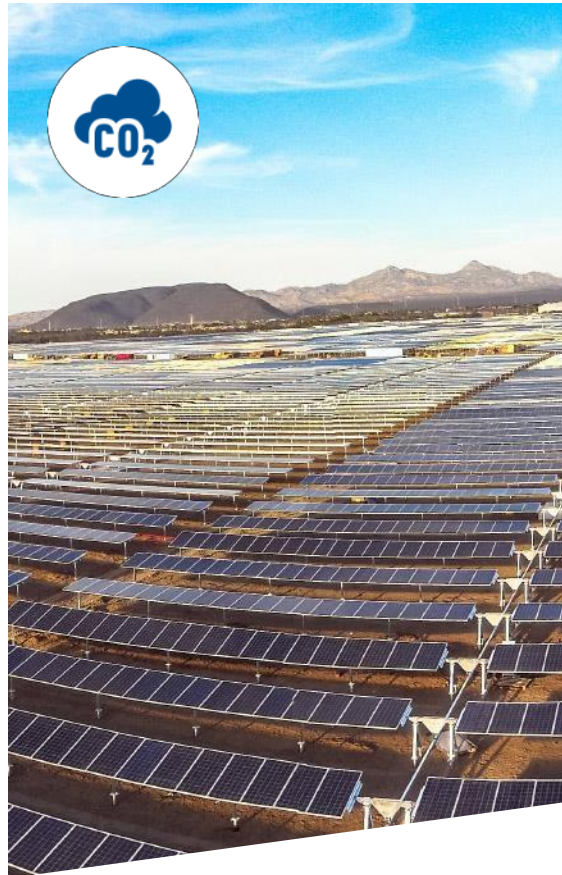
Emission reduction projects

Impact

Created
20'000 jobs



Saved 50 million
tonnes of CO₂



Measured USD 300 bn+
of investment impact



Financial industry reference



A movement driven by asset owners...

Mandatory investments
footprinting in France

Portfolio Decarbonization
Coalition is formed, with
now 10 members

Montreal Pledge is
announced. Over 50
signatories (USD 2.9tn)

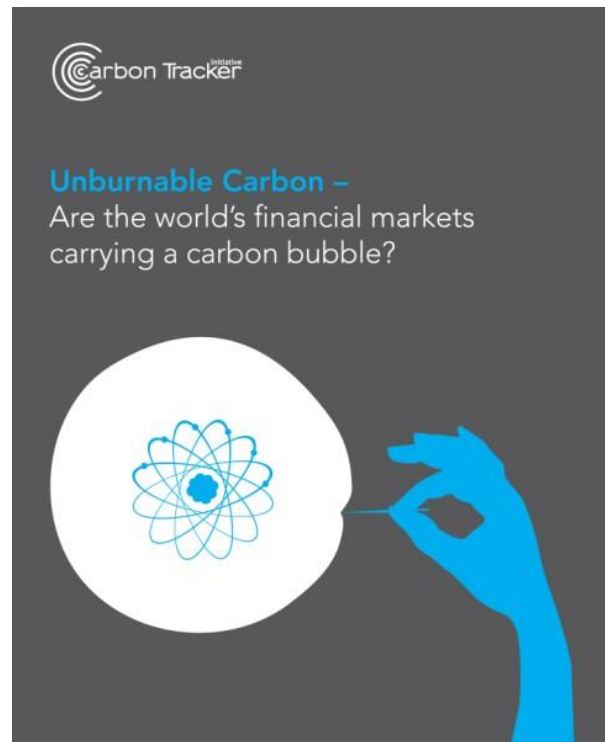
Global Investor
Statement on Climate
Change of 350 investors

Low Carbon Investment Registry
reports USD 24bn of emission
reducing investments by 45 investors



Investment risk

- Physical risk by impacts of climate change
- Reputational and competitive risk
- Regulatory risk
- Litigation risk
- Stranded assets



It makes financial sense

CPLI financial performance 2010-2014

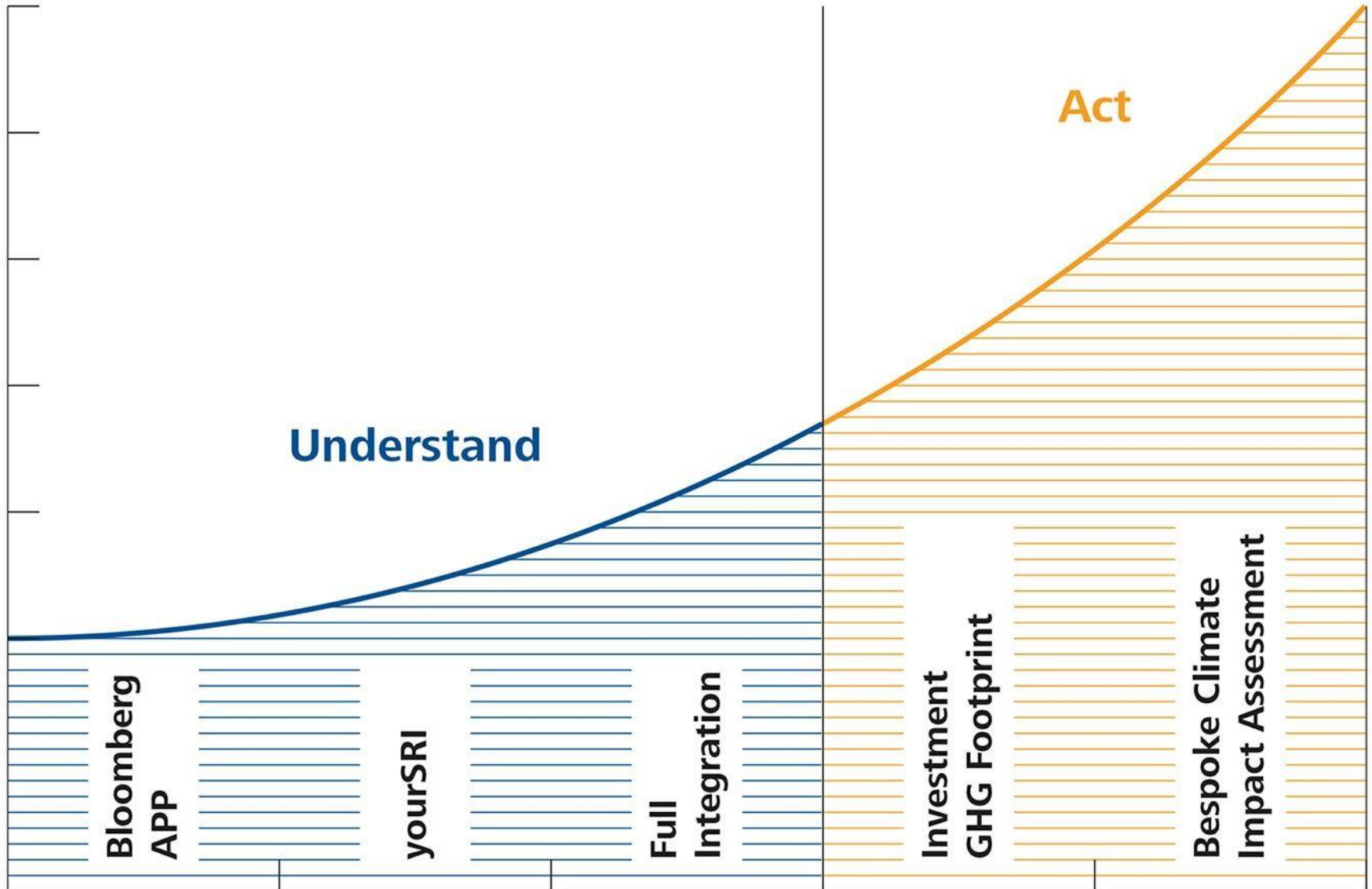
Index, October 1, 2010=1,000. Prices calculated in US\$.



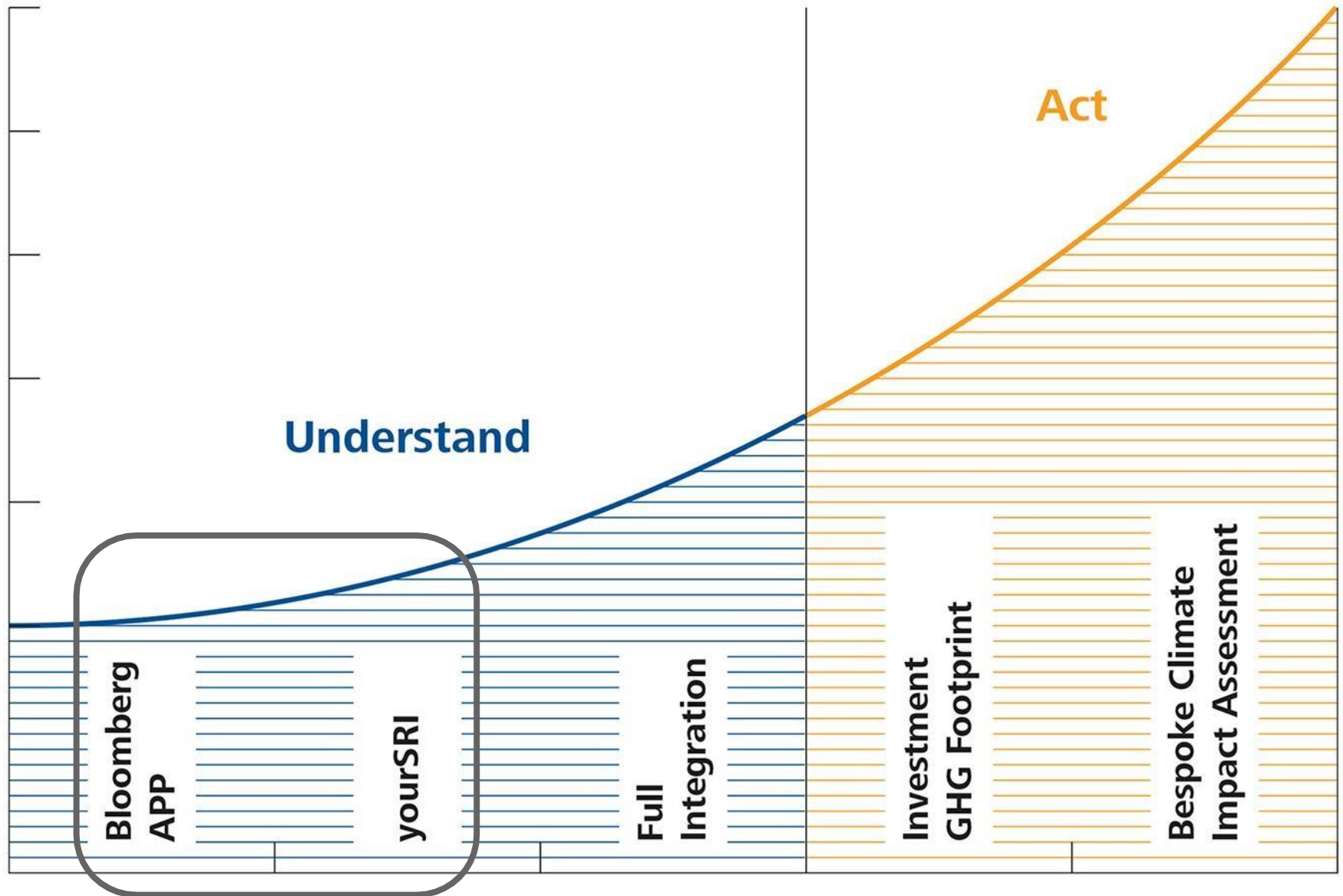
Source: data in US\$ from 1/10/2010 to 22/9/2014, source ECPI based on data by Thomson Reuters Datastream and Bloomberg.



It's a journey...



Online Screener



The Investment Carbon Screeners online

Easy, quick, inexpensive:

- Upload Ticker
- Run Portfolio
- Download Report



APPS CARBON

<Search Applications>

99) Feedback

Bloomberg Application Portal

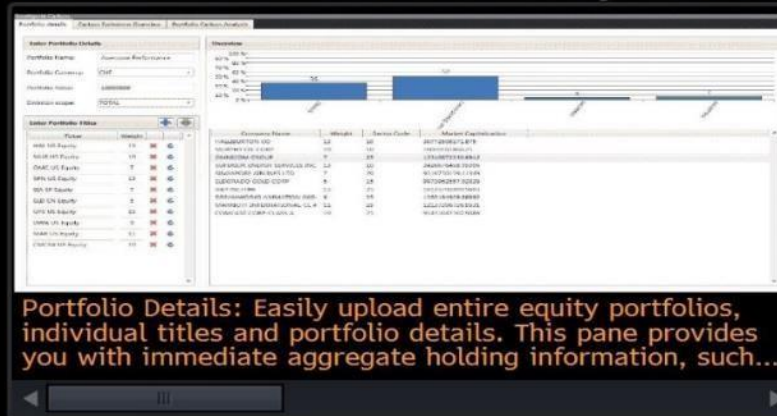
1) Featured

2) Categories

3) My Apps

4) What's New

Investment Carbon Screener by South Pole Carbon Ltd



Portfolio Details: Easily upload entire equity portfolios, individual titles and portfolio details. This pane provides you with immediate aggregate holding information, such...

APPS CARBON <GO>
\$499/month

1) Run App (Privileged)

NOTE: Preview expires automatically
WITHOUT cost & NO legal paperwork.

USER GUIDE

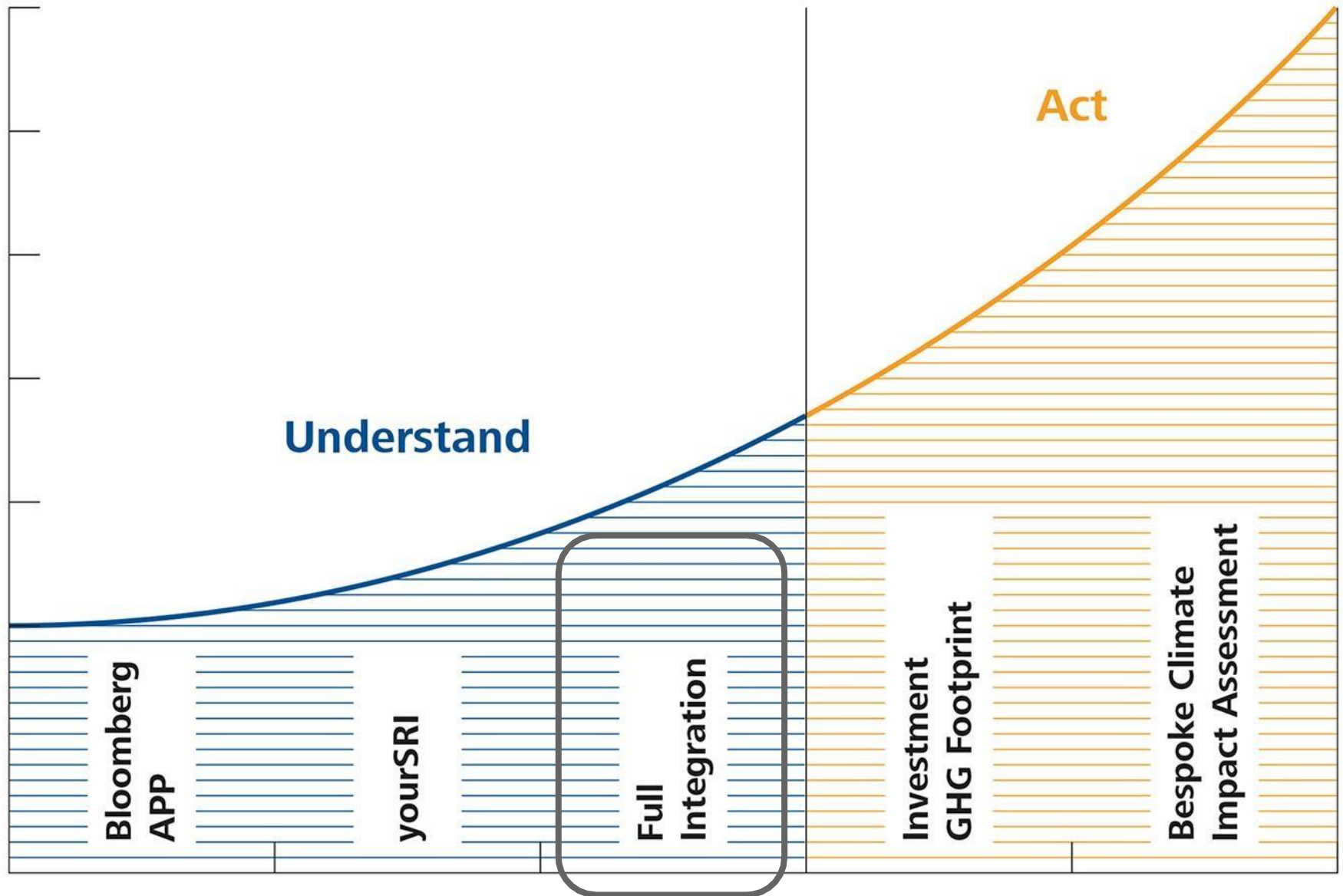
13) Description

15) Publisher Info

10) Support

The Investment Carbon Screener is a powerful tool that provides extensive information on the carbon

Data Feed



Low Carbon Indexes



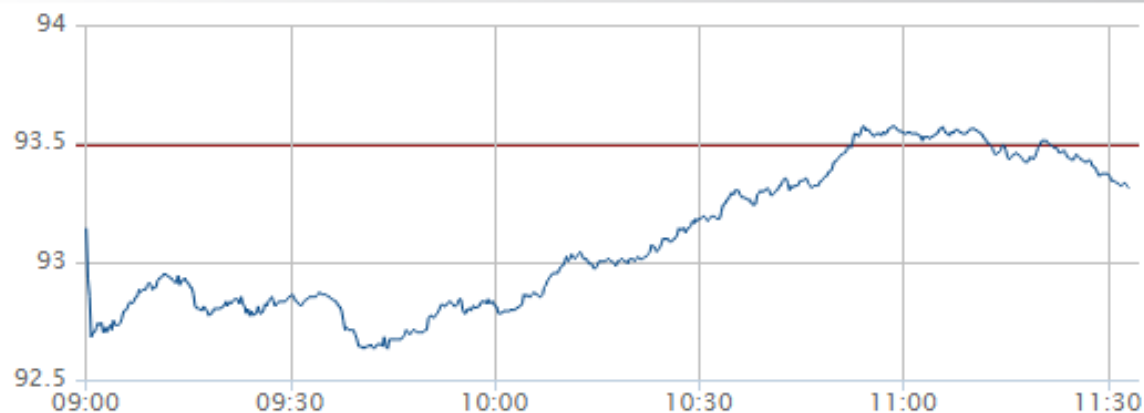
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Solactive CK Low Carbon Europe Index

The Low Carbon Indexes™ guarantee a 50% reduction in carbon intensity against the market benchmark, as verified by South Pole Carbon, and are the first in the industry to use the Sustainable Industry Classification System™ (SICS™), which categorizes industries based on resource intensity and sustainability innovation potential.

Profile

Index composition



Intraday

1 Week

1 Month

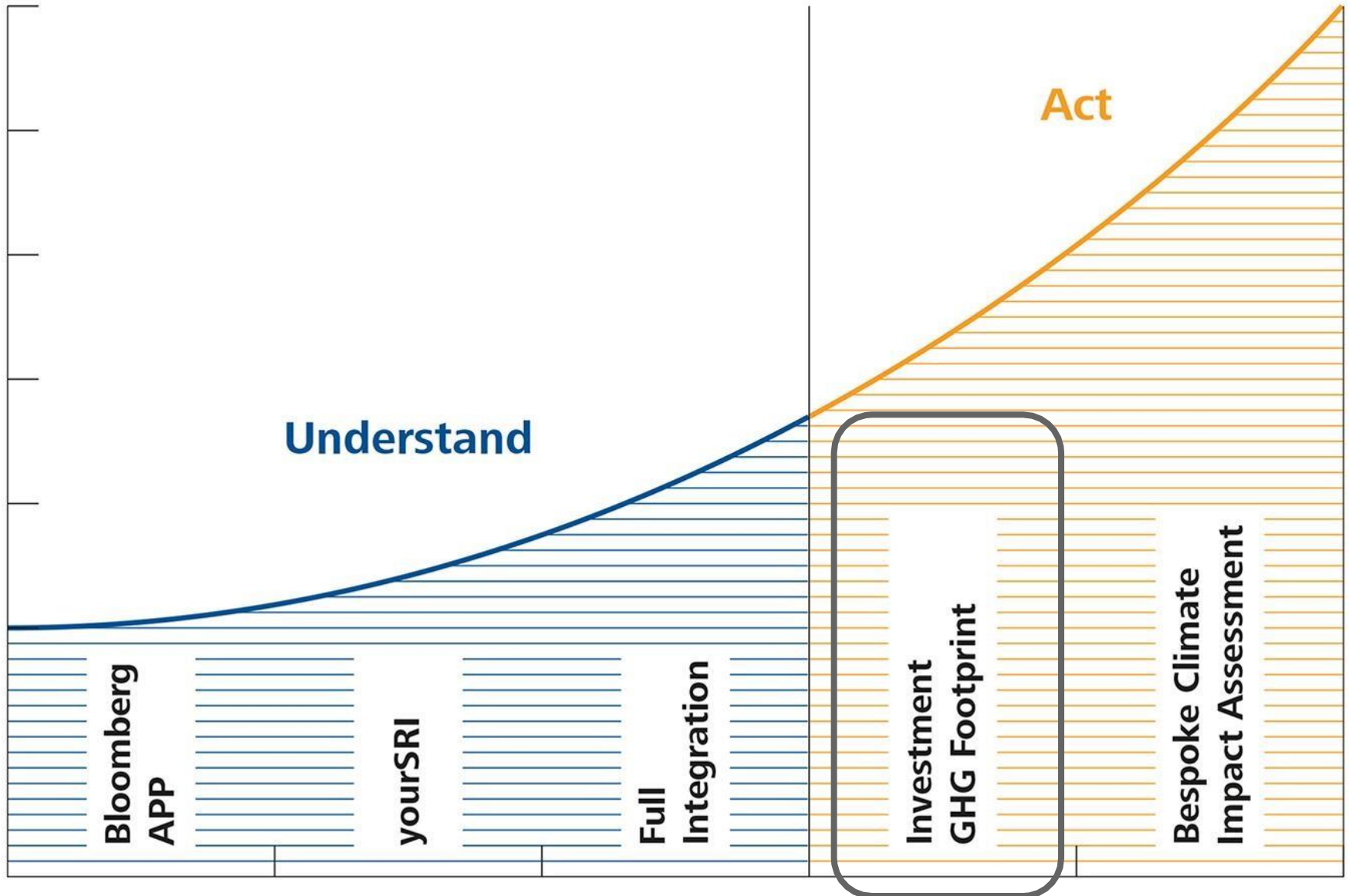
3 Month

1 Year

5 Years

Max

Portfolio Analysis



Case study: IIGCC Example Portfolio



Comparison IIGCC Example Portfolio vs Benchmark

	%	IIGCC Example Portfolio	%	IIGCC Benchmark	Difference
Total Emissions Scope 1&2 (tCO ₂ e)		237'426		212'282	-25'144
Total Emissions Scope 1,2 & 3 (tCO ₂ e)		739'108		619'084	-120'024
Total Emissions Scope 1,2 & 3 (tCO ₂ e) Minus Double Counting		436'074		365'260	-70'814
Total Offsetting Cost (USD)	0.32%	3'181'503	0.28%	2'844'574	
Percentage of Disclosing Companies		85%		64%	21%
Emissions (kgCO ₂ e) per (USD 100 Invested)		24		21	11%
Emissions (tCO ₂ e) per Revenue (USD Millions)		340		264	22%
Weighted Emission / Weighted Sales		173		152	12%

USD 1bn invested into
the **IIGCC Example
Portfolio** and the
Benchmark.

<u>Index</u>	<u>tCO₂e per USD 100 invested</u>
SMI Index	16
IIGCC Benchmark	21
MSCI UK All Cap	24
IIGCC Portfolio	24
S&P 500	27
OSEBX	30
MSCI Europe	32
Stoxx 50	57
Dax	75

Attribution Analysis

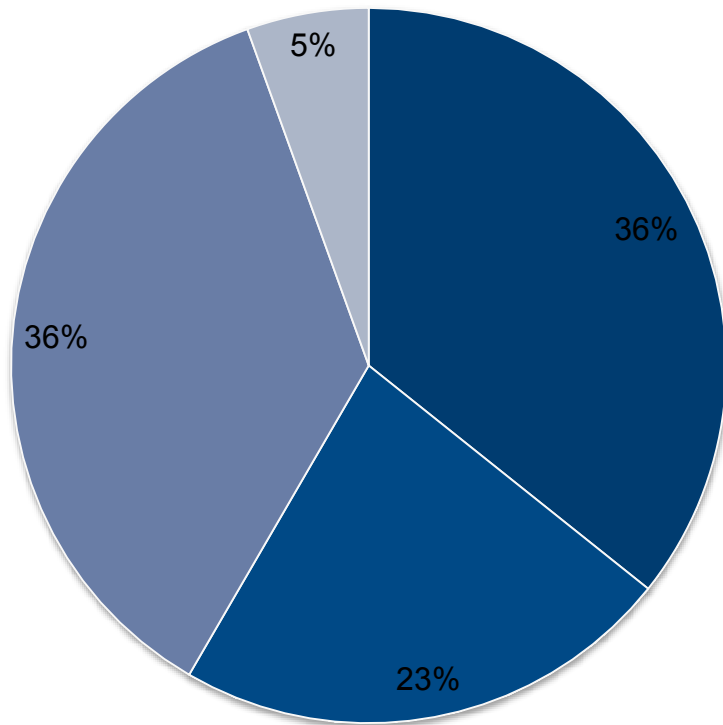
	Sector Allocation Contribution to Out/ Underperformance (tCO ₂ e)	Sector Allocation Contribution to Out/ Underperformance (%)	Stock Selection Contribution to Out/ Underperformance (tCO ₂ e) ₂	Stock selection Contribution to Out/ Underperformance (%)
Industrials	4'714	2.2%	1'600	0.8%
Materials	-789	-0.4%	-22'509	-10.6%
Cons Staples	-544	-0.3%	1'874	0.9%
Financials	-207	-0.1%	195	0.1%
Health Care	119	0.1%	-654	-0.3%
Energy	-4'058	-1.9%	25'758	12.1%
Cons Discretion	-1'246	-0.6%	-2'232	-1.1%
Information T.	1'008	0.5%	-1'670	-0.8%
Utilities	11'298	5.3%	13'379	6.3%
Telecom Service	-1'121	-0.5%	101	0.0%
Cash/Others	-	0.0%	-	0.0%
Total	9'173	4.3%	15'842	7.5%
		Interaction Effect:	13'116	0.1%
		Portfolio Carbon		
		Underperformance (tCO₂e)		25'147
		Portfolio Carbon		
		Underperformance (%)		11.8%
Total Emissions (tCO₂e)				
IIGCC Example				
Report	237'425			
IIGCC Benchmark	212'278			

Largest contributors to portfolio emissions

Company	Weight in Portfolio	tCO ₂ e in portfolio	% of Total	Source
RWE AG	0.87%	778'18	33%	Disclosed
LAFARGE SA	0.64%	325'56	14%	Disclosed
CANADIAN OIL SANDS LTD	1.00%	28'622	12%	Disclosed
PETROBRAS - PETROLEO BRAS-PR	0.70%	10'643	4%	Disclosed
EASTMAN CHEMICAL CO	1.57%	9'707	4%	Disclosed
A P MOLLER - MAERSK A/S - B	1.12%	8'759	4%	Disclosed
ENTERGY CORP	0.30%	6'765	3%	Disclosed
JAPAN AIRLINES CO LTD	0.86%	6'210	3%	Disclosed
PRAXAIR INC	1.18%	5'619	2%	Disclosed
EXELON CORP	0.65%	5'084	2%	Disclosed

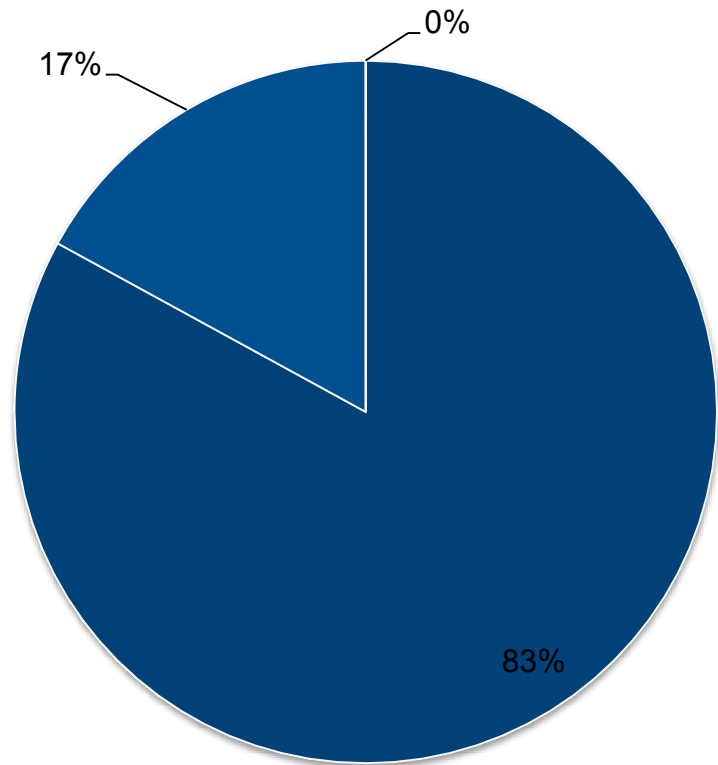
Transparency of IIGCC Example Portfolio

Sources of Emissions (Per Company)



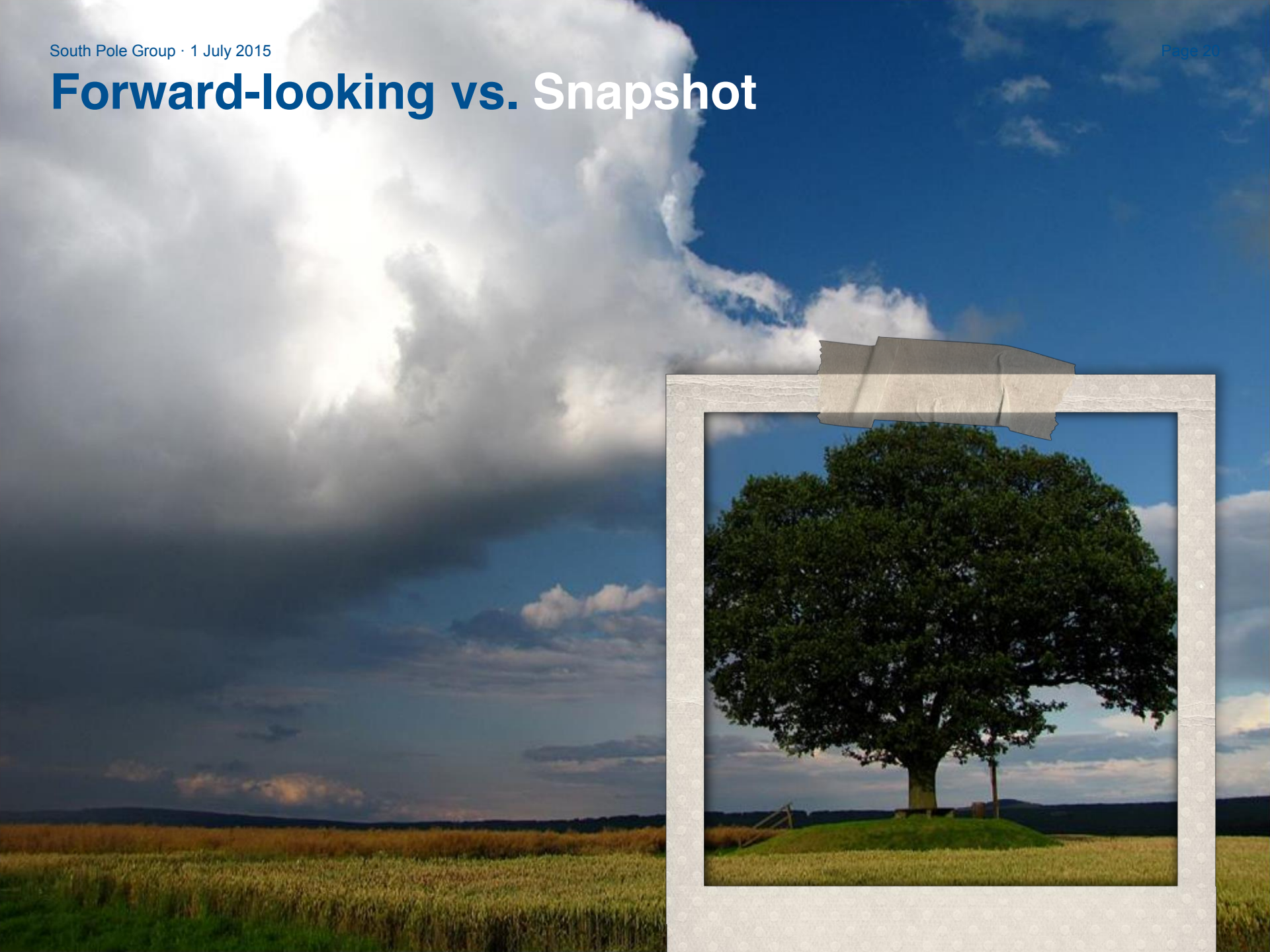
■ CDP ■ CSR ■ Approx ■ Other Sources

Weighted Disclosure of Money Invested

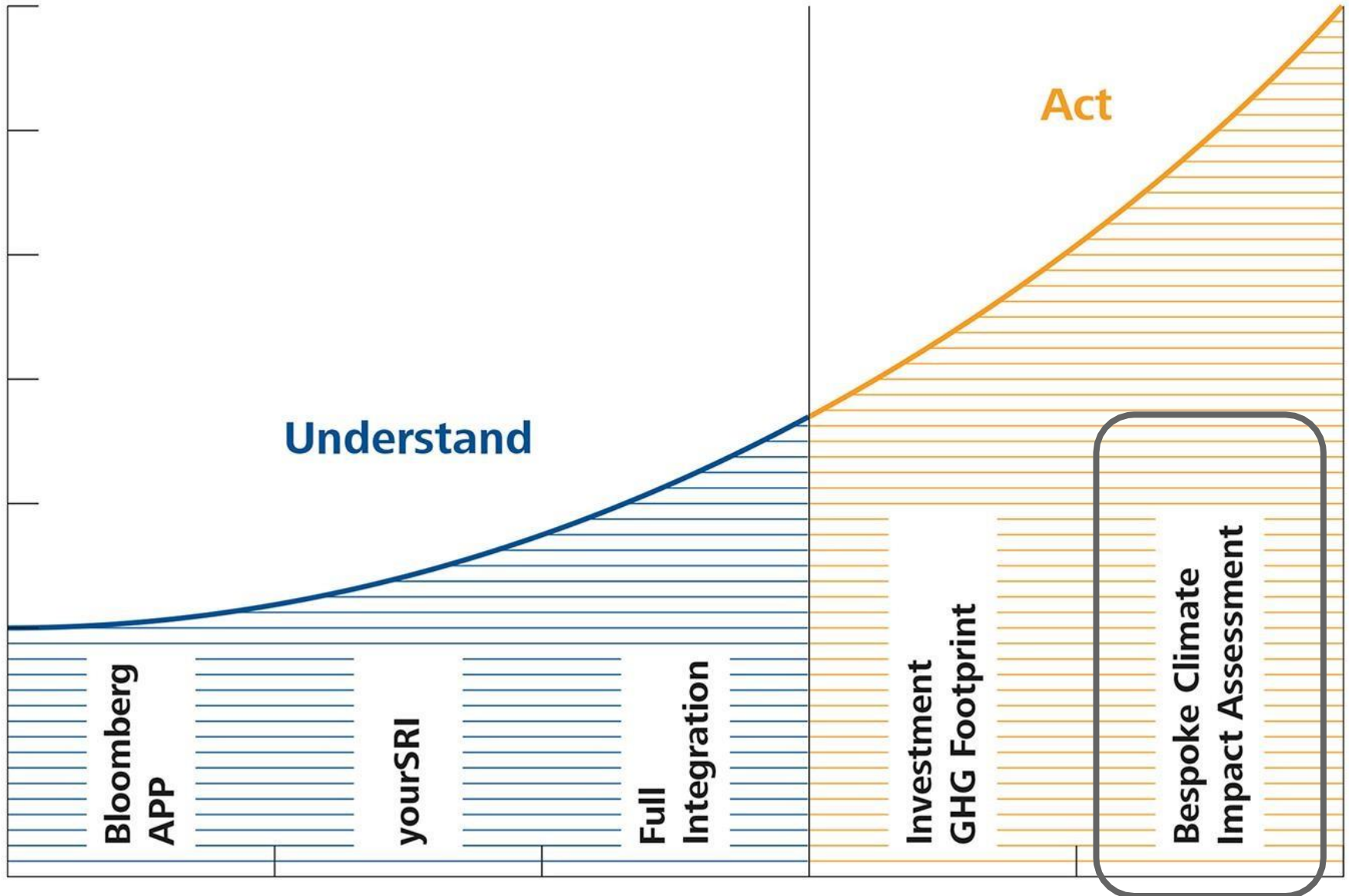


■ Disclosed ■ Approximated ■ Non-Equity

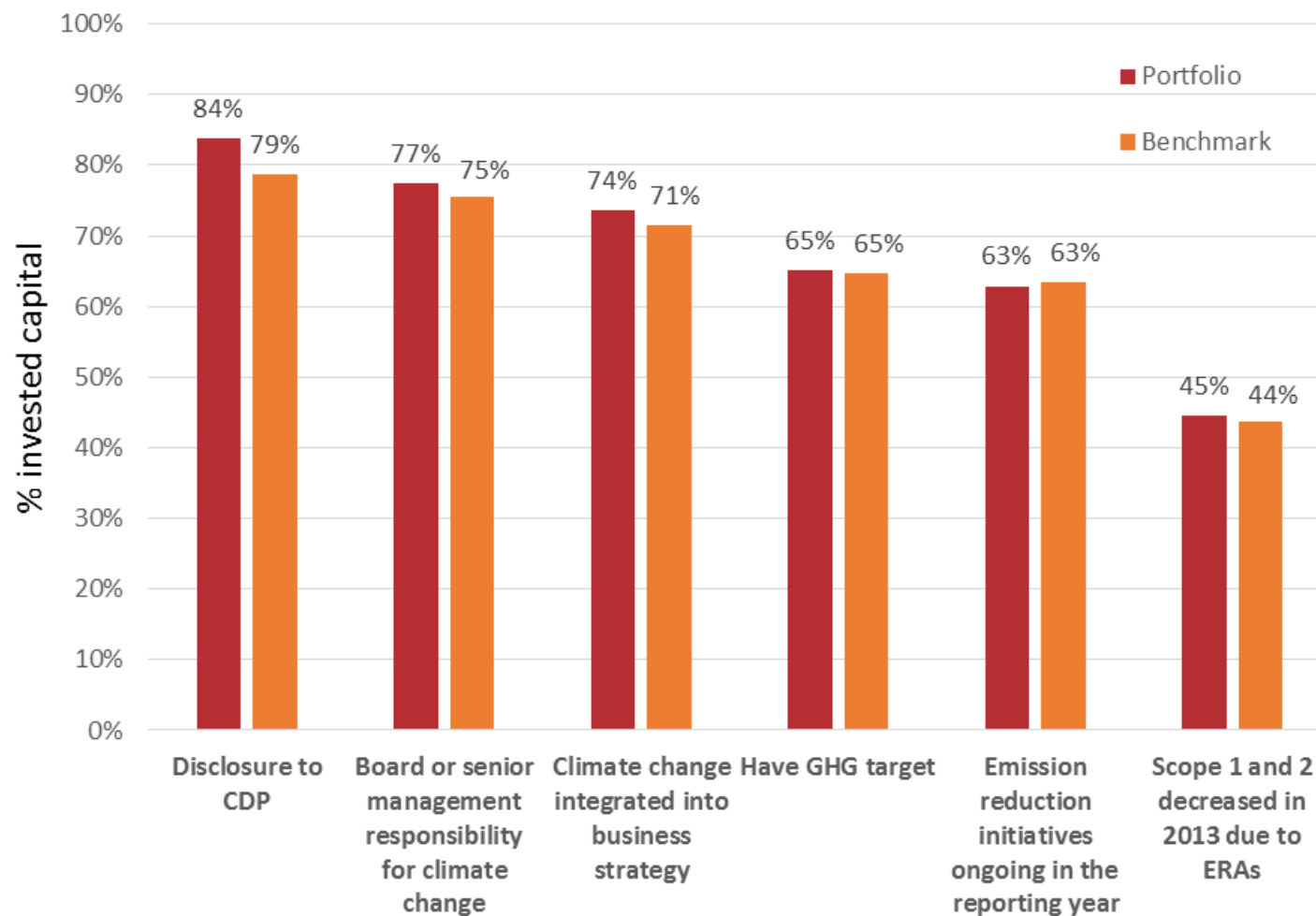
Forward-looking vs. Snapshot



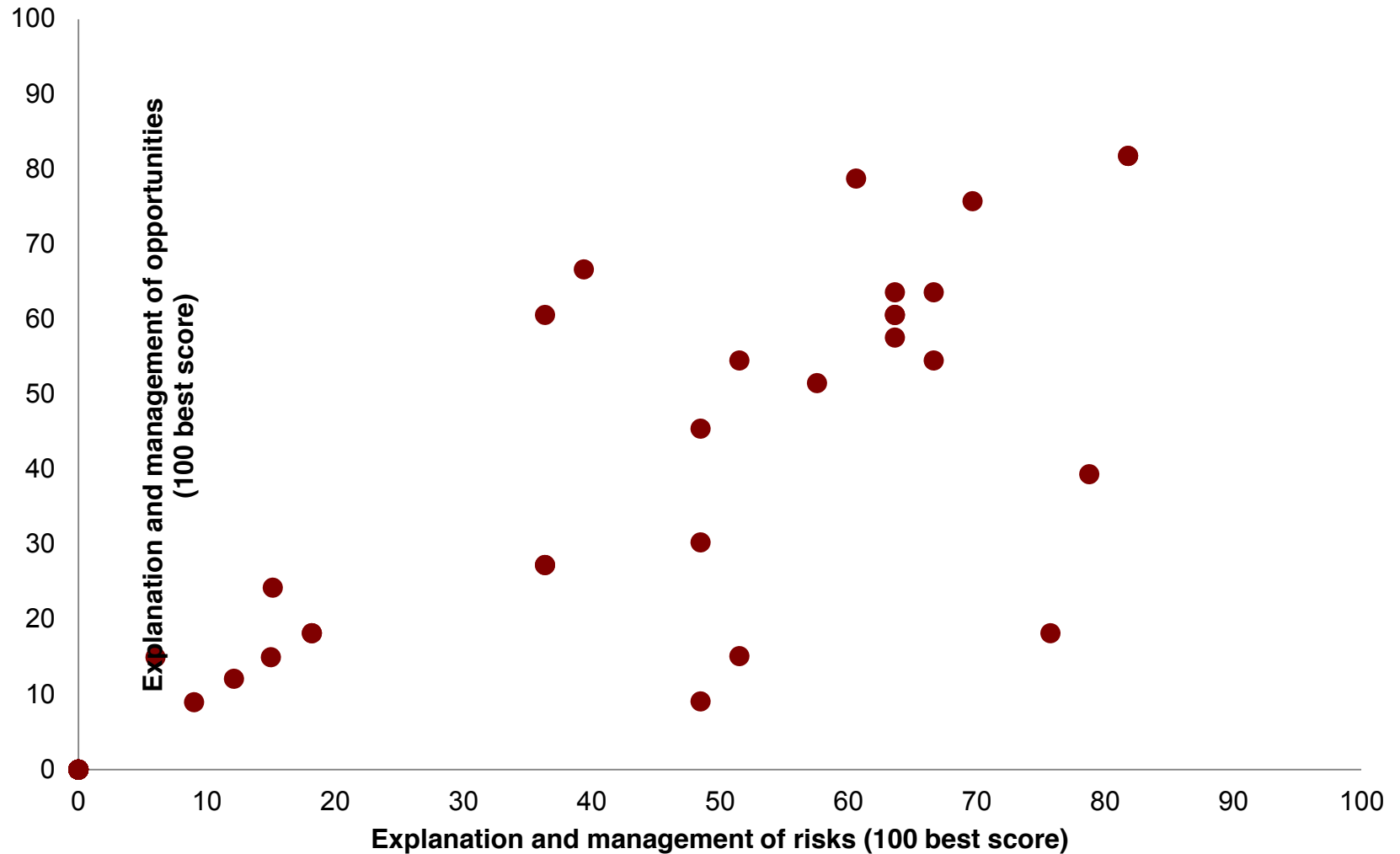
Climate Impact Assessment







Forward - looking Analysis



Risk/ Opportunity Management



Engagement List

Ticker	Company	Severity	Subject for engagement/dialogue
PNR US	Pentair Plc		Does not disclose to CDP
V US	Visa, Inc.	 	Company does not integrate climate change in the overall business strategy No board of senior executive oversight of climate change as an issue
SAP GR Equity	SAP SE		Excellent disclosure and strong performance in reporting on climate change (CDP score 100 A)
Etc.	Etc.	Etc.	Etc.

Diving deeper

Sector deep-dives

- Reserve analysis
- Electricity mix
- Transition pathways

Net-impact assessments

- Quantifying positives
- Netting impact

Multi-asset class approaches

- Corporate bonds
- Governmental bonds
- Private equity
- Infrastructure
- Forestry/ Agriculture

Other natural capital factors

- Water
- Deforestation
- Regulation impact

What's next?



Strategies to act

Measure & set targets

Set reduction targets for yourself & asset managers

The Portfolio
Decarbonization Coalition

Communicate

Report your climate impact to stakeholders

MontrealPLEDGE

Engage

Engage on Transparency and Performance

Hedge

Focus on likely winners of low carbon economy

Price externalities

Apply environmental cost, offset GHG emissions

Divest

Avoid fossil fuel exposure entirely

Thank you

Maximilian Horster
M.Horster@thesouthpolegroup.com



Aiming at carbon – ensuring positive impact!

Strengths and limitations of Portfolio Carbon Screenings from the perspective of Sustainable Investments

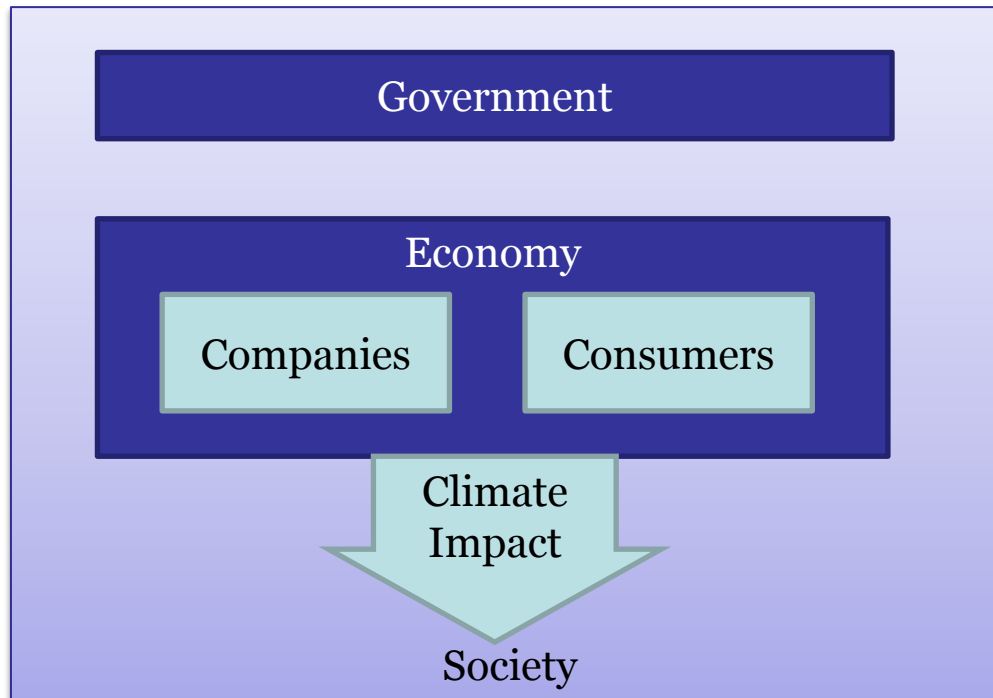
Inrate Sustainability Research



Outline

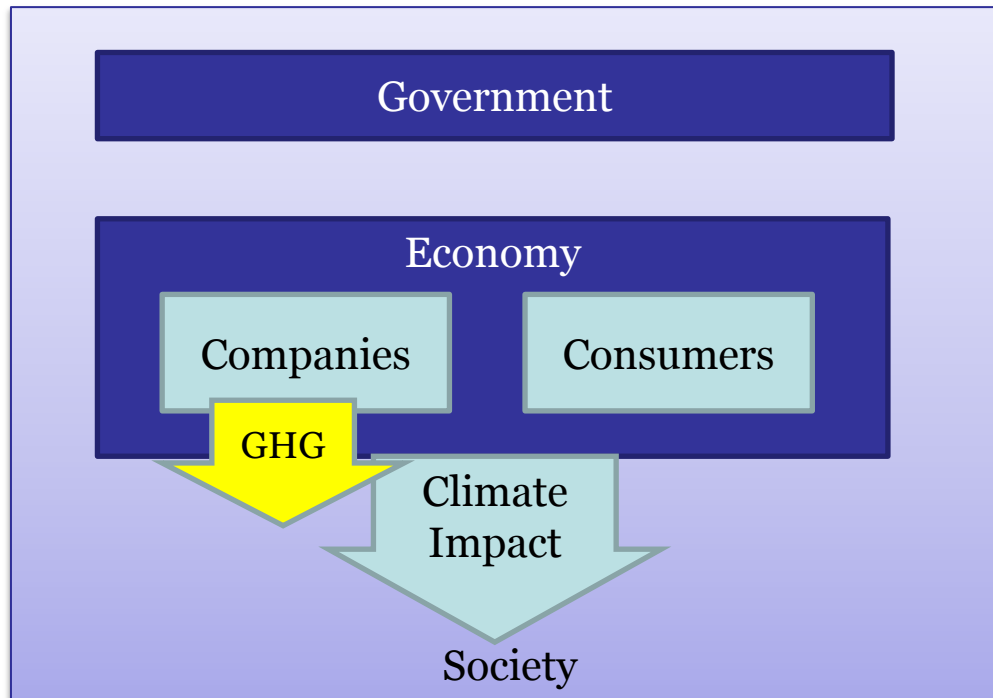
- Climate change and the role of companies
- What is measured: CO₂ impact of companies
- Strengths and limitations of carbon screenings
- Sustainability impact is more than just climate impact
- Financial risks: Climate and other sustainability impacts
- Conclusions

Climate change and the role of companies



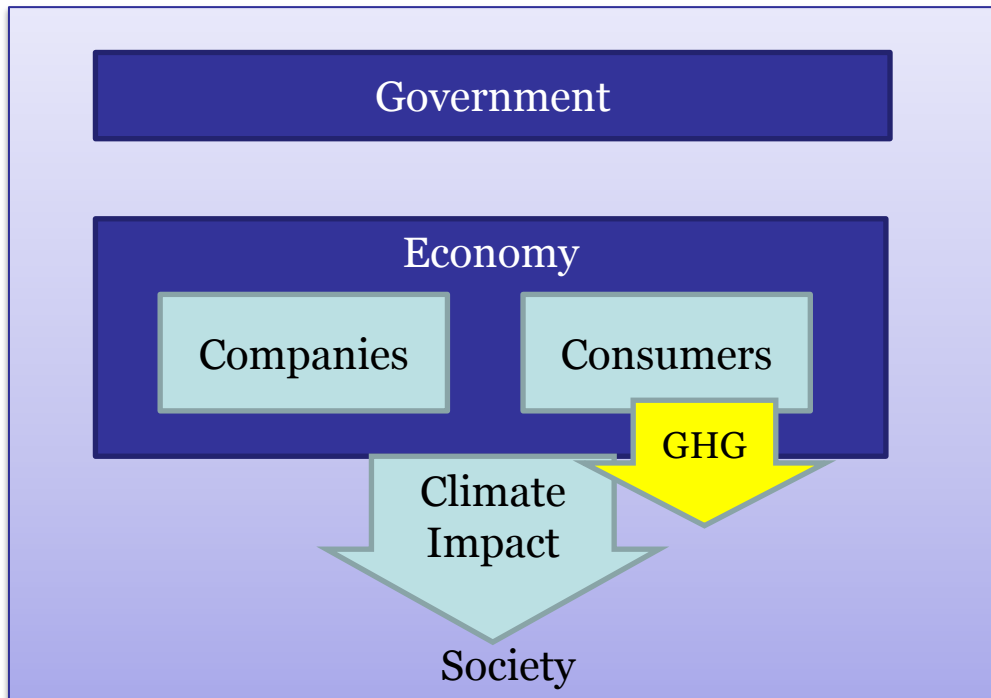
Companies play different roles concerning the climate impact of the economy

Climate change and the role of companies



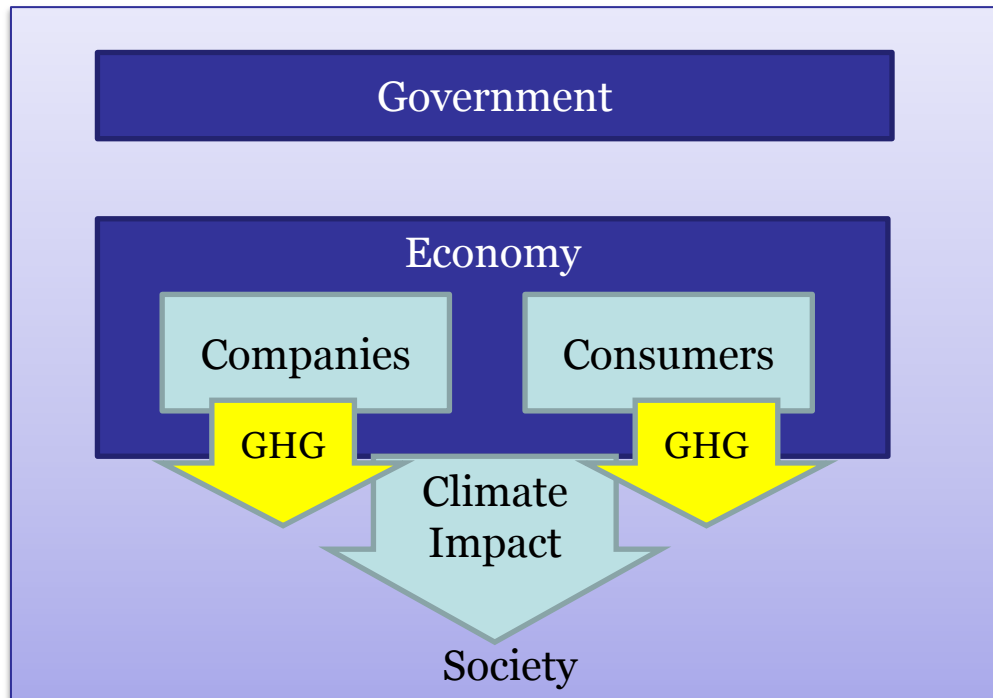
- (1) Direct emitters of GHG during production and waste disposal:
48% of CO₂-equiv. in CH (2012, source: BFS)

Climate change and the role of companies



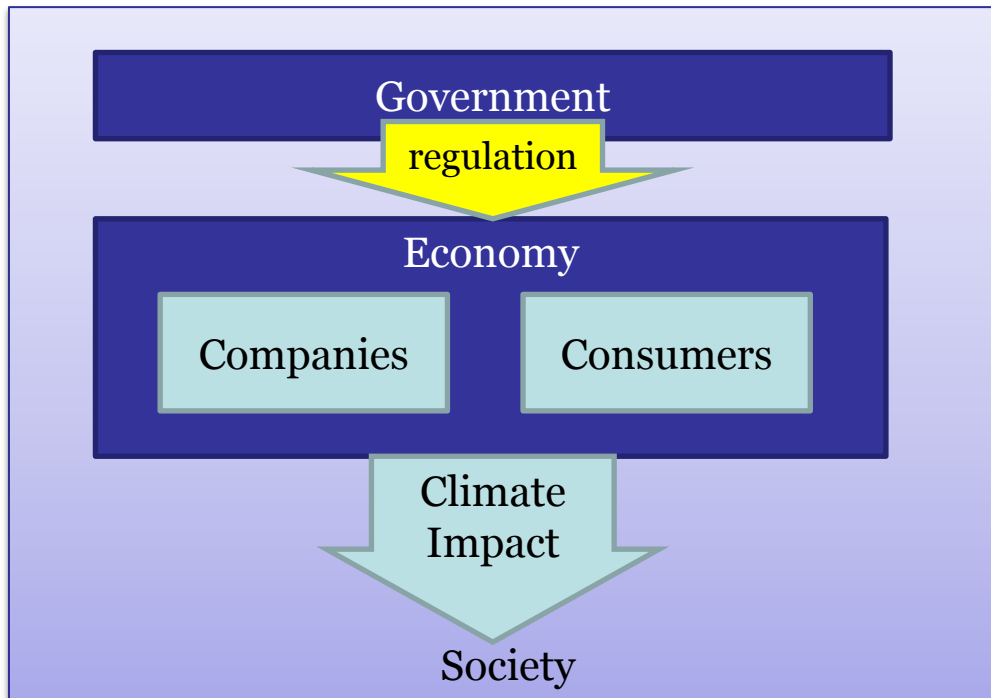
- (2) Producing and selling products that emit GHG in the use phase:
20% of CO₂-eq in CH emitted by households (2012, source: BFS)

Climate change and the role of companies



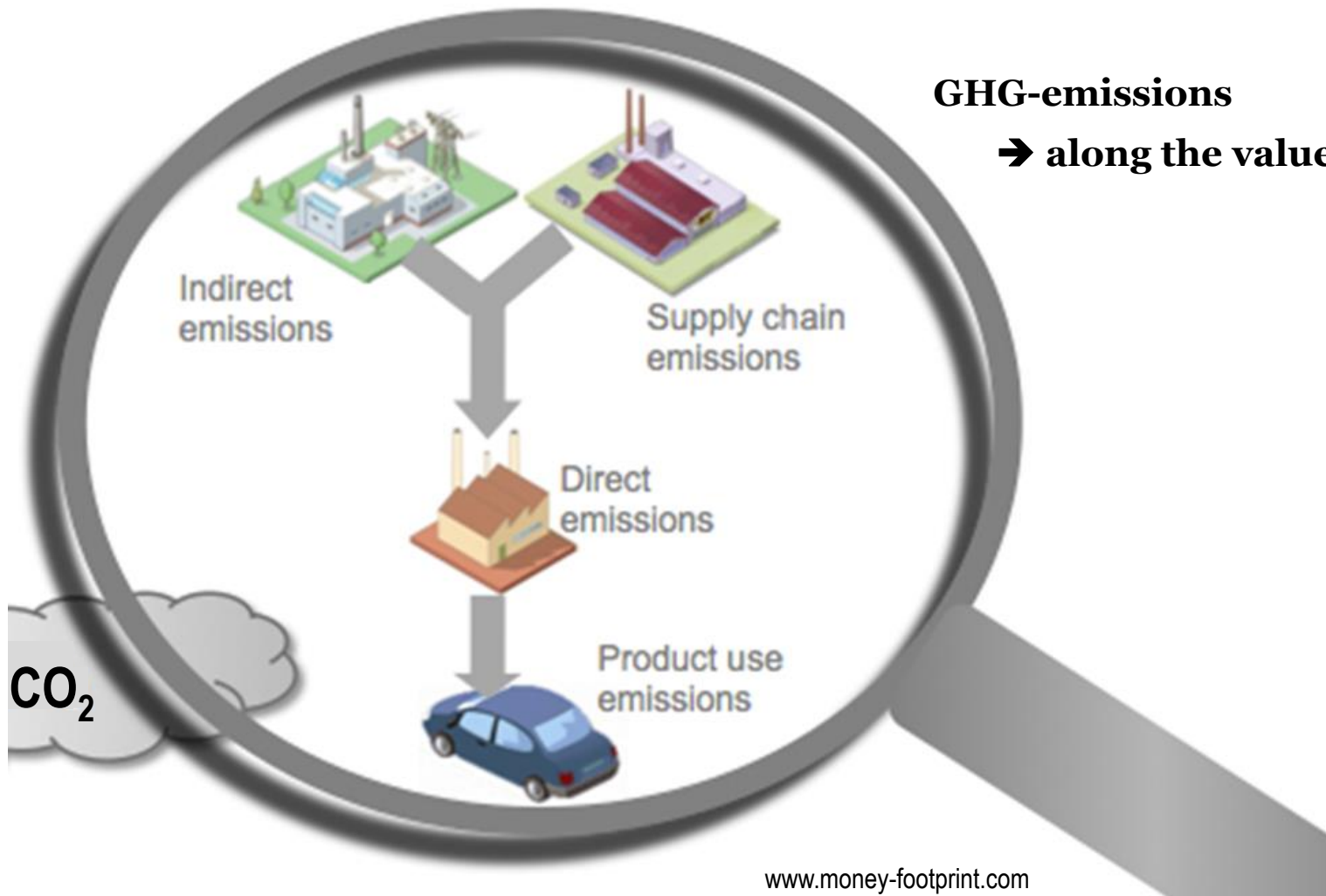
- (3) Producing, using and selling cars that emit GHG:
32% of CO₂eq in CH caused by traffic (2012, source: BFS)

Climate change and the role of companies

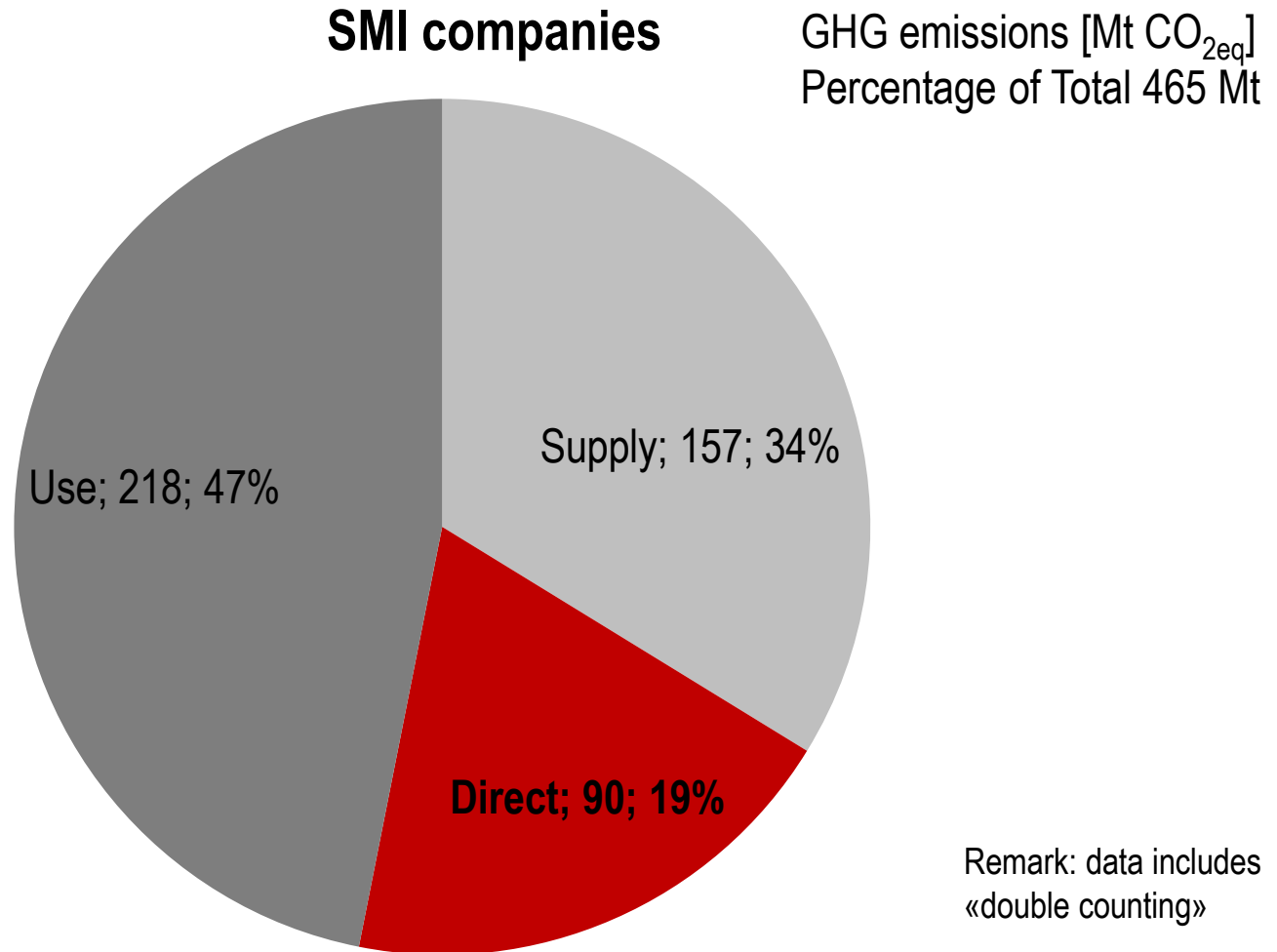


- (4) Complying with or breaching of climate-related regulation
- (5) Supporting or thwarting regulation

What we measure: Carbon/GHG Data



The data on GHG emissions (example SMI)



The data on GHG emissions (example SMI)

	Total	Supply	Direct	Use Phase
Holcim	92.1	13.7	78.3	0.0
ABB	90.9	9.9	0.4	80.6
Nestlé SA	87.4	83.4	4.0	0.0
Zurich Insurance Group AG	48.4	0.0	0.0	48.4
UBS	30.4	0.0	0.0	30.4
Credit Suisse Group	28.4	0.0	0.0	28.4
Swiss Re	24.0	0.0	0.0	24.0
Syngenta	12.4	9.2	3.2	0.0
Novartis	11.4	10.3	0.9	0.2
Roche	11.1	10.1	1.0	0.0
Compagnie Fin. Richemont	6.5	5.5	0.2	0.7
Swisscom	4.2	2.0	0.2	2.0
Swatch Group	3.9	3.3	0.1	0.5
Transocean LTD	3.6	3.0	0.6	0.0
Givaudan	3.0
...				
Sum	465	157	90	218

GHG emissions
[Mt CO_{2eq}]

The data on GHG emissions (example SMI)

	Total	Supply	Direct	Use Phase
Holcim	92.1	13.7	78.3	0.0
ABB	90.9	9.9	0.4	80.6
Nestlé SA	87.4	83.4	4.0	0.0
Zurich Insurance Group AG	48.4	0.0	0.0	48.4
UBS	30.4	0.0	0.0	30.4
Credit Suisse Group	28.4	0.0	0.0	28.4
Swiss Re	24.0	0.0	0.0	24.0
Syngenta	12.4	9.2	3.2	0.0
Novartis	11.4	10.3	0.9	0.2
Roche	11.1	10.1	1.0	0.0
Compagnie Fin. Richemont	6.5	5.5	0.2	0.7
Swisscom	4.2	2.0	0.2	2.0
Swatch Group	3.9	3.3	0.1	0.5
Transocean LTD	3.6	3.0	0.6	0.0
Givaudan	3.0
...				
Sum	465	157	90	218

- Direct emitters
- Indirect emitters
- Solution providers
- Financing the economy

And:
...purpose!?



Strenghts

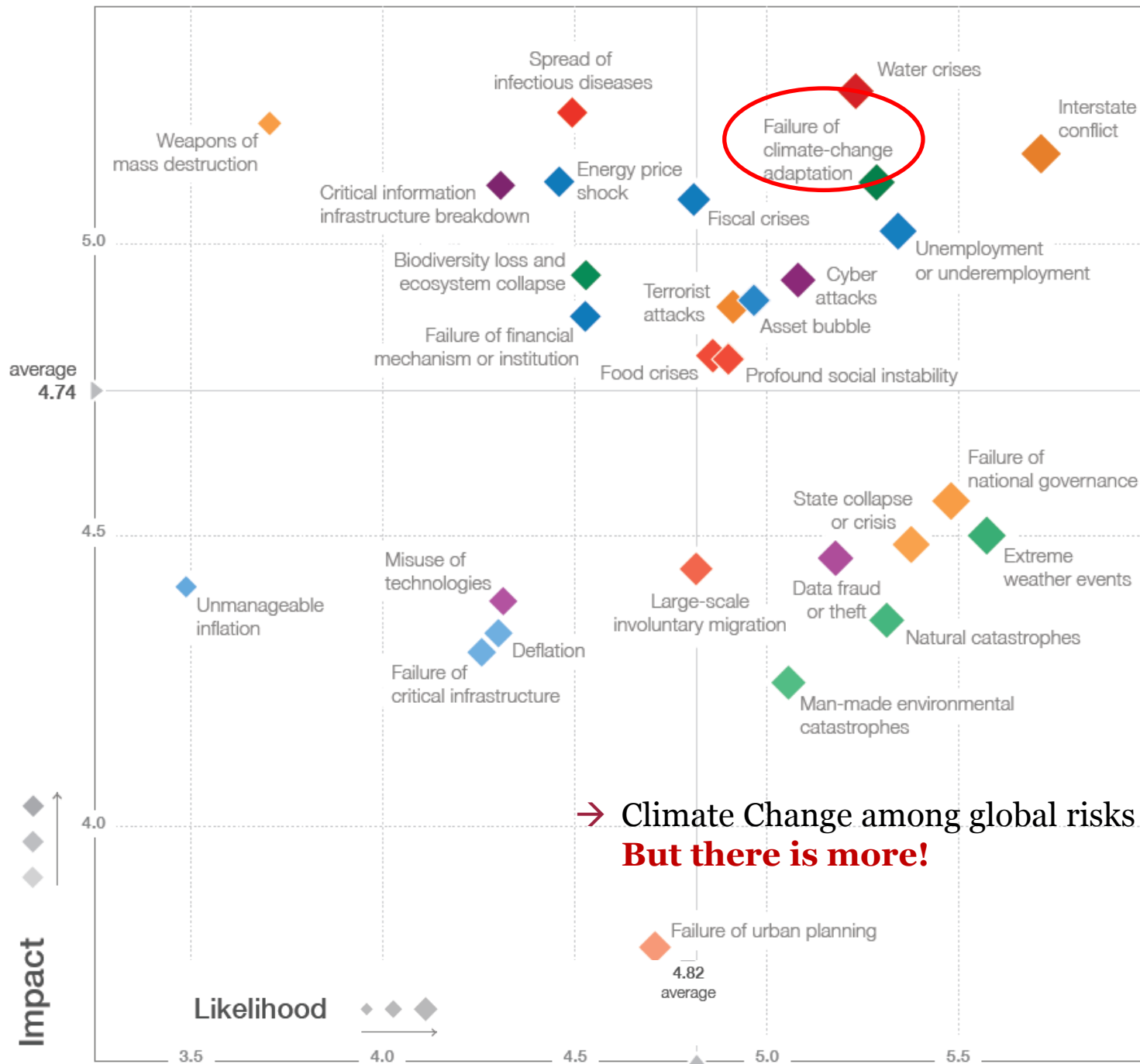
- Major global awareness, CO₂ emissions reported by corporations
- Often CO₂-emissions and other environmental impacts correlate
- Company Carbon Footprints => aggregation for Portfolio Screening

It's positive to reduce carbon emissions!

Limitations

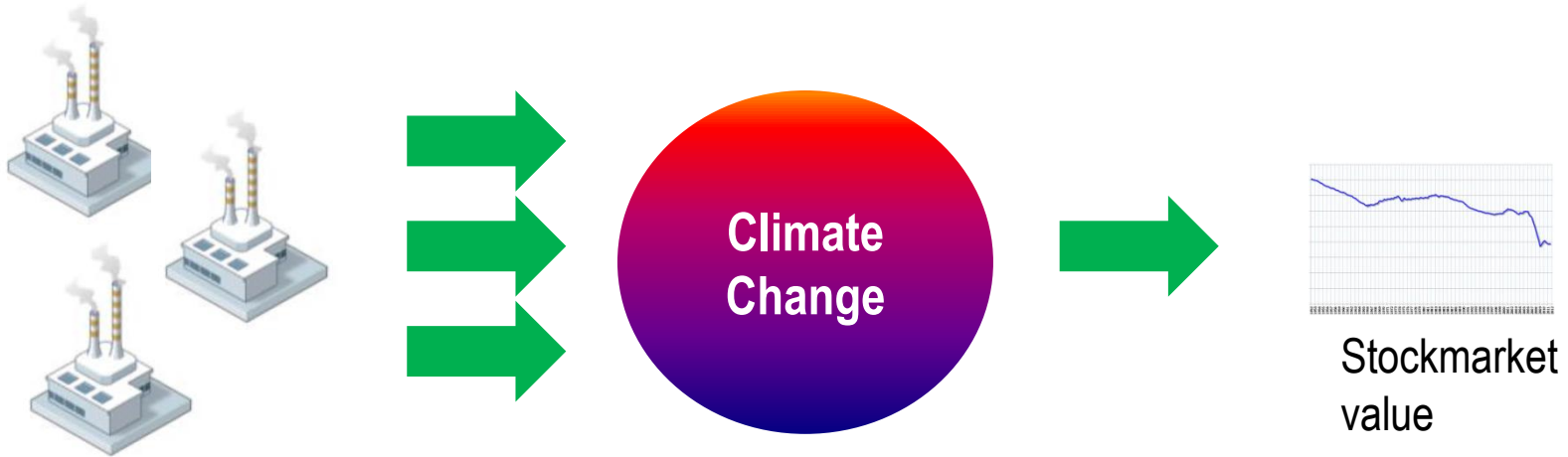
- Emissions along the value chain
- Substitutional effects
- There is no catch-all variable

Tendency towards over-interpretation of data



→ Climate Change among global risks
But there is more!

Carbon and investment risks



Unfortunately not that simple

Conclusions

How we can apply Company and Portfolio Carbon Footprints

- Standardized reporting (GHG protocol, CDP)
- GHG emissions (scope 1, 2) are an “easy” metric for global effect Climate Change
- Helps to initiate momentum (e.g. divestment from coal)

Limitations to Company and Portfolio Carbon Footprints

- Value chains and purposes of companies **NOT** easily captured with Carbon metrics
- CO₂ is NOT the catch-all variable for all the challenges of a sustainable economy
- Not the plain measure for a stock-market value/risk/performance of corporations

Contact

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The data on GHG emissions

GHG emissions [Gt CO₂eq]

	Total	Supply	Direct	Use Phase
MSCI DM	49	11	8	32
MSCI EM	22	3	4	15
CH (exMSCI)	0.15	0.06	0.01	0.08
Total	71	14	12	47

Listed companies:

MSCI World DM (Developed Market), MSCI EM (Emerging Markets,
Swiss exMSCI: Swiss listed companies which are not in the MSCI

Understanding the role of the financial sector in climate change and taking action

Maximilian Horster, Partner & Director Financial Industry, South Pole Group: The financial industry and climate change: international trends and corporate solutions as a response

Tobias Jung, Head of Reserach, Inrate: Sustainable investment solutions: Strengths and limitations of Portfolio Carbon Screenings

Questions?

Climate finance: a growing business opportunity for the financial sector

Linde Griebhaber, Perspectives: Climate finance
– the key stakes in the run-up to the Paris COP

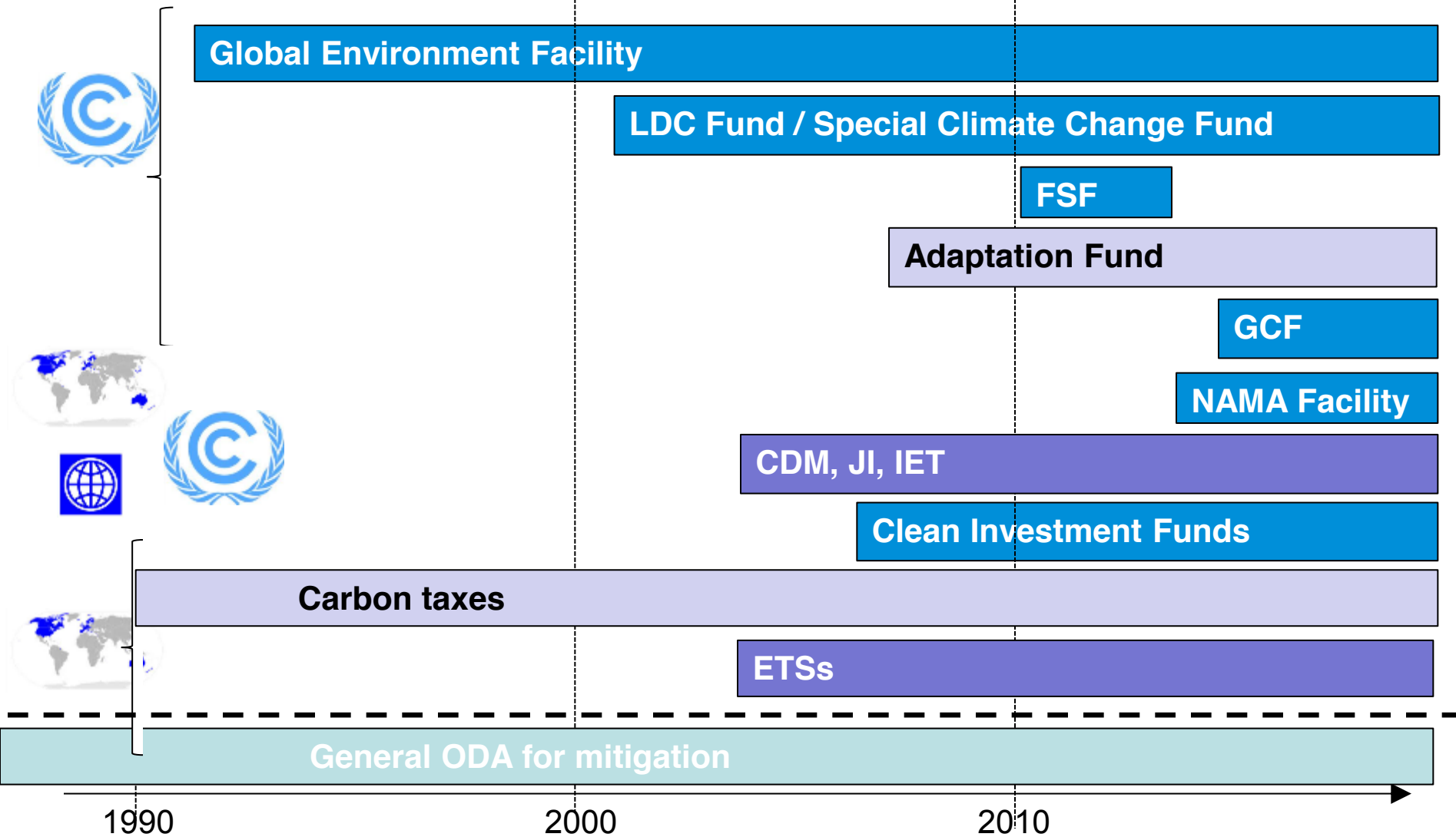
Climate finance - the key stakes in the run-up to the Paris COP

The Swiss finance sector addressing climate change

Workshop by Zurich Carbon Market Association
and South Pole Group

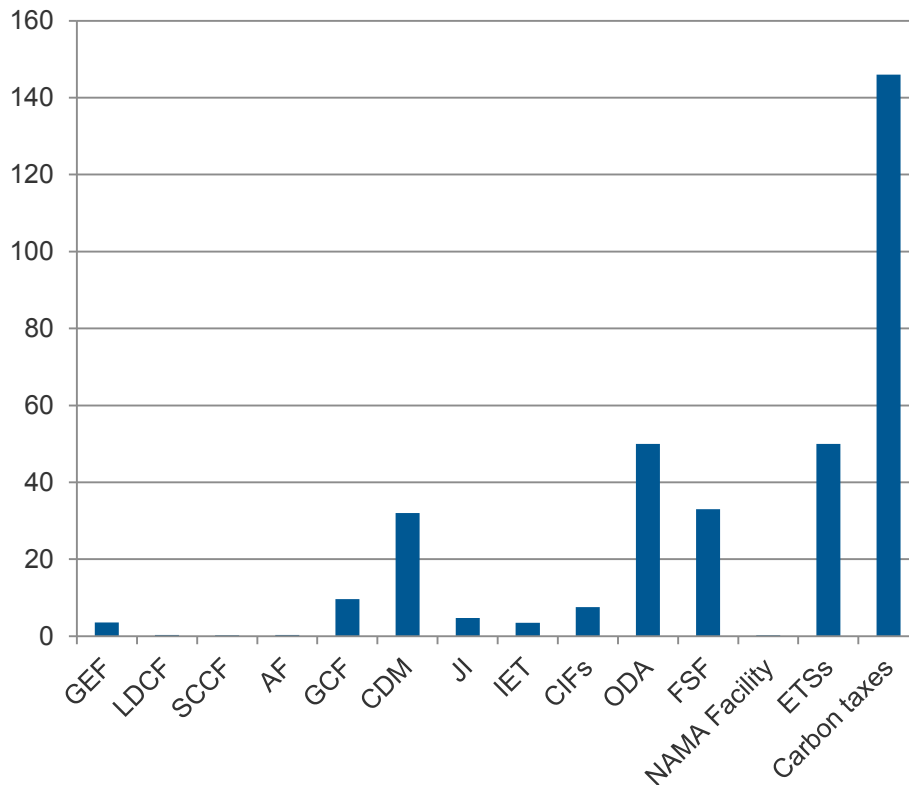
Linde Griebhaber, Perspectives GmbH
griesshaber@perspectives.cc

History of climate policy instruments



Total volumes of financing

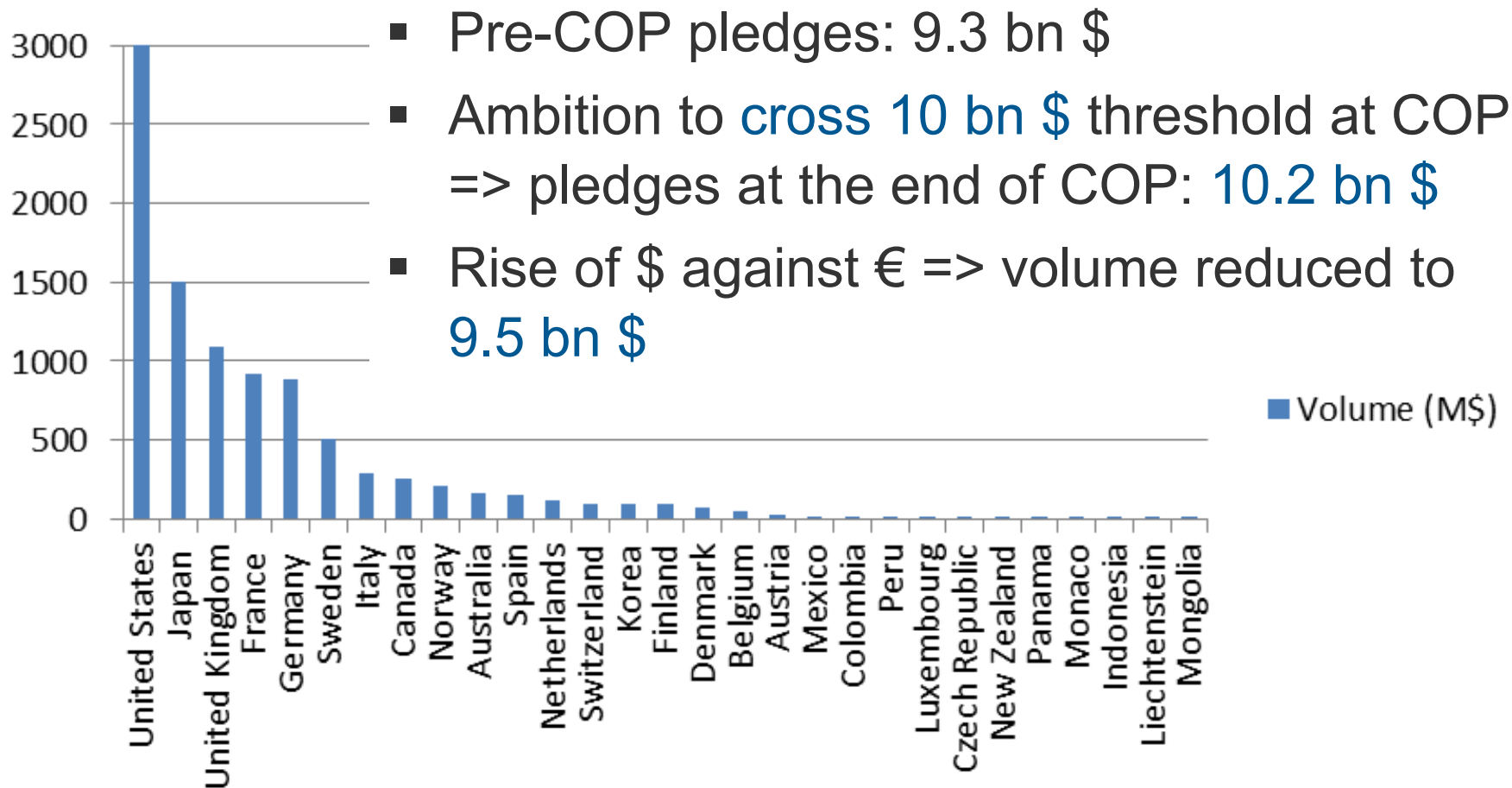
Billion \$ cumulated (ETS only for 2013)



- Public climate finance instruments are dwarfed by carbon taxes and market mechanisms
- Will this change due to the possible demise of market mechanisms?
- Can instruments be combined?



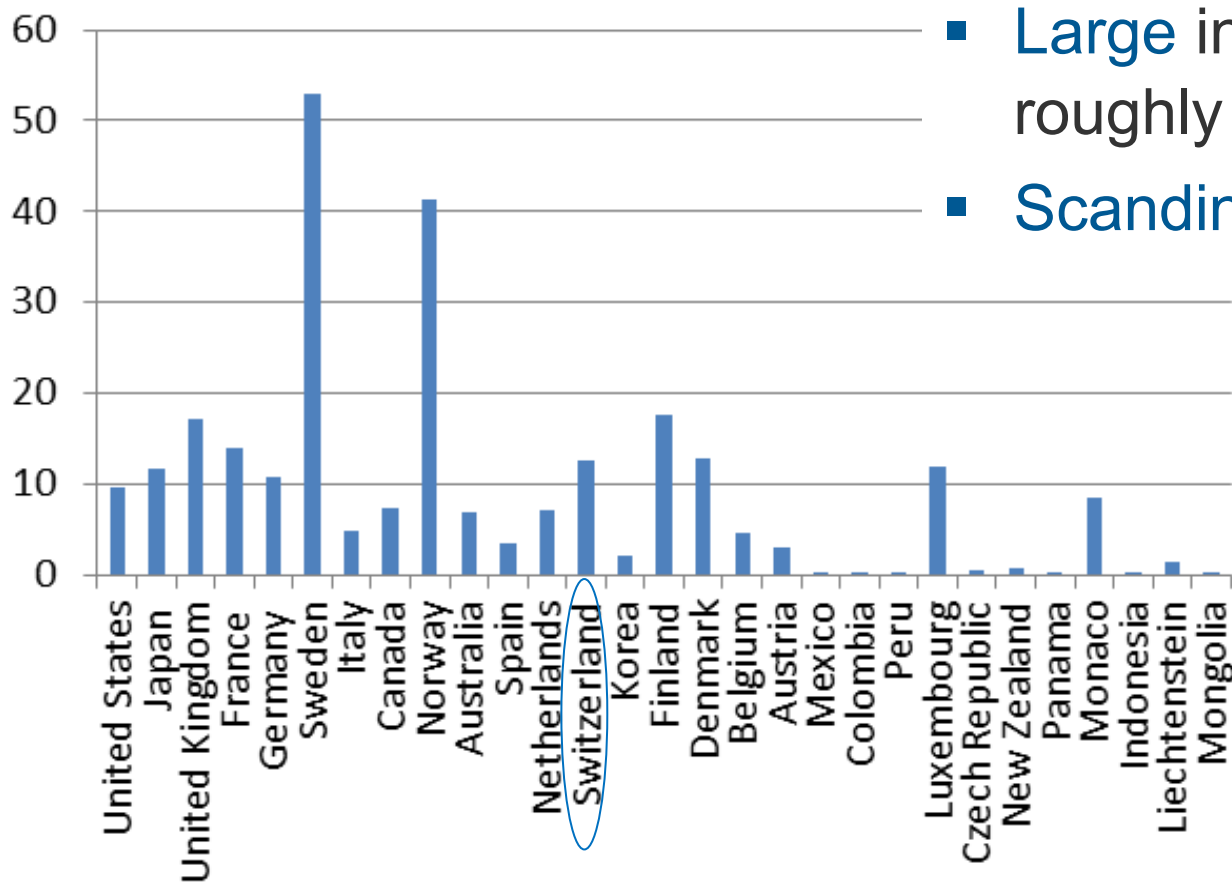
The COP as trigger for GCF contributions





GCF contributions per country (per capita)

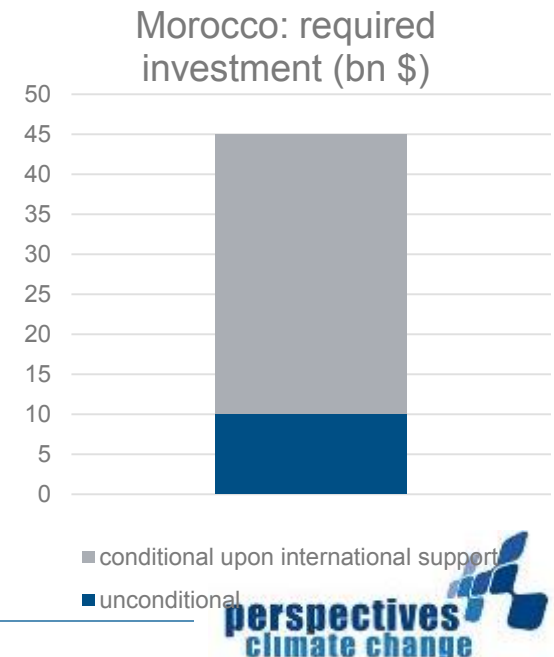
- Large industrialized countries roughly comparable
- Scandinavia leads





Climate finance in INDCs

- **Contributor countries**
 - No reference to international climate finance
- **Recipient countries, partially**
 - Highlight dependence of INDC implementation on support
 - Indicate overall financial needs
- **Targets of recipients**
 - Morocco: GHG reduction by 2030: -32%, => investment of 45bn \$ (35bn \$ thereof conditional to int. support)
 - Mexico: unconditional GHG and short lived climate pollutants by 2030: -25%; conditional to global agreement: -40%





Current negotiation options on climate finance (1/2)

- Paris negotiation text (FCCC/ADP/2015/1): 16 pages of options on climate finance
- Options on **contributors of climate finance** include:
 - All developed countries
 - All developed countries and other countries
 - All countries in a position to do so
- Options on **scale** include:
 - No individual commitments
 - Scale based on percentage of GNP
 - 100bn \$ as floor
 - 200bn \$ per year by 2030



Current negotiation options on climate finance (2/2)

- Options on **sources** include:
 - Private sector finance only complementary to public finance
- Options on **investments** include
 - Investments to become low-emission investment and resilient to climate impacts
 - Reduction of high-carbon investments, incl. international fossil fuel subsidies
 - Also G7 refers to phase out of inefficient fossil fuel subsidies



Key challenges on climate finance

- Specification of **potential pathways** to 100bn USD target by 2020
- **Definition** of climate finance; especially private finance – markets included? Additionality?
- Approach applied by **GCF**– grants vs. loans, role of private sector, use of methods from market mechanisms?
- Introduction of **alternative finance vehicles** (taxes on transport), combinations of market mechanisms and climate finance?

Climate finance: a growing business opportunity for the financial sector

Linde Griebhaber, Perspectives: Climate finance
– the key stakes in the run-up to the Paris COP

Questions?

Financial institutions: best practice showcase

Hendrik-Jan Boer, Head of Sustainable Investments & Senior Portfolio Manager, Sustainable Equity, NN Investment Partners Switzerland Ltd.: Environmental influences within sustainable investments

Lasse Wallquist, Senior Environmental Mgmt Specialist, Vice President, Corporate Real Estate & Logistics Swiss Re: Environmental sustainability in the operations and its link to corporate strategy and priorities

NN Sustainable Equity

Alpha by applying a quality mindset

Hendrik-Jan Boer

Lead Portfolio manager Sustainable Equities

July 2015

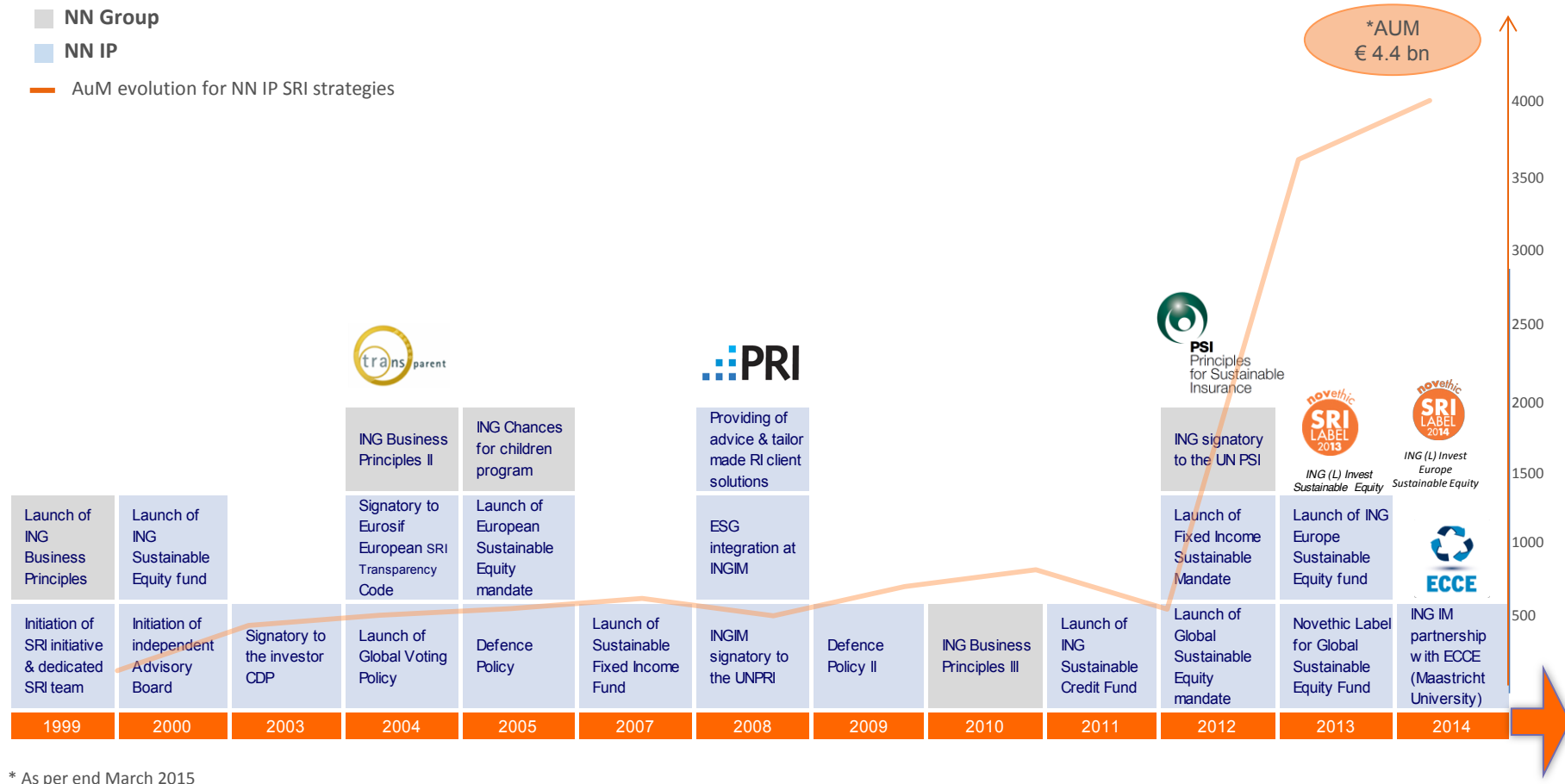


**NN investment
partners**

www.nnip.com

Responsible Investing at NN Investment Partners

Long heritage in sustainability



* As per end March 2015

Responsible Investing at NN Investment Partners

Four pillar approach



Investment Approach & Process

NN IP's approach to sustainability

- Holistic
 - Environmental, Social & Governance criteria
 - Sustainability has many appearances
 - In-depth knowledge of ESG criteria
- Focus on corporate bottom-line
 - ESG aligned with mainstream investor goals
 - ESG footprint: mitigation, adaptation, reputation

"No business will survive if not making a profit. But it will neither survive if it will just want to make a profit"
(Henry Ford)

"Taking shortcuts is not the pathway to achieving sustainable competitive advantage, nor is it an avenue toward satisfying customers. In times such as these, a company must invest in the key ingredients of profitability: its people, communities and the environment."

(Warren Buffett, March 2012)

Investment Approach & Process

Integrating ESG in the investment process

Important factors in best-in-class screening

Environmental:

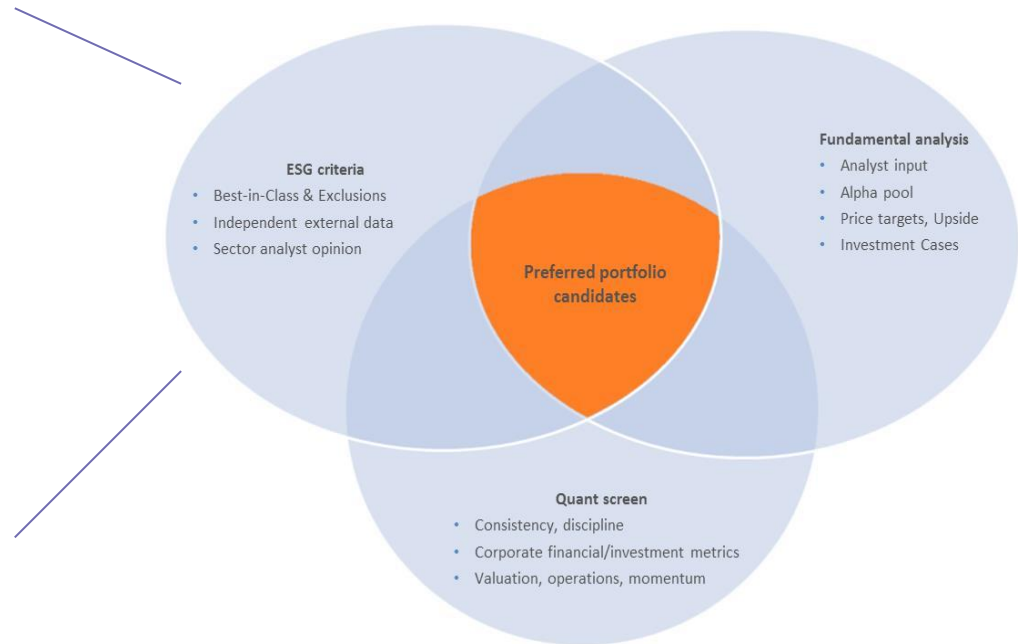
- Pollution (prevention of contamination of soil, air and water throughout entire value chain)
- Treatment of waste and recycling
- Climate change and efficient usage of raw materials and energy, CO2 reduction, use of renewable energy)

Social:

- Health and safety (reduction of accident and fatalities, health and safety certification)
- Workforce diversity, fixed term contracts
- Microfinance activities, community reinvestment
- Bribery/corruption, money laundering, whistle blower programs

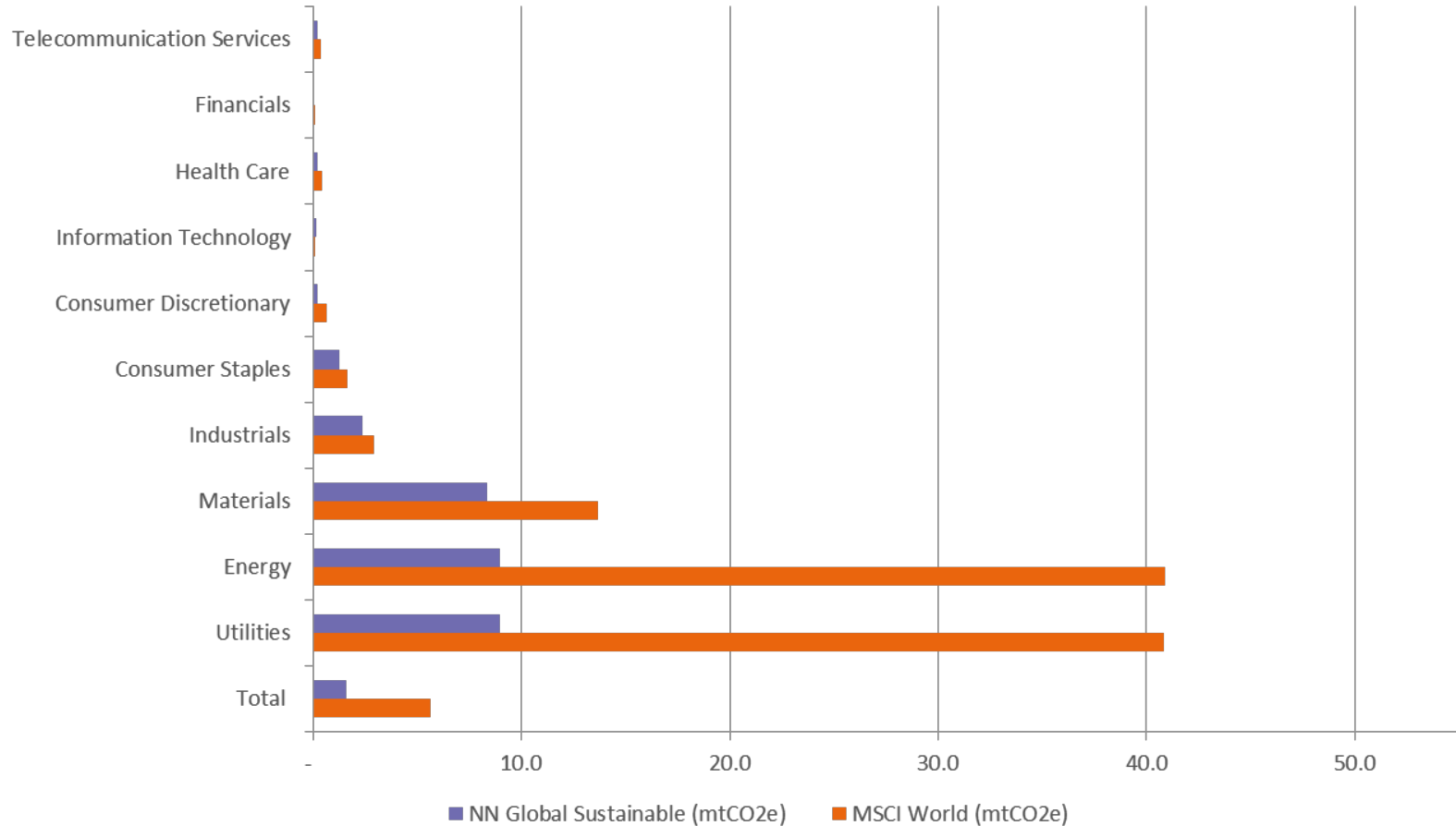
Governance:

- Shareholder rights (one share one vote)
- Separate position chairman and CEO, independent Board of directors
- Governance structures, controversies over remuneration/compensation



Significantly Lower Carbon Footprint than the index

NN Global Sustainable Scope 1 benchmark comparison per GICS sector



Source CDP, Bloomberg, NN IP

Reference

SRI strategies and tailor-made RI solutions

- We offer specialised ESG strategies in both Equities and Fixed Income
- EUR 4.5Bn AUM in sustainable strategies
- We offer tailor-made responsible investment solutions
- We provide responsible investment advice to our clients



Equity

Global & European
Sustainable Equities

EUR 2.3Bn

Fixed Income

Euro Sustainable
Credit & Financials

EUR 2.2Bn



NN (L) European Sustainable Equity
NN (L) Global Sustainable Equity

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**NN investment
partners**



Swiss Re

Swiss Re's engagement in RE:100

Zurich, July 1st 2015

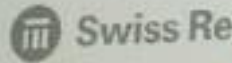
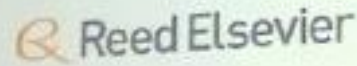
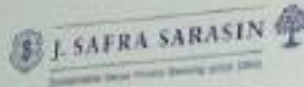
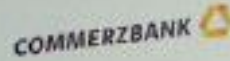
Lasse Wallquist, Swiss Re Internal Environmental Mgmt.

*In the following, when
I say "green"-power,
I mean power from
renewable sources
with certified quality.*

RE 100

COMM COMMITTED TO GOING 100% RENEWABLE

NABLE

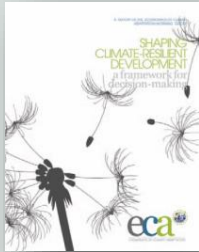


CLIMATE
WEEK
NY°C

Swiss Re Group Climate Strategy

4 Pillars to maintain our leading position on the topic

Risk intelligence – assess the risk



- Advance (our) knowledge about climate change risk
- Quantify climate change risk → Economics of Climate Adaptation (ECA)
- Integrate climate change risk into underwriting and risk management
- Collaborate with leading institutions → New Climate Economy (NCE)

Business solutions – seize opportunities



- Develop appropriate solutions for adapting to and mitigating climate risk
- Traditional catastrophe insurance, weather risk solutions, renewable energy solutions
- We promote risk transfer as a way of becoming more resilient

Risk dialogue – Advocacy



- Raise awareness, actively disseminate knowledge to all stakeholders and advocate a long-term, market-based policy framework, through
- Publications, platforms (e.g. World Economic Forum), Centre for Global Dialogue, speaking engagements
- Top Topic Managing climate and natural disaster risk

Our footprint - lead by example



- Greenhouse neutral since October 2003,
- Reduced emissions per employee by 55.6% by 2013 (2013 target of 50% reduction overshoot)
- CO_{You2} Programme since 2006, re-launched Jan 2014 (to 2020)

Greenhouse gas (GHG) neutral

What does it mean for our operations?

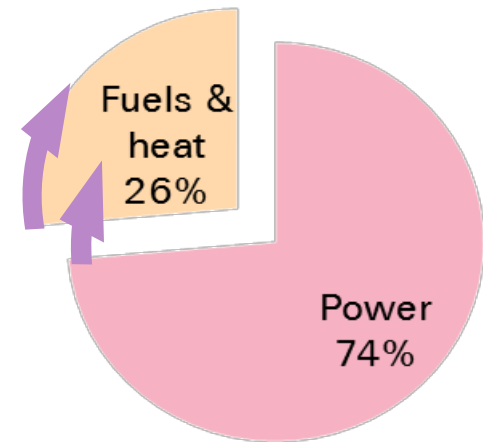


Why is power important?

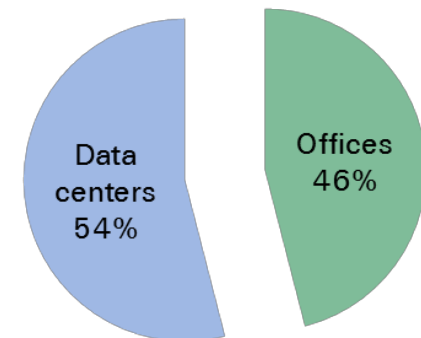
Power is 3/4 of our energy usage

- significant shift from fossil fuels to power
decreasing use of fossil fuels thanks to:
 - better buildings ("LEED", "Minergie", ...)
 - more efficient use of the buildings
 - transfer to power (heat pumps)
- Increasing consumption of power
 - Move into country/buildings "power"-heated
 - increasing needs for IT

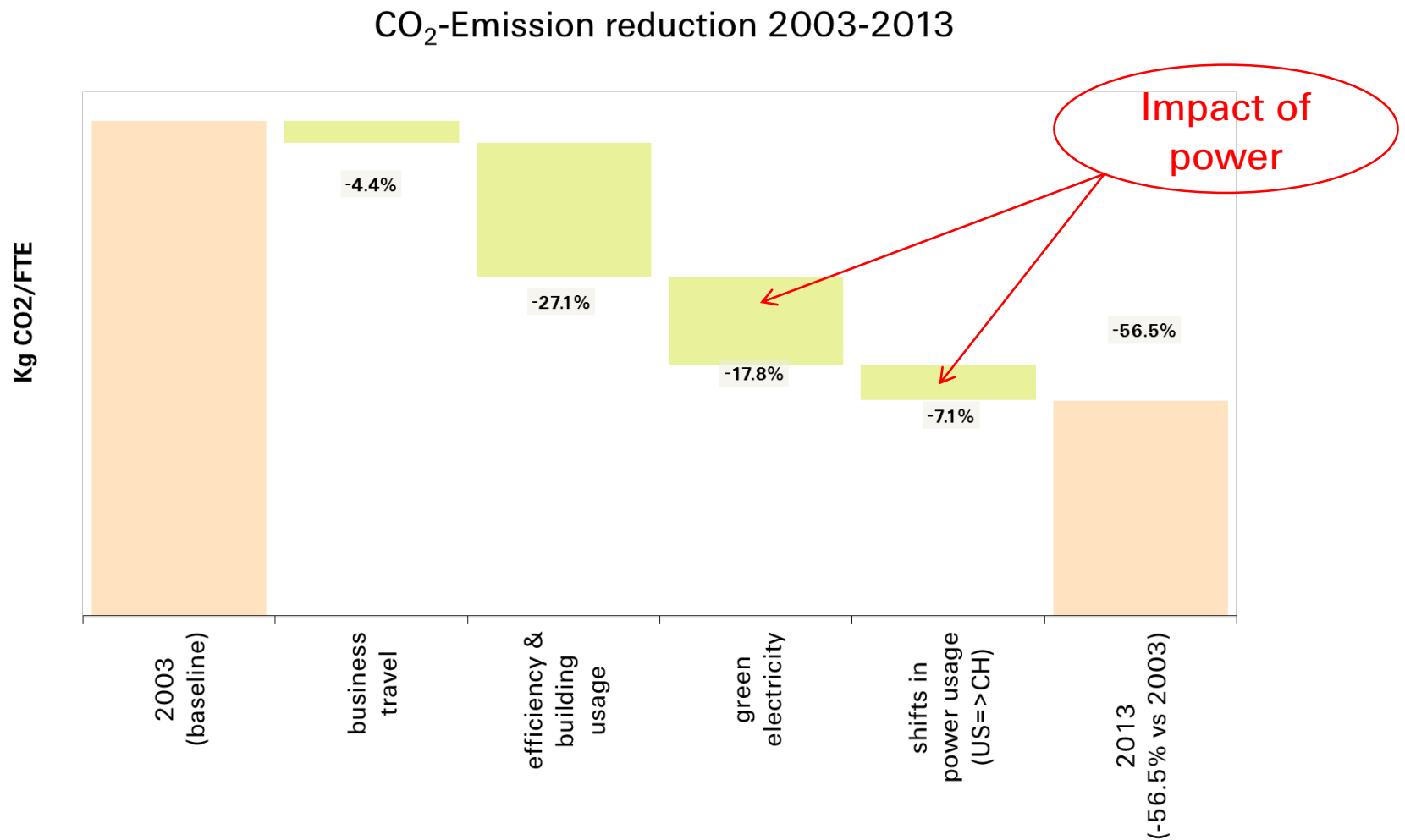
**Energy usage (MWh)
Swiss Re Group 2014**



**Power usage
Zurich 2014**



Green power is an important part of our CO₂-reduction



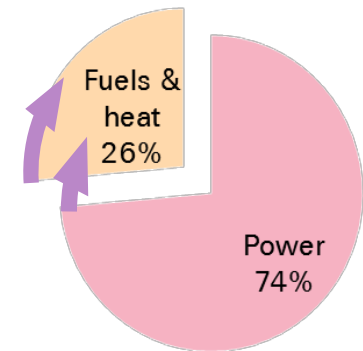
CO₂-footprint of power will increase again

- Power is increasingly significant
- Swiss Re growth happens in country with high power CO₂-factor and no market for "green"-power

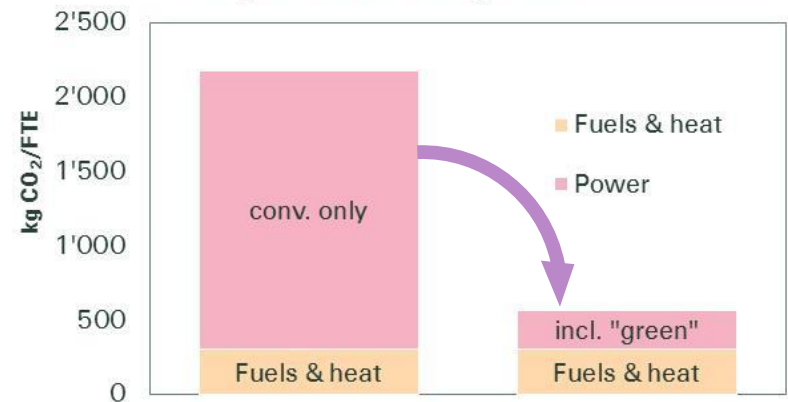
CO₂-footprint of power is relevant

- CO₂-factor Switzerland = 122 g/kWh (production = 25 g/kWh)
- CO₂-factor US = 658 g/kWh
- **CO₂-factor China = 968 g/kWh**
- **CO₂-factor "green" = 8 g/kWh**

Energy usage (MWh)
Swiss Re Group 2014



CO₂-impact of energy (2014)



Greenhouse gas (GHG) neutral

What does it mean for our operations?



Why would Swiss Re join RE100?



- Opportunity to engage with large clients on other topics
- Underscores Swiss Re's climate change position
 - support for market-base approaches to reduce GHG emissions
 - create momentum to support transition to a low carbon economy
- Natural fit with SR's "Advancing Sustainable Energy Solution" Top Topic
- Supports SR's climate leadership credentials
 - 2003: Greenhouse Neutral Programme
 - 2005: renewable energy purchase commitment
 - 2007: COYou₂ "Reduce & Gain" programme
 - 2014: **RE 100**
- Supports our effort to achieve 100% renewable energy target

100% renewable power

What are the upcoming issues?

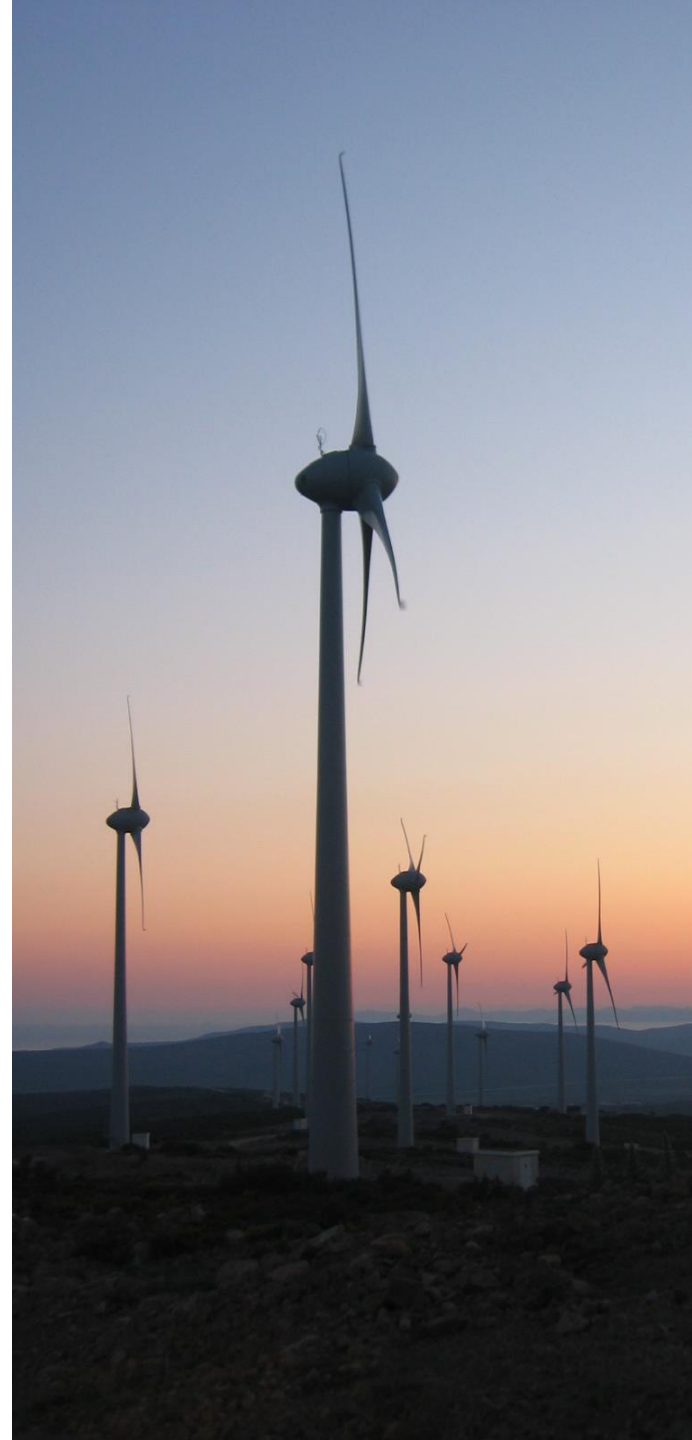
We don't own most buildings we are in

- limitation to own power-production

Many countries do not have a market for "green"-power. This is especially the case in Swiss Re's "high-growth markets"

- Need for adequate national regulatory set-up
- Need for independent registry & verification
- Need for an active market

RE **100** can help the change





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Round table with participants

Questions?