

ESG sub committee

Update September 2023

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and Isabelle Kowalski – SCOR



IMIA ESG Sub committee – 2022/23 Group members

- Max Akpobasah
 - Alastair Baker
 - Sven Müller
 - Simon Liley
 - Edward HSI
 - Isabelle Kowalski
 - Manuela Baroncini
 - Clydia Rosario
 - Günter Schneider
- ASR Re
 - AXA XL
 - HDI
 - Guy Carpenter
 - IEEE / Swiss Re
 - SCOR Specialty Insurance (Chair)
 - Swiss Re Corporate solutions (Sponsor)
 - Swiss Re Corporation solutions
 - Zürich Resilience Solutions

We welcome any
new joiner!

1 - Reminder: (Re)insurance companies will have to report in 2024

European Union Green deal - CSRD – Corporate Sustainability Reporting Directive

On 5 January 2023 the Corporate Sustainability Reporting Directive (CSRD) entered into force.

The Corporate Sustainability Reporting Directive (CSRD) is the new EU legislation requiring all large companies to publish regular **reports on their environmental and social impact activities.**

European Sustainability Reporting Standards (ESRS) issued in July 2023

More industry specific standards to be issued in 2024

INSURANCE AND REINSURANCE COMPANIES HAVE TO BE READY TO REPORT ON ESG TOPICS NEXT YEAR

1 - Objectives of the IMIA ESG Committee @ September 2022

➤ Awareness

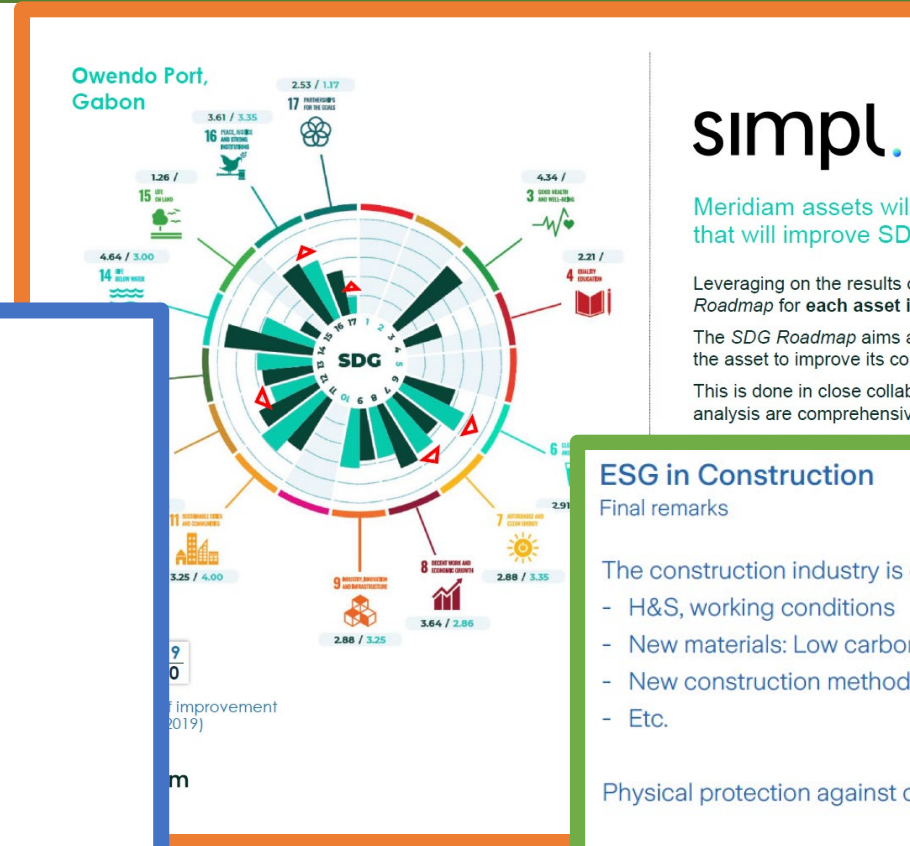
➤ Guidance tools

➤ Proposed Actions

- 1. What have we achieved so far?**
2. Focus on «New technologies for energy transition»
3. Focus on «A guide on ESG for C&E underwriters»

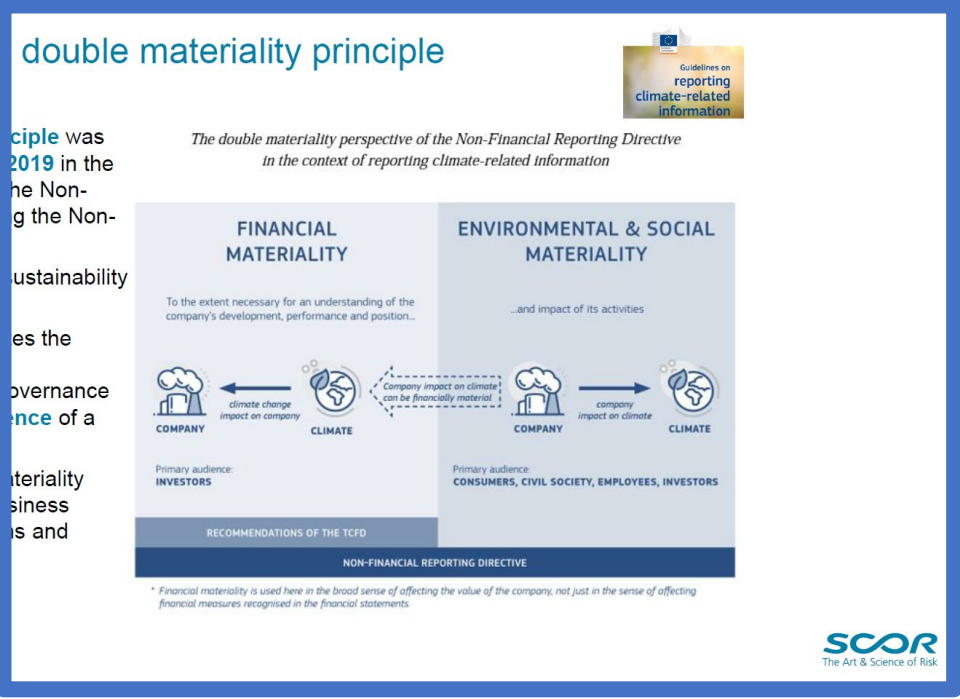
1 - A webinar on ESG on 19th December 2022 (~100 attendees)

ESG from Finance to Insurance



simpl.

Meridiam assets will that will improve SD
 Leveraging on the results of Roadmap for each asset in
 The SDG Roadmap aims at the asset to improve its cor
 This is done in close collab analysis are comprehensive



ESG in Construction

Final remarks

- The construction industry is doing a lot wrt
 - H&S, working conditions
 - New materials: Low carbon concrete, timber, recycling
 - New construction methods: 3D printing
 - Etc.
- Physical protection against climate risks
- Project owners, clients will have the biggest impact on ESG targets ... they also pay the bill!
- Legislation: ESG reporting on the same level as financial reporting

Innovation and technical improvement are important but will not be sufficient!
 Fundamental changes in human behavior and lifestyles are needed!

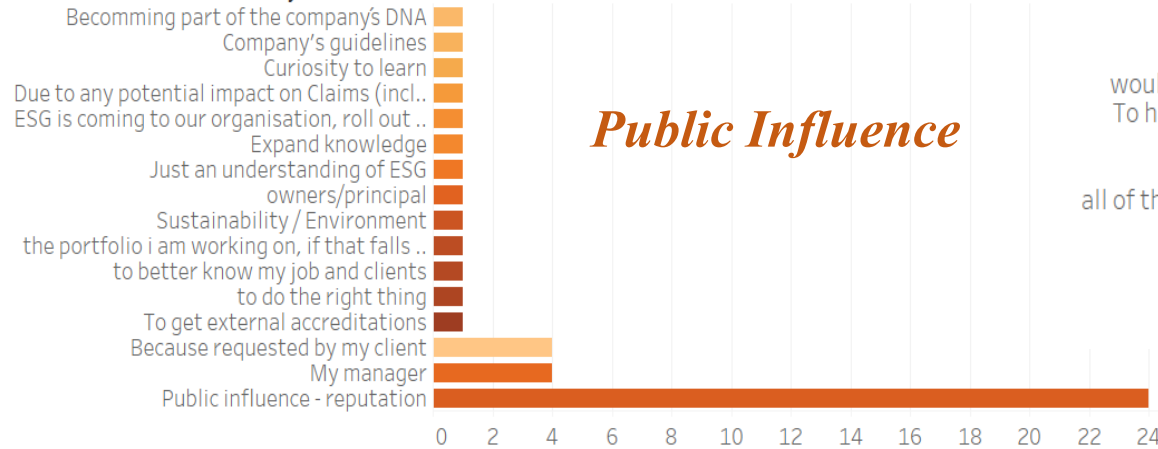
Less consumption, less emissions!

Replay of the webinar is available on www.imia.com

1 - Questionnaire to the C&E insurance community in December 2022*

3. What are the first driver for you to look at ESG matters in your job

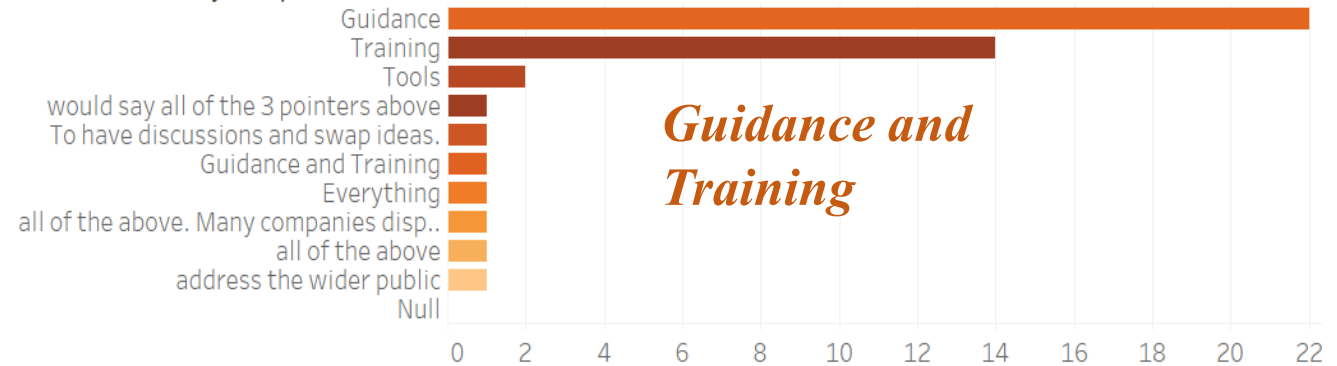
What are the first drivers for you to look at..



Public Influence

7. What do you expect from IMIA

What do you expect from IMIA



Guidance and Training

8. How do you think you can influence the wellbeing of planet and people in your job?

*“A single stick can break easily.
But if we bundle a bunch of sticks
together, it will stand up!”*

Aesop

*“Be open to the use of sustainable
materials, renewable resources and
reduction of fossil fuels in construction”.*

An underwriter



*46 responses > 36 UWs

IMIA ESG Sub committee – Content @ sept 2023

1. What have we achieved so far?
- 2. Focus on «New technologies for energy transition»**
3. Focus on «A guide on ESG for C&E underwriters»

3. New technologies for Energy transition: Known and unknown

Scope of the paper

Global efforts to accelerate decarbonisation to reach net-zero targets by 2050 will lead to increased demand for risk-transfer.

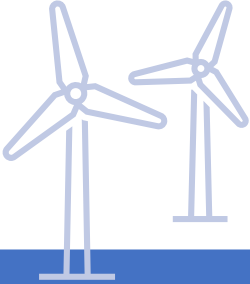
The paper provides construction and engineering underwriters with a high-level overview of the:

- Challenges
- Opportunities
- Insurance implications of the energy transition
- Signposting specific IMIA papers and external resources on technical topics.

John Kerry: 50% carbon emission cuts to come from technology 'we don't yet have'

WEF: “What are some of the innovations that could become game changers in achieving net zero?”

3. New technologies for Energy transition: Known and unknown

An icon of two wind turbines is positioned above a blue rectangular box. The text 'Renewable energy' is written vertically on the left side of the box.

Renewable energy

- Hydro
- Wind
- Solar
- Geothermal
- WEC's
- Biomass
- Hydrogen
- Nuclear

An icon of a concrete mixer truck is positioned above a blue rectangular box. The text 'Decarbonisation' is written vertically on the left side of the box.

Decarbonisation

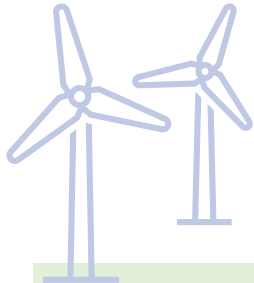
- Modular
- Timber
- Circular Economy
- Fuels
- Steel
- Concrete

An icon of a factory with smokestacks emitting smoke is positioned above a blue rectangular box. The text 'Cleaning the air' is written vertically on the left side of the box.

Cleaning the air

- CCS
- DAC
- Mineralisation
- Electrochemical

3. New technologies for Energy transition: Known and unknown



P1. Renewable Energy Production

KNOWN

- Turbines getting bigger – Higher radial velocity - Blade degradation
- Building fabric integrated photovoltaics
- Floating solar
- Hydrogen - Most significant growth area

EMERGING AND UNKNOWN

- Ocean WEC's
- Biological systems such as algae/lipids
- BESS
- Smart and local grids with AI
- Organic Solar Cells
- 50% yet to be invented!

3. New technologies for Energy transition: Known and unknown



P2. Decarbonisation of the construction process and supply chain

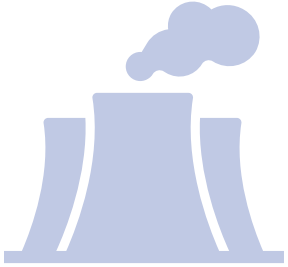
KNOWN

- Frame construction
- BIM
- Modular / prefabrication
- Plant and Equipment

EMERGING AND UNKNOWN

- Mass Timber e.g. CLT
- Low carbon concrete
- Green steel
- Circular economy
 - Reduce
 - Re-use / refurbish
 - Decarbonise
 - Dismantle and recycle

3. New technologies for Energy transition: Known and unknown



P3. Cleaning the atmosphere.

1. CCS
2. DAC
3. Electrochemical CO₂ removal
4. Carbon mineralisation

3. New technologies for Energy transition: Known and unknown

Next steps/Thoughts:

- Insurers need to play a role
- It needs to be equitable
- We need to be quicker to identify technology, materials, processes that are being commercialized... and study the risks in depth

IMIA ESG Sub committee – Content @ sept 2023

1. What have we achieved so far?
2. Focus on «New technologies for energy transition»
- 3. Focus on «A guide on ESG for C&E underwriters»**

3. ESG : a guide for Construction and Engineering underwriters

A paper based on 2 robust guidance documents :

ISO 26000:2010®

Guidance on Social Responsibility

7 core subjects:

6.2 Organizational – Governance

6.3 Human Rights

6.4 Labour Practices

6.5 The environment

6.6 Fair operating practices

6.7 Consumer issues

6.8 Community involvement and development

PSI ESG Guide for Non-Life

Insurance Version 1.0 – June 2020

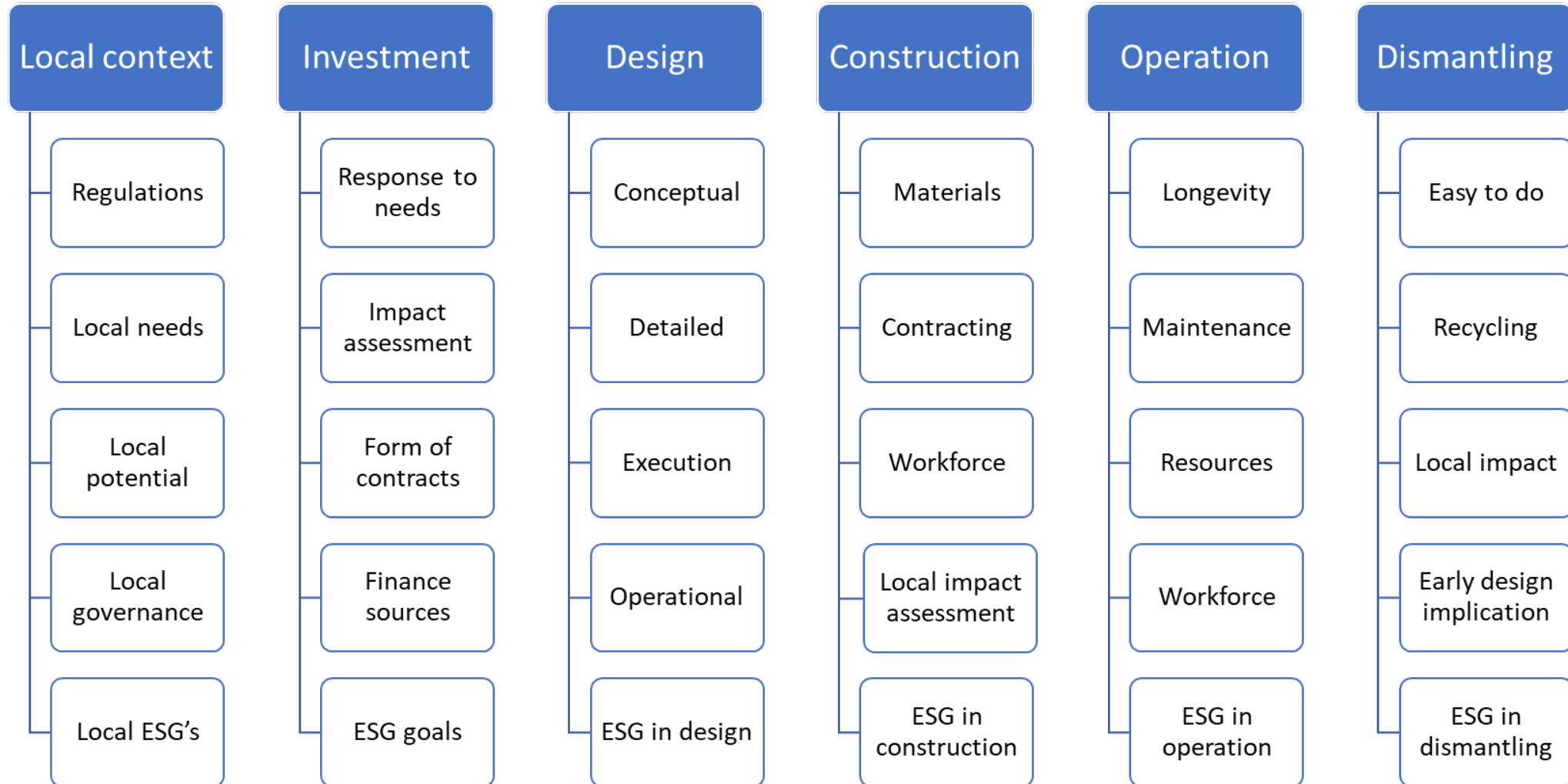
Managing environmental, social and governance risks in non-life insurance business

- **Principle 1:** Embed ESG in decision making
- **Principle 2:** Raise awareness with our clients and partners
- **Principle 3:** Work with governments, regulators... to promote widespread action
- **Principle 4:** Demonstrate accountability and transparency in disclosing ESG topics

3. 8 topics relevant to construction projects

ENVIRONMENT			
1. Climate Change	2. Environmental pollution and degradation	3. Circular economy	4. Biodiversity
SOCIAL		GOVERNANCE	
5. Labor Practice	6. Community involvement and development	7. Organization / Governance around the ESG topics	8. Fair operating practice

4. User guidance : phases and stakeholders



4. User guidance

- **When to use it?** Underwriting stage - Risk surveys - Claims review
- **How to measure the topics?**

Qualitative statements

- Issue - Exposed / No issue - Not exposed
- Considered / Measured / Reported.
- Not considered / Mitigated / Offset
- Noncertified / Engaged in certification / Certified

Grading

Poor – fair – good – excellent
Low – medium – high – very high
N/A - not compliant -partially – fully

Other metrics imposed by local reporting standards ?

4. ESG : Detailed screening topics applicable to C&E

ENVIRONMENT

1. Climate Change

GHG emission

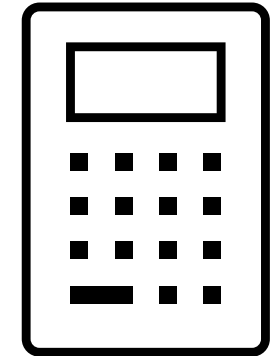
- Able to measure emissions and reporting.
- Reducing as much as possible GHG emission
- Improve efficiency to reduce emission.
- Offset the remaining (Carbon capture)

Transition to net zero GHG emissions

- Decarbonization plans / Targets

Adaptation to extreme weather events (so called climate risks)

- Risk mitigation adapted to extreme weather events outside the norm at the project location, the production facilities of material and machinery suppliers.



To eq Co2

4. ESG : Detailed screening topics applicable to C&E

ENVIRONMENT

2. Environmental pollution and degradation (outside GHG emissions)

Air

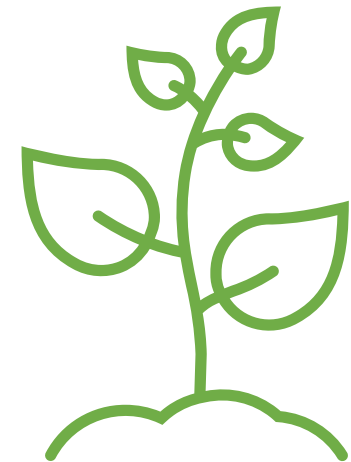
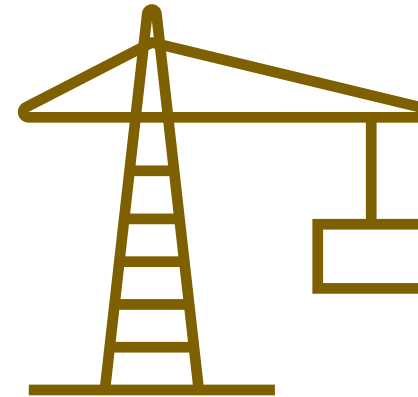
- Particulate matter
- Other air polluting gases

Noise

- Measuring noise / reducing noise

Water

- Pollution of water
- Reduce use of water
- Treatment of wastewater



Soil

- Soil pollution
- Use of existing land – footprint
- Unconventional mining practices
- Dumping or treatment of waste

4. ESG : Detailed screening topics applicable to C&E

ENVIRONMENT

3. Circular economy

- Recycle material from demolition, concrete aggregates, steel.
- Reuse of water
- Waste management

4. Biodiversity

- Do not touch Protected sites and species (keep as it is)
 - List of the United Nations protected sites.
 - List of protected species
- Limit and compensate Deforestation.
- Protection of species
- Protection of animals
- Reducing the loss of biodiversity

3. ESG : Detailed screening topics applicable to C&E

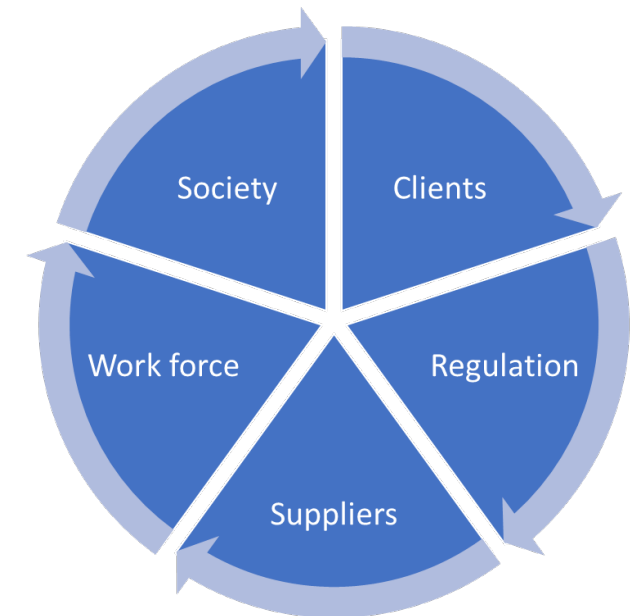
SOCIAL

5. Labor Practice

- Health and Safety at work Poor workers safety records
- Violation of worker's rights
- Human development and training in the workplace

6. Community involvement and development

- Forced resettlement – how the land has been purchased.
- How the local community is involved in the workforce during construction and operation.
- How much infrastructure improvement is done for the local community.
- How much positive impact the Project will have on the local community (on improving health access to welfare technology...)



4. ESG : Detailed screening topics applicable to C&E

GOVERNANCE

7. **Continuous application of ESG criteria throughout the lifecycle of a project:.**
 - Collection and evaluation of ESG relevant data and information
 - Improvement and mitigation strategies
 - Reporting
 - Application of ESG standards to subcontractors and suppliers.

8. **Fair operating practice**
 - Bribery and corruption: Identify risks, train employees, channel to report violations.
 - Corporate governance: Anti-competitive practices, violation of anti-trust laws
 - Fair competition: Promoting social responsibility on the value chain.

The IMIA ESG web page

Awareness

Existing Standards

What is the construction Industry doing?

New technologies for Energy transition

2022 webinars

Guidance tools

A guide for Construction & Engineering UWs on ESG assessment

Calculate CO2 emission of a Project

Consideration in UW

ESG and Internal decisions

Some KPIs to follow?

ESG and reporting to third parties

Non-financial reporting

NEXT STEPS for 2023-2024

- *Continue watching good practice in the construction industry*
- *Continue watching evolution of standards and relevance to Construction and Engineering Insurance*
- *Share knowledge via Webinars and short papers*

Questions and Answers

Q&A

THANK YOU

IMIA ESG PWG

