

Kick off presentation at
IMIA annual conference
2022-09-20

IMIA ESG PWG



IMIA ESG Permanent Working Group members

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 - Simon Liley
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 - Isabelle Kowalski
 - Manuela Baroncini
 - Günter Schneider
- AXAXL
- ASR Re
- Guy Carpenter
- IEEE / Swiss Re
- SCOR Specialty Insurance
- Swiss Re Corporate solutions
- Zürich Resilience Solutions

IMIA ESG Committee



Why and How should we take our part of enabling the world to change ?

United Nations – Sustainability Development Goals - 2015

SDGs were established in 2015 by the United Nations. The target date for achieving these goals is 2030.

That means by now we should be halfway along the journey.



COP 26 – Glasgow Climate Pact – 13 November 2021

Very clear statements applicable to us:

3. *Expresses alarm and utmost concern* that *human activities have caused around 1.1°C* of warming to date, that impacts are already being felt in every region and that carbon budgets consistent with achieving the Paris Agreement temperature goal are now small and being rapidly depleted

.....

19. *Calls upon* multilateral development banks, other financial institutions and the private sector to *enhance finance mobilization* in order to deliver the scale of resources needed to achieve climate plans, particularly for adaptation, and *encourages* Parties to continue to explore innovative approaches and instruments for mobilizing finance for adaptation from private sources.

.....

22. *Recognizes that limiting global warming to 1.5°C requires rapid, deep and sustained reductions in global greenhouse gas emissions*, including global carbon dioxide emissions by 45 per cent by 2030 relative to the 2010 level and to net zero around mid-century as well as deep reduction in other greenhouse gases.

.....part of 97 statements....

Driving forces : your C-suite need responses and KPIs

- How are shifting ESG priorities impacting our reputation and share price?
- How do we balance long-term sustainability with short-term growth expectations?



CEO

- How to assess ESG risks on the organization's balance sheets?
- How does our ESG profile impact our cost of capital?
- Where should we direct our capital?



CFO

- How is ESG impacting the various lines of business and how will it shape the risk selection?
- What additional data requirements might reinsurers require from cedants?



CUO



Why does this matter for Construction & Engineering lines ?

From NO Finance to NO Insurance

Adani Carmichael Coal mine :

from NO finance available to NO Insurance available

ESG matters can trigger bankability and insurability

World Cup 2022 :

How have the workers been treated during construction ?

What is the CO2 footprint in construction and operation ?

Impact of Initial design to Environmental protection

Hydro Power Plants: Bottom discharge outlet



Safety, sediments, pollution, recycling
All possible with a bottom discharge outlet

And without a bottom discharge outlet?
Consequences on ESG rating of a project?



CO2 footprint from Design to dismantling

Hydro Power Plants: **Dismantling/Removal to be considered already during design as well as ESG aspects!**

Dismantling an Hydro power plant requires dangerous demolition activities, can release lot of water and sediments into the downstream rivers, can induce pollution, and trigger issues on recycling of materials.

ESG in the Construction Industry

Environmental



- Climate risks
- Biodiversity
- Water efficiency
- Energy efficiency
- Pollution of water, air, land
- Waste management
- Deforestation
- Circular economy

Social



- Human rights
- Labor rights
- Health and Safety
- Data security and privacy
- Equality, Diversity

Governance



- Business ethics
- Compliance
- Executive compensation
- Corruption
- Tax
- Data transparency

Physical risks

Transition risks

Market & technology, legal issues, resource availability, reputation

How to balance the E, the S and the G aspects ?



IMIA ESG Permanent Working group



IMIA ESG Permanent Working Group is prepared to assist

Actions in the Insurance Industry



WGP 89 (2014) : Sustainability aspects in engineering underwriting and corporate responsibility for insurance and reinsurance companies



In June 2020 : ESG guide for non life Insurance – Version 1.0



NZIA is working on Global GHG Accounting and Reporting standard for the Insurance Industry – target early 2023

Objectives of the ESG PWG @ September 2022

Environmental, Social and Governance matters are taking an increasing role in Engineering lines.

Clients and covered activities are changing shape, introducing new activities, new technologies, new investment policies.

Shareholders, reinsurers, internal management are asking KPIs

The working group will give added values and guidance to Underwriters via

➤ Awareness

➤ Guidance tools

➤ Proposed Actions

Objectives of the IMIA ESG Committee @ September 2022

Awareness

- What is ESG?
- Why do we need it?
- How is this applicable to Construction Engineering?
- What is the construction industry doing ?
- Any good practice?

Guidance tools

- How to make ESG assessment
- Calculate CO2 emission of a Project
- How to assess Social responsibility
- What does Governance mean
- Any existing tools as references?

Action in UW

- A common industry tool
- ESG Assessment and Profitability
- ESG and Internal decisions
- Some KPIs to follow?
- ESG and reporting to third parties

Coming in the next 6 months..... Awareness

1. Webinar in December 2022
2. Questionnaire to the C&E community Q1 2023
3. Watch construction Industry
4. NZIA to report on CO2 emission of Insurance
5. Feedback from 1/1 treaty renewal

.....and in the next **12 months** : First Guidance

1. First phase of guidance to UWs and Risk Engs:

- ✓ Social impact
- ✓ Governance assessment

2. Second phase

- ✓ CO2 impact
- ✓ Environmental impact

THANK YOU

IMIA ESG PWG

