

News release

Swiss Re and Climeworks launch partnership by signing world's first ten-year carbon removal purchase agreement

Zurich, 25 August 2021 – Swiss Re and Climeworks, a leading specialist in carbon dioxide air capture technology, are partnering to combat climate change. The partners signed the world's first long-term purchase agreement for direct air capture and storage of carbon dioxide, worth USD 10 million over ten years. For Swiss Re, the collaboration marks a milestone towards its goal of reaching net-zero emissions in its own operations by 2030. The partnership is also a sign of Swiss Re's support for the carbon removal industry and gives the Group early access to the new carbon removal risk pools and asset classes.

Both the length of the term of ten years and the total value of USD 10 million are so far unmatched in the voluntary market for this type of high-quality carbon removal, sending an important demand signal to developers, investors and other buyers. The companies also agreed to collaborate on developing risk management knowledge and risk transfer solutions, as well as to explore future investment and project finance opportunities.

"To mitigate the risks of climate change, the world needs to scale-up carbon removal on top of, not instead of emission reductions. By partnering with Climeworks we can play to our strengths in this endeavour, as a risk taker, investor, and forward-looking buyer of climate solutions", said Christian Mumenthaler, Swiss Re's Group Chief Executive Officer and Co-Chair of the World Economic Forum's Alliance of CEO Climate Leaders.

The technological carbon removal solution offered by Climeworks in Iceland filters carbon dioxide (CO₂) from ambient air using geothermal energy. The captured CO₂ is then sent for permanent storage in nearby rock layers. It is dissolved in water and pumped deep underground, where it reacts naturally with the surrounding basalt rock to form stable carbonate minerals – the CO₂ literally turns into stone. This is considered the safest, most durable form of all carbon removal solutions that are commercially available today.

At a price point of several hundred dollars per tonne of CO₂ removed, it is at present also one of the costliest options. Larger, more economical air-capture and storage facilities can only be realised if customers are committed to long-term purchasing agreements. They guarantee a future revenue stream to the developers, making new projects fundable.

Christoph Gebald, co-CEO and co-founder of Climeworks, said: "We are very proud to have established the basis for a unique long-term partnership with

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the leading risk knowledge company Swiss Re. This is a decisive milestone for the scale-up of Climeworks and the direct air capture industry.”

Carbon removal projects can use nature-based solutions like afforestation, which comes with many co-benefits, such as improved biodiversity. They are, however, limited by other types of land use and are vulnerable to the re-release of the stored carbon, eg through wildfires. This is why technological carbon removal solutions like direct air capture and storage are necessary to limit global warming over the long run.

Bringing climate solutions to scale not only requires the right demand signals, but also de-risking and financing. The insurance sector is uniquely positioned to offer support on all three fronts: through long-term purchase agreements, providing insurance capacity for evolving risk pools, and investments in new asset classes, as described in the recent Swiss Re Institute [report](#) on the insurance rationale for carbon removal solutions.

Swiss Re has committed to achieve net-zero emissions in its insurance and investment business by 2050, and in its own operations already by 2030, following its ‘Do our best, remove the rest’ approach that aims to first of all reduce emissions as much as possible before balancing any residual emissions through carbon removal.

Swiss Re

The Swiss Re Group is one of the world’s leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally.

Climeworks

Climeworks empowers people to reverse climate change by permanently removing carbon dioxide from the air. One of two things happens to the Climeworks air-captured carbon dioxide: either it is returned to earth, stored safely and permanently away for millions of years, or it is upcycled into climate-friendly products such as carbon-neutral fuels and materials. The Climeworks direct air capture technology runs exclusively on clean energy, and the modular CO₂ collectors can be stacked to build machines of any size. Founded by engineers Christoph Gebald and Jan Wurzbacher, Climeworks strives to inspire 1 billion people to act now and remove carbon dioxide from the air. Together we can build a climate-positive world. Join us! Web: <https://www.climeworks.com>

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase”, “may fluctuate” and similar expressions, or by future or conditional verbs such as “will”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group’s actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism or acts of war;
- mortality, morbidity and longevity experience;
- the cyclicalities of the reinsurance sector;
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- increased volatility of, and/or disruption in, global capital and credit markets;
- the Group’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group’s financial strength or otherwise;
- the Group’s inability to realize amounts on sales of securities on the Group’s balance sheet equivalent to their values recorded for accounting purposes;
- the Group’s inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise;
- changes in legislation and regulation, or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings;
- uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions;
- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability;
- the outcome of tax audits, the ability to realize tax loss carryforwards and the ability to realize deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on the Group’s business model;
- changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities;
- changes in accounting standards, practices or policies;
- strengthening or weakening of foreign currencies;
- reforms of, or other potential changes to, benchmark reference rates;
- failure of the Group’s hedging arrangements to be effective;

- significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than-expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- changing levels of competition;
- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events;
- limitations on the ability of the Group's subsidiaries to pay dividends or make other distributions; and
- operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing risks.

These factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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