

EU Taxonomy Sustainability Report 2021

Swiss Re Europe S.A.

Disclosures under Article 8 of the EU Taxonomy Regulation for Swiss Re Europe S.A.

This document covers sustainability related information on the asset and underwriting activities of Swiss Re Europe S.A. (the "Company")¹ in accordance with Article 8 of European Regulation (EU) 2020/852 (the "EU Taxonomy"). It relates to financial information as at year-end 2021 and should be read in conjunction with the financial information as published in the Annual Accounts and Solvency and Financial Condition Report² of the Company as of 31 December 2021 as well as the non-financial information published in the Group Sustainability Report³ and the TCFD section of the Annual Report of the Swiss Re Group⁴, which also covers the 2021 financial year.

In accordance with Article 10 of the Delegated Regulation (EU) 2021/2178 (the "Disclosures Delegated Act"), a simplified approach has been used for the reporting of the Company's financial year 2021 activities. In this context, only EU Taxonomy eligible activities are reported in respect of the asset and underwriting activities of the Company. EU Taxonomy eligible activities represent those activities within the EU Taxonomy's environmental objectives for which technical screening criteria have been defined, under Delegated Regulation (EU) 2021/2139 (the "Climate Delegated Act"), regardless of whether or not these criteria are met.

The sustainability indicators presented below have various limitations and only provide the scope of the EU Taxonomy eligible activities that would qualify for further sustainability assessment via the technical screening criteria. The lack of sufficient granular data to carve out the EU Taxonomy eligible activities constrains the quality of this reporting. Details on the eligibility of the Company's asset and underwriting activities are presented in their respective sections below.

Assets

For investments, the EU Taxonomy limits the scope of possible EU Taxonomy eligible investments to those investees that are themselves subject to Article 19a or 29a of Directive 2013/34/EU, as amended (the "Accounting Directive")⁵. In the case of private assets relating to investments that do not qualify as companies, the decision on the eligibility of these investments is deferred, by the EU Taxonomy, to an internal assessment for eligibility. In addition, investments outside of the EU also do not qualify as eligible investments. Due to the large share of assets that are not eligible, either as a result of data constraints or as not being in scope, the amount of attributable investments is limited.

Furthermore, when assessing the EU Taxonomy eligibility of investees, information may only be used for the mandatory disclosure if it has been reported by the investees themselves. As the Company's investees are also reporting under the EU Taxonomy for the first time as of financial year 2021, the readily and structured availability⁶ of self-reported data is significantly restricted.

As a result of the above, only a small portion of the Company's assets, in the period under consideration, fulfil the criteria needed to be considered as EU Taxonomy eligible under the requirements for mandatory disclosure reporting. The Company considers all assets connected with the purchase and ownership of real estate, including investment property and real estate funds, to be EU Taxonomy eligible. In addition, infrastructure loans financing a specific EU Taxonomy eligible activity are considered EU Taxonomy eligible.

For all other asset classes, the aforementioned data availability constraints do not currently support the consideration of these assets as EU Taxonomy eligible as part of the Company's mandatory disclosure. As the availability and consistency of estimated data, which the EU Taxonomy only considers as applicable for voluntary disclosure, is also limited, the Company will not report any voluntary data for the financial year 2021.

¹ Operating through its head office and a number of branches in Europe located in Denmark, France, Germany, Italy, Slovakia and Spain, and the United Kingdom.

² <https://www.swissre.com/dam/jcr:a83f3548-4d28-4f72-af05-ec43bb19c714/swiss-re-europe-sfcr-2021.pdf>

³ <https://reports.swissre.com/2021/sustainability.html>

⁴ <https://reports.swissre.com/2021>

⁵ Available under <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02013L0034-20211221>

⁶ As per the European Commission's Frequently Asked Questions (FAQ) document issued in February 2022 on what financial undertakings should report if underlying entities' information is not readily and publicly available (question 20).

In line with the EU Taxonomy, the covered assets (i.e. the assets that are reviewed for their eligibility) include investments in debt instruments, listed and private equity, real estate, derivatives and cash but exclude exposure to sovereigns. The coverage ratio represents the share of the covered assets in relation to the total assets as reported by the Company. The share of eligible assets is expressed in relation to the covered assets, with sovereign bonds excluded from both the numerator and denominator.

EU Taxonomy eligible assets

The table below summarises the relevant metrics to calculate the EU Taxonomy eligible assets. Based on the assessment of the Company's Covered Assets of EUR 3.88 billion in 2021, 15% are deemed eligible under the EU Taxonomy and 85% non-eligible.

in EUR millions	Value	in % of total assets
Total assets	6 794	100%
– Exposure to central governments, central banks and supranational issuers	2 910	43%
= Assets in scope ("covered assets")	3 884	57%
in EUR millions	Value	in % of covered assets
Exposure to assets that are treated as non-eligible by the EU Taxonomy (i.e. derivatives, cash)	–10	–0%
+ Exposure to assets that are treated as non-eligible due to data constraints (e.g., equities) or internal assessment	2 999	77%
+ Exposure to undertakings that are not subject to Articles 19a and 29a of Directive 2013/34/EU	298	8%
= Total EU Taxonomy non-eligible assets	3 287	85%
+ Total EU Taxonomy eligible assets	597	15%
= Assets in scope ("covered assets")	3 884	100%

Underwriting

Underwriting activities in relation to non-life insurance under the eight lines of business defined in Annex II of the Climate Delegated Act⁷ can generally be deemed eligible under the EU Taxonomy's objective of climate change adaptation provided that the insurance relates to the coverage of the four climate-related perils⁸ defined in the same regulation.

The Company deems the reinsurance of the same lines of business, covering the same climate-related perils as those defined for insurance, to be eligible reinsurance business. Life business activities and other revenues, e.g. related to other services provided by the Company are excluded in accordance with the EU Taxonomy.

Detailed information on the eligibility of the reinsured business is not available to the Company as this is assessed by the cedants that are obliged to publish non-financial information pursuant to Article 19a or 29a of the Accounting Directive. Therefore, the assessment of whether business is related to the coverage of climate-related perils, has been carried out at the level of the lines of business. In this regard, all reinsurance business belonging to a certain line of business is either deemed eligible or non-eligible depending on whether the type of business underwritten includes protection of climate-related perils.

An assessment identifying the reinsurance of the aforementioned eight non-life lines of business, that cover climate-related perils has been carried out. To do this, the Company has:

- Assessed the share of premiums allocated to certain natural catastrophe risks (flood, convective storm, windstorm, hurricane) as available from the Company's underwriting systems.
- Used these natural catastrophe risks as a proxy for the four climate-related perils identified in the Climate Delegated Act.
- Excluded lines of business for which an immaterial⁹ share of the premium is allocated to the aforementioned natural catastrophe risks.

For the lines of business included, a sample of contracts were reviewed to confirm that at least a portion of the business within those lines, include coverage in respect of the four climate-related perils as defined in the Climate Delegated Act.

Using this approach, all business relating to the following lines of business is deemed eligible: marine, aviation and transport, fire and other damage to property (including non-proportional reinsurance related to those lines of business).

⁷ Medical expense, income protection, workers' compensation, motor vehicle liability, other motor, marine, aviation and transport, fire and other damage to property and assistance

⁸ Temperature-related, wind-related, water-related and solid-mass related

⁹ Based on a 5% materiality threshold

Taxonomy eligible underwriting activities

Based on the assessment of the Company's gross written non-life premiums of EUR 4.6 billion in 2021, 47.2% are deemed eligible under the EU Taxonomy and 52.8% non-eligible.

The Taxonomy eligible premiums as shown above will need to be assessed for alignment with the EU Taxonomy based on the technical screening criteria as laid out in the Climate Delegated Act, the "Do not significant harm" principle and minimum safeguards for upcoming Taxonomy disclosures as of 2024.

Due to the constraints of the currently disclosed underwriting eligibility indicator, the Company does not regard the factor as an appropriate metric for the sustainability of the Company's underwriting activities but, rather, sees it as a means of determining a scope for further assessment.

Due to the lack of information on the eligibility of the reinsured business at the level of the underlying policies, a simplified approach has been used for the approximation of eligible non-life reinsurance activities. Under this approach eligibility is only determined at the level of the line of business, i.e. all premium relating to a line of business is either counted as eligible or non-eligible regardless of whether or not it relates to business activities with cedants that are obliged to publish non-financial information pursuant to Article 19a or 29a of the Accounting Directive. While a materiality threshold has been applied based on the premium that is allocated to the coverage of climate-related natural catastrophe risk in the Company's underwriting systems, supported by a review of a sample of contracts, the outcome would likely deviate if the eligibility assessment would be based on a full screening of the individual contracts. Moreover, as noted above, not all objectives of the EU Taxonomy regulation are currently applicable for the assessment of underwriting activities, and further activities could come into scope once the remaining objectives are defined.

Disclaimer

The information included in this report reflects the positions as of 31 December 2021. Swiss Re disclaims any obligation to update, supplement or revise the information to reflect events or circumstances that may occur following this date. The information should be read together with the related annual reports on the Swiss Group and Company level as indicated at the beginning of the report. The sustainability indicators presented in the report have various limitations and only provide the scope of the activities that would qualify for further sustainability assessment via the technical screening criteria. The lack of sufficient granular data to carve out the taxonomy-eligible economic activities constrains the quality of this reporting.

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