

EU Taxonomy Sustainability Report 2022

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 2022 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 2022 as well as the non-financial information published in the Group Sustainability Report³ and the Task Force on Climate-Related Financial Disclosures (TCFD) section of the Annual Report of the Swiss Re Group⁴, which also covers the 2022 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 2022 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 based on 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 Articles 19a or 29a of Directive 2013/34/EU, as amended (the "Accounting Directive")⁵.

When assessing the EU Taxonomy eligibility of investments for the mandatory disclosure, data can be used only if it has been reported by the investee itself. As most of the Company's investees started reporting under the EU Taxonomy only as of financial year 2021, the availability of self-reported data remains limited, though it has improved in comparison with the previous cycle. Such improvements have allowed the Company to report the eligibility of its corporate bonds and listed equities exchange-traded funds (ETFs) using investees' reported data.

With regard to private infrastructure debt, where investees' reported data is missing, the decision on eligibility is deferred to an internal expert assessment. With regard to private equity, none of the positions meet the required reporting criteria. Lastly, the Company considers all assets connected with the purchase and ownership of real estate, including investment properties, to always be in scope for eligibility.

In line with the EU Taxonomy Regulation, the covered assets (ie the assets that are reviewed for their eligibility) include investments in debt instruments, listed and private equity, real estate and derivatives but exclude exposure to government, government-related and supranational bonds, and cash. 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 then expressed in relation to the covered assets.

As a result of the above assessment, in the period under consideration, EUR 737 million of the Company's assets fulfills the required criteria and can be considered EU Taxonomy-eligible for mandatory disclosure reporting.

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:f78eb5e3-dcbc-433d-822e-5bb0d9171b42/swiss-re-europe-sfcr-2022.pdf>

³ https://reports.swissre.com/media/12xew1fb/sure_sustainability_report_2022.pdf

⁴ <https://reports.swissre.com/2022>

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

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 3 874 million in 2022, 19% are deemed eligible under the EU Taxonomy and 81% non-eligible.

in EUR millions	Value	in % of total assets
Total assets	6 665	100%
– Exposure to central governments, central banks, supranational issuers and cash	2 791	42%
= Assets in scope ("covered assets")	3 874	58%

in EUR millions	Value	in % of covered assets
Exposure to assets that are treated as non-eligible by the EU Taxonomy (ie derivatives)	0	0%
+ Exposure to assets that are treated as non-eligible due to data constraints	466	12%
+ Exposure to undertakings that are not subject to Articles 19a and 29a of Directive 2013/34/EU	2 240	58%
+ Exposure to non-eligible assets	431	11%
= Total EU Taxonomy-non-eligible assets	3 137	81%
+ Total EU Taxonomy-eligible assets	737	19%
= Assets in scope ("covered assets")	3 874	100%

Underwriting

Underwriting activities in relation to non-life insurance under the eight lines of business defined in Annex II of the Climate Delegated Act⁶ can generally be deemed eligible under the EU Taxonomy's objective of climate change adaption provided that the insurance relates to the coverage of the four climate-related perils⁷ 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, eg 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 Articles 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 immaterial⁸ 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).

Taxonomy-eligible underwriting activities

Based on the assessment of the Company's gross written non-life premiums of EUR 4 766 million in 2022, 49% are deemed eligible under the EU Taxonomy and 51% non-eligible.

⁶ Medical expense, income protection, workers' compensation, motor vehicle liability, other motor, marine, aviation and transport, fire and other damage to property and assistance

⁷ Temperature-related, wind-related, water-related and solid mass-related

⁸ Based on a 5% materiality threshold

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, ie all premium relating to the Solvency II 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 Articles 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 were 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 2022. 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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