Swiss Re

News release

Swiss Re introduces triple-digit internal carbon levy to support transition to net-zero emissions in operations by 2030

- Swiss Re steps up its internal carbon levy to USD 100 per tonne as of 2021 and will gradually increase it to USD 200 per tonne by 2030
- The new levy incentivises emission reductions in operations and funds the compensation of residual emissions via carbon removal
- Further emission reduction efforts focus on air travel, with a 30% CO_2 reduction target for 2021, relative to 2018

Zurich, 15 September 2020 – Swiss Re today announced further measures to support the transition to a low-carbon economy, including stepping up to a USD 100 per tonne internal carbon levy, which will increase to USD 200 by 2030. The levy will fund compensation of residual operational emissions through high-quality carbon removal projects. The Group also decided to further curb its flight emissions with a CO_2 reduction target of 30% in 2021.

In the fight against climate change, companies can use internal carbon pricing as an important tool to incentivise low-carbon behaviour and decision making. Starting January 2021, Swiss Re's internal carbon levy will increase from today's USD 8 per tonne CO_2 to USD 100 per tonne CO_2. Swiss Re is the first multinational company to announce a triple-digit real carbon levy on both direct and indirect operational emissions (such as business travel)[1]. The levy will gradually increase to USD 200 per tonne CO_2 by 2030.

In addition to the new levy, Swiss Re has also announced it will cut emissions from air travel by 30% in 2021, relative to the 2018 benchmark. This means that the currently suppressed business travel activity will not go back to the pre-COVID-19 levels.

"Today's announcement is yet another proof point of how Swiss Re delivers on the climate action component of our sustainability strategy," said Swiss Re's Group Chief Executive Officer Christian Mumenthaler. "It also underscores our belief that leading companies can and must propel climate protection beyond mere compliance with current regulations." Mumenthaler is also the co-chair of WEF's Alliance of CEO Climate Leaders.

[1] Based on a Swiss Re analysis of CDP Climate Change Questionnaires submitted for the 2020 disclosure cycle.

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Swiss Re is a signatory to the 'Paris Pledge for Action'. In 2019, it confirmed this position by signing the UN Business Ambition for 1.5°C pledge and by becoming a founding partner of the UN-convened Net-Zero Asset Owner Alliance, thereby committing to net-zero emissions by 2050 on the liability and asset side. For its own operations, Swiss Re committed to achieve net-zero emissions already by 2030. This means that all operational CO_2 emissions that cannot yet be reduced need to be compensated by negative emissions, ie removed from the atmosphere and stored permanently (see also Swiss Re's SONAR 2020 report).

Since carbon removal is still a nascent industry, this new way of emissions compensation comes at a price. Swiss Re's new 10-year carbon levy scheme secures the required funds for purchasing removal services from impactful, durable and scalable carbon removal projects.

To limit global warming to well below 2°C – in accordance with the Paris Agreement – climate science predicts the need for billions of tonnes of CO_2 to be annually removed and stored until and after 2050 (IPCC SR15, 2018). Unprecedented emission reduction efforts need to be complemented by the rapid scale-up of carbon removal capacity. Swiss Re believes that the insurance industry can play a pivotal role through own sustainable operations, risk knowledge, risk transfer solutions and investments.

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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. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

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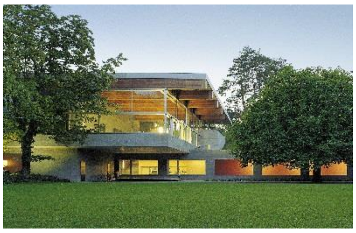

Cautionary note on forward-looking statements
Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any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

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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 cyclicality 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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