SWISS INSURANCE ASSOCIATION
125 YEARS OF SIA

Sustainability Report 2024

Swiss insurance industry report

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Foreword

Dear readers,

An insurer's main mission is to distribute the financial risks to which private individuals and companies are exposed within the community, taking pressure off the insured parties in the event of a claim. This enables these individuals and companies to concentrate on their own priorities and, in doing so, contribute to a resilient economy and the development of society.

For insurers, adopting a long-term perspective is in the very nature of their business model and, like society at large, they are interested in minimising losses. This keeps premiums low and ensures that insurance products are attractive. Acting sustainably helps to minimise risks and keep any potential damage to a minimum from day one. This means that insurers have a natural interest in promoting sustainability, one that also supports their business model. This is also something they are actively committed to doing. From a holistic perspective, however, sustainability includes economic and social aspects in addition to ecological ones. These aspects are mutually dependent, and weighing them up in a balanced manner is what makes sustainability development sustainable in itself.

The sixth Sustainability Report of the Swiss Insurance Association (SIA) showcases what the industry has achieved. In the 2024 reporting year, its head office worked with the voluntary committees to develop a self-regulatory regime that provides an effective basis for protecting customers from greenwashing in connection with unit-linked life insurance policies with a sustainability focus. 13 private insurers, which together make up more than 95 per cent of the relevant market, have signed up to the self-regulation voluntarily[1].

Insurers themselves have also been making headway with this topic, as is demonstrated by the three surveys related to sustainability governance, investments and operational ecology. Sustainability is increasingly becoming a firmly established strategic component at company and group level, with more and more insurers measuring the emissions from their investment portfolios. Energy consumption in insurers' own buildings was reduced for the fifth year running. Insurers are also clearly committed to the Paris climate targets. Almost three-quarters of companies have set themselves net zero targets for the period leading up to 2050.

In recent years, far-reaching measures have entered into force to tighten up sustainability reporting obligations. Since 1 January 2022, major insurers[2] have had to publish a detailed annual report on non-financial matters ('transparency on non-financial matters'). In summer 2024, the Swiss federal government also submitted a more stringent version of these provisions for consultation. In its consultation response, the SIA drew attention to the high level of complexity and the risk of making sustainability reporting unnecessarily cumbersome.

Since 1 January 2024, the extensive reporting obligation in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) ('Ordinance on Climate Disclosures') has also applied. The Swiss federal government also submitted amendments to this ordinance for consultation in December 2024. With regulations becoming increasingly stringent, insurers are required to constantly review and adapt their reporting processes in order to meet mounting regulatory requirements. The associated red tape ties up resources and increases administrative outlay without necessarily contributing to sustainable development.

[1] Gross premiums written for unit-linked life insurance (FINMA statistics for the market as a whole in 2023)

[2] Pursuant to Article 964a of the Swiss Code of Obligations (CO), companies of public interest must prepare a report on non-financial matters if they have at least 500 full-time equivalent positions on annual average in two successive financial years and exceed a balance sheet total of CHF 20 million or sales revenue of CHF 40 million in two successive financial years.

Developments in the US and Europe over the past few months represent a change of direction. A clear shift in priorities has been initiated in the US. But changes are also noticeable in Europe. At the beginning of 2025, for example, the EU Commission published an 'omnibus' package of measures on various legislative initiatives to take pressure off companies.The initiative is aimed, in particular, at simplifying sustainability reporting so as to reduce the regulatory outlay involved.

In view of the current situation, the advisable approach is for Switzerland to keep a close eye on further developments and act with caution. Overhasty decisions should be avoided. In the current deregulatory environment, regulations implemented too keenly could lead to a 'Swiss finish' that would serve neither Switzerland as a financial hub nor sustainable development. Instead, the aim should be to create suitable overall conditions in which the insurance industry can live up to its important mission. The focus is on activities that promote not only ecological but also economic and social aspects as part of a balanced approach.

Private insurance reporting has developed substantially over the last six years. As the gap originally identified has been closed, the SIA's Sustainability Report would hardly generate any significant added value in future. As such, this industry report is the last to be published in this form. The SIA will, however, continue to advocate for the sustainable development of the industry and help shape the discourse on this crucial issue.

Dr Stefan Mäder, Chairman,
and Urs Arbter, CEO

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Reporting by the insurance industry

This section provides both a review of, and an outlook for, sustainability reporting, focusing in particular on the provisions that apply to insurance companies and the SIA's Sustainability Report.

Reporting obligations for insurers constantly expanded and tightened up

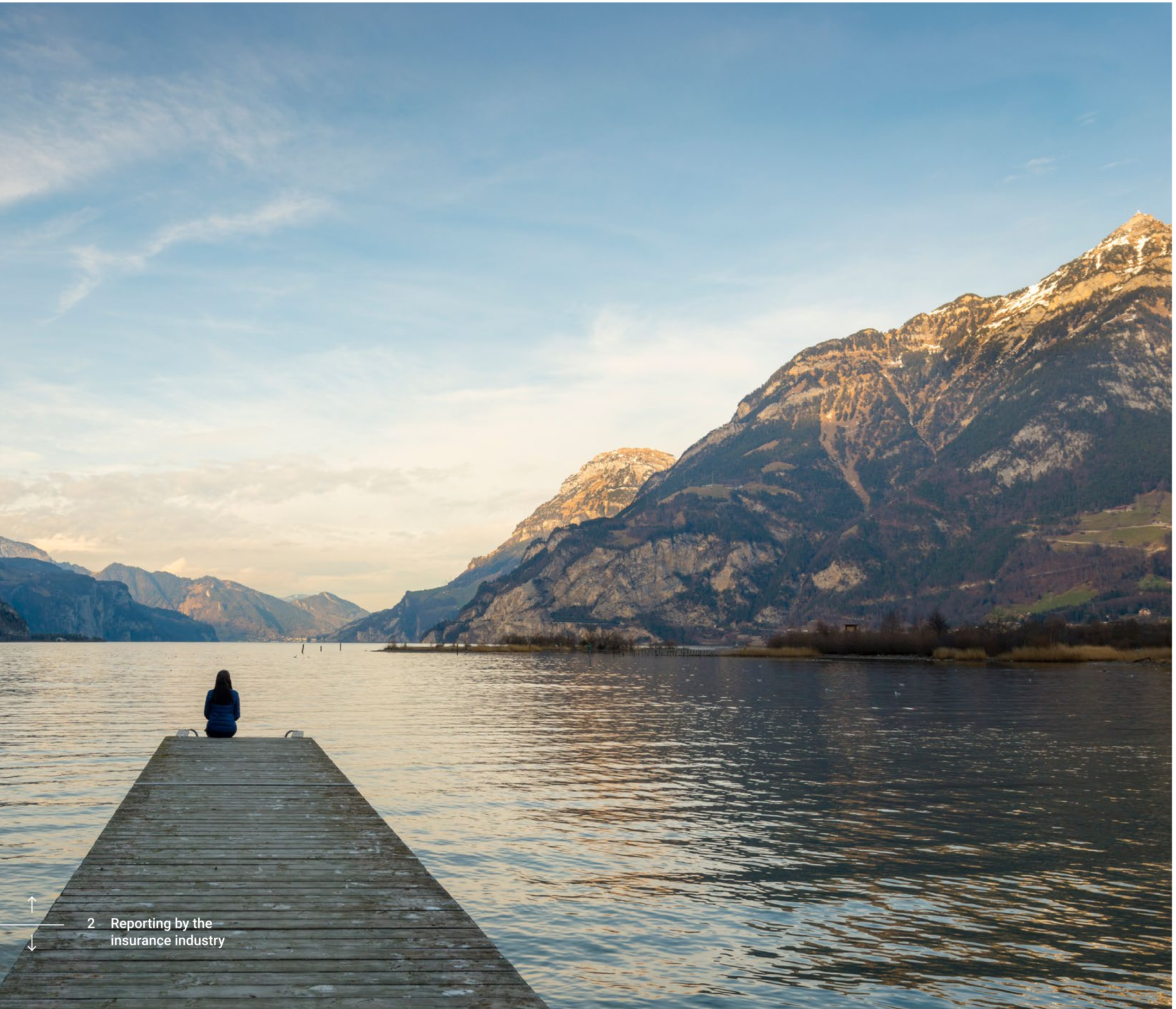
Insurers' reporting obligations have been constantly expanded and tightened up in recent years. Since 1 January 2022, the statutory provisions governing transparency on non-financial matters (Articles 964a–964c CO) have applied. Large companies[3] are obliged to publish an annual report covering environmental issues, CO_2 targets, social issues, labour issues, respect for human rights and measures to combat corruption. After less than two years, the Swiss federal government has already revised these provisions, submitting them for consultation on 26 June 2024. The consultation proposal provides for a far-reaching expansion of the scope of the disclosures on sustainability aspects and an extension of the group of companies subject to the reporting requirement.

On 1 January 2024, the Ordinance on Climate Disclosures, which provides further details on the environmental aspects in accordance with the Swiss Code of Obligations, also came into force. The provisions are based on the TCFD recommendations and set out extensive requirements relating to governance, strategy, risk management, key figures and targets. Despite the ongoing revision of the statutory provisions, this ordinance was already revised and submitted for consultation on 6 December 2024 in a quest to adapt it to reflect the latest international developments (adoption of the TCFD recommendations in international standards (ISSB)). The draft would tighten up requirements for sustainability reporting by private insurers even further and, particularly in light of developments in the EU (the 'omnibus'), would lead to a 'Swiss finish' in some cases.

Internal reporting has also been tightened up. On 17 December 2024, the Swiss Financial Market Supervisory Authority FINMA published the 'Nature-related financial risks' circular. The circular obliges banks and insurers to carry out far-reaching scenario analyses that take into account both the direct and indirect effects of nature-related risks. The findings from these scenario analyses have to be incorporated into risk management and internal reporting processes.

All in all, sustainability reporting obligations are increasing significantly, both vis-à-vis the public and vis-à-vis FINMA. Constant adjustments to changes that have already been made mean that insurers also have to constantly review and update their reporting. Overall, this creates a situation in which reporting is tying up an increasing share of private insurers' resources.

[3] Pursuant to Article 964a of the Swiss Code of Obligations (CO), companies of public interest must prepare a report on non-financial matters if they have at least 500 full-time equivalent positions on annual average in two successive financial years and exceed a balance sheet total of CHF 20 million or sales revenue of CHF 40 million in two successive financial years.



2 Reporting by the insurance industry

REPORTING STANDARDS

The Global Reporting Initiative (GRI) has been developing standards for sustainability reporting since 1997, focusing on the inside-out perspective – i.e. a company's impact on the environment, society and the economy.

The Task Force on Climate-related Financial Disclosures (TCFD) published recommendations on climate reporting in 2017. These recommendations focus on the outside-in perspective, i.e. how climate risks affect a company financially.

The International Sustainability Standards Board (ISSB) was set up in 2021 and builds on existing frameworks such as the TCFD. It develops global standards that cover all ESG aspects and financial sustainability risks.

The Corporate Sustainability Reporting Directive (CSRD) is an EU Directive that entered into force in January 2023. It obliges companies to publish standardised reports in accordance with the European Sustainability Reporting Standards (ESRS) and follows the principle of double materiality (inside-out and outside-in).

Differences in sustainability reporting

Reporting on the progress made in the industry has also continued to develop with the SIA's six sustainability reports. The aim of sustainability reporting was, and is, to consolidate the measures taken by the insurance industry in the area of sustainability and to communicate them to the outside world. More and more insurers are now reporting in greater detail on their efforts in individual areas of sustainability. While one-fifth of the participating insurers stated that they published a separate sustainability report in 2020, this figure rose to one half in 2024. The level of detail and quality is also constantly increasing. It is not uncommon for company reports to span more than a hundred pages, going into considerable technical detail. This means that the gap in reporting by the insurance industry identified when the SIA started publishing its Sustainability Reports has now largely been closed.

Ongoing developments in reporting by major insurers makes it difficult to compare figures with those released in the previous year. The use of new methodologies or standards also hinders meaningful comparisons, or creates a need for corrections. Progressive developments make it increasingly difficult to group large and smaller insurers to arrive at an overarching industry analysis. For example, while large insurers are increasingly collecting and reporting data on their Scope 3 emissions in the area of operational ecology, some smaller insurers are only just starting to collect data on their own consumption. These differences make it difficult to make advances in the data collection process. In order to accurately reflect the progress made by large insurers in the industry report, the data collected would require a level of technical detail that would not be appropriate for smaller competitors.

In summary, sustainability reporting in the Swiss insurance industry has been expanded significantly over the last six years. The resulting amount of information has increased to such an extent that the added value provided by the SIA Sustainability Report is diminishing, pushing aggregated industry-level reporting into the background.

With this in mind, the SIA has decided to discontinue publishing its own industry report and communicating it to the outside world going forward. The industry association will, however, continue to voice its positions regarding sustainability in dialogue with policymakers, administrators and regulators. The objectives remain unchanged: compared to other sectors, insurers think and act with the long term in mind. The SIA is firmly committed to the sustainable development of the industry, the emphasis being on impact rather than resource-intensive reporting.

EFFECTIVE MEASURES AS OPPOSED TO EXCESSIVE REGULATION

An insurer’s core mission lies in recognising the financial risks that companies and private individuals are exposed to, taking preventive action to reduce them where possible and mitigating their financial implications. Their business model is geared towards the long term and spans several generations due to the collective assumption of risk. Sustainable action helps to reduce risks and the resulting damage. This means that insurers have a natural interest in thinking and acting sustainably. Accordingly, they are committed to the sustainable development of the insurance industry, are working towards achieving the Paris climate targets and support the Swiss federal government’s net zero ambitions. A holistic approach to sustainability encompasses ecological, economic and social aspects. These aspects are mutually dependent, and weighing them up in a balanced manner is a prerequisite for sustainable development.

The more insurers can concentrate on their core remit, the better the conditions for an environment that fosters innovation overall. This benefits not only the economy, but society as a whole. As a result, sustainability regulation always has to address the question of its impact. Regulatory approaches that create administrative outlay and red tape without effectively promoting sustainable development in a targeted manner should be avoided. Wherever possible, the focus should be on self-regulation within the economy.

The insurance industry in figures[4]

50,000 employees

2,104 trainees

28.1 billion in direct gross value

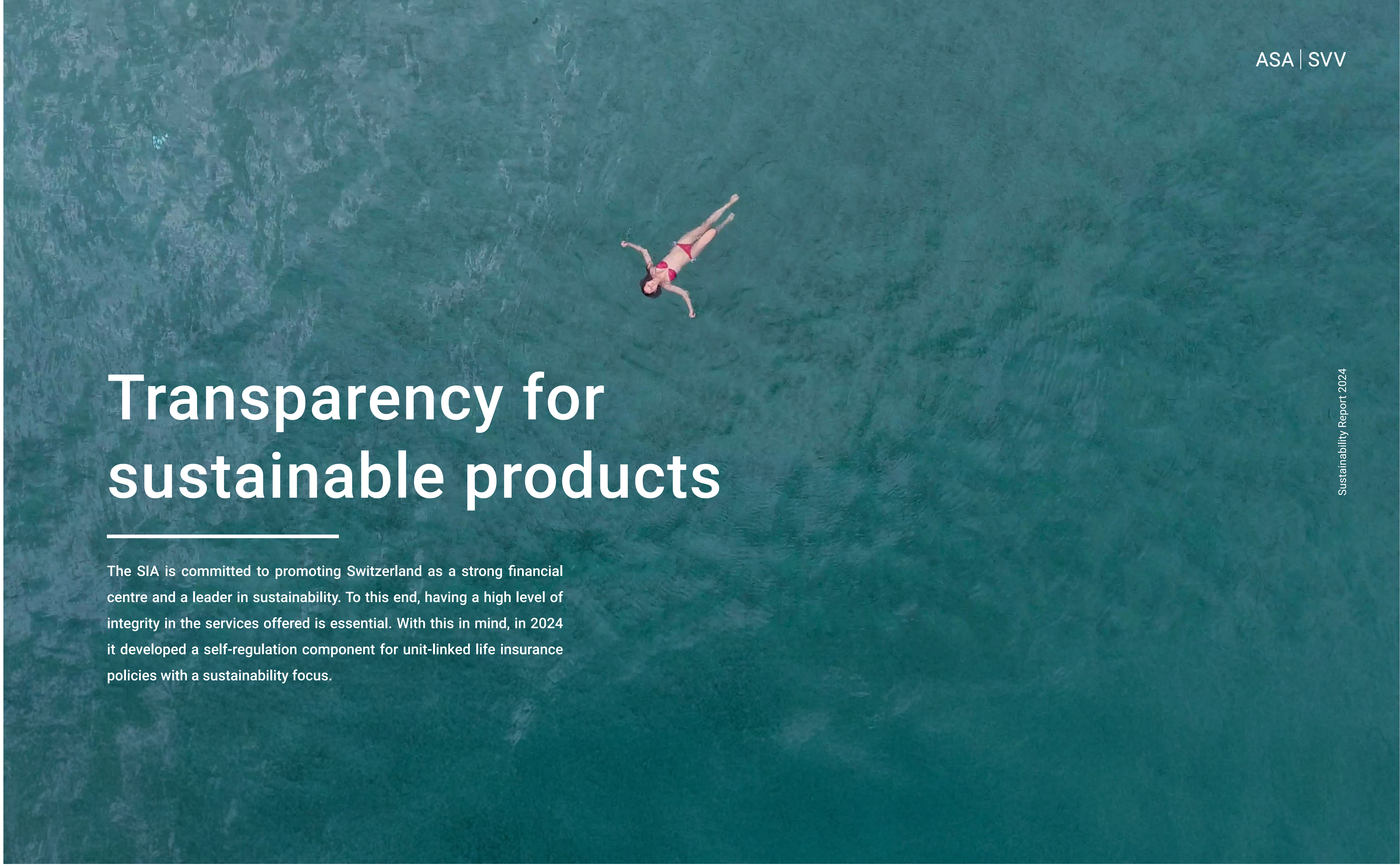
Investments of **CHF 528** billion

CHF 131 million in daily claims and pension payments[5]

CHF 2.5 billion in corporate and income taxes

[4] Source: BAK Economics, FINMA, SIA

[5] Figures relate to 2021–2023



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Transparency for sustainable products

The SIA is committed to promoting Switzerland as a strong financial centre and a leader in sustainability. To this end, having a high level of integrity in the services offered is essential. With this in mind, in 2024 it developed a self-regulation component for unit-linked life insurance policies with a sustainability focus.

December 2022 saw the Federal Council publish the 'Sustainable finance in Switzerland' report, in which it defined various action areas to consolidate Switzerland's position as a leading sustainable finance hub. Measure 9 aims to avoid greenwashing in order to ensure Switzerland's credibility as a financial centre. The SIA is supporting the Federal Council in its endeavours and subsequently began work in a dedicated working group. Within a year, it had developed a self-regulatory regime to prevent greenwashing in unit-linked life insurance policies with a sustainability focus. Two objectives were being pursued as part of this process. First, the aim was to create a basis to protect customers from greenwashing as effectively as possible. Second, the requirements had to be designed based on principles so that they could be implemented by insurers as efficiently as possible and harmonised with existing business processes.

Standardised definition of sustainability

The work on the self-regulatory regime was conducted in collaboration with the sister associations Asset Management Association Switzerland (AMAS) and Swiss Bankers Association (SBA) in order to ensure a uniform standard across the entire financial sector. The standard is based on a definition of sustainability that is identical for all financial sectors. Based on this definition, products are considered to have a sustainability focus if, in addition to financial targets, they are either compatible with specific sustainability targets or contribute to the implementation of specific sustainability targets. Sustainability targets are defined by a clear reference framework and specific indicators that can be used to measure and monitor the sustainability objectives pursued.

Provisions on three levels

The SIA self-regulatory regime contains provisions on three levels to ensure that greenwashing is prevented. On an organisational level, the self-regulatory regime sets out general requirements, particularly with regard to training, internal risk control and external auditing. Compliance with these requirements ensures that companies have the appropriate structures and processes in place to prevent greenwashing. At the level of life insurance policy issuers, principles have been formulated to ensure that life insurance policies with a sustainability focus are, in fact, sustainable. Finally, principles have been formulated at sales level to ensure that customers are correctly informed about the characteristics of the insurance products concerned.

WHAT IS GREENWASHING?

Greenwashing in the financial sector refers to the practice of misleading clients about the sustainable characteristics of financial products and services (see Federal Council press release of 16 December 2022). One example is a scenario in which products are deliberately presented as being more sustainable than they actually are. The SIA is committed to a credible financial sector that always provides customers with transparent information on key/central features of products and services. As a result, it firmly rejects any form of greenwashing.

High level of flexibility and acceptance

The self-regulatory regime developed was submitted to the Swiss federal government in spring 2024. On 19 June 2024, the Swiss Federal Council announced in a press release that it would refrain from introducing state regulation for the time being. It cited the progress made in the financial sector in implementing its position on preventing greenwashing as the reason behind this decision.

This step was welcomed by industry associations, since self-regulation has several advantages over state regulation. Self-regulation is more flexible. Drafting and amending laws and ordinances is a lengthy process, but a self-regulatory regime can be created and updated much more quickly. This is a clear advantage given the fast pace of international developments and the resulting uncertainties.

Another advantage of the self-regulatory regime is proximity to the industry. The regime was drawn up by experts from the insurers themselves. This ensured that the requirements were developed from a hands-on perspective, making them easier to implement. The direct involvement of the insurers concerned also translated into greater acceptance of the regime. By the end of 2024, a total of 13 insurers, which together represent more than 95 per cent of the relevant market, had signed up voluntarily[6].

Industry support

The self-regulatory regime entered into force on 1 January 2025 and has to be implemented in full by 31 December 2026. The SIA helps companies subject to the self-regulatory regime to implement the provisions by providing key information, but also by acting as a platform on which the companies can exchange information and address any implementation issues that arise. This provides effective protection against potential greenwashing and safeguards the credibility of the financial centre.

[6] Gross premiums written for unit-linked life insurance (FINMA statistics for the market as a whole in 2023)

4 Key sustainability figures

INVESTMENT

82%

use screening for bonds (+6 percentage points)

OPERATIONAL ECOLOGY

58%

of insurers have their figures validated externally (+17 percentage points)

GOVERNANCE

2/3

of insurers with sustainability targets set targets related to all ESG aspects (+14 percentage points)

TRANSPARENCY

Over 95%

market coverage through the self-regulatory regime to prevent greenwashing in unit-linked life insurance policies with a sustainability focus

INVESTMENT

CHF 27.2 billion in impact investing (+5 per cent)

GOVERNANCE

84%

of reporting companies take double materiality into account (+19 percentage points)

INVESTMENT

2/3

of investments are managed by insurers with net zero targets

GOVERNANCE

79%

of insurers pursue a sustainability strategy (+12 percentage points)

OPERATIONAL ECOLOGY

3,052 km

of business travel per FTE (+7 per cent)

OPERATIONAL ECOLOGY

2,865 kWh

building energy consumption per FTE (-12 per cent)

5

Association surveys for 2024

For 2024, the SIA again conducted three of its own surveys on the topics of sustainability governance, sustainable investment and operational ecology. The results show the progress made in, and the industry's commitment to, all three areas.

5.1 Governance

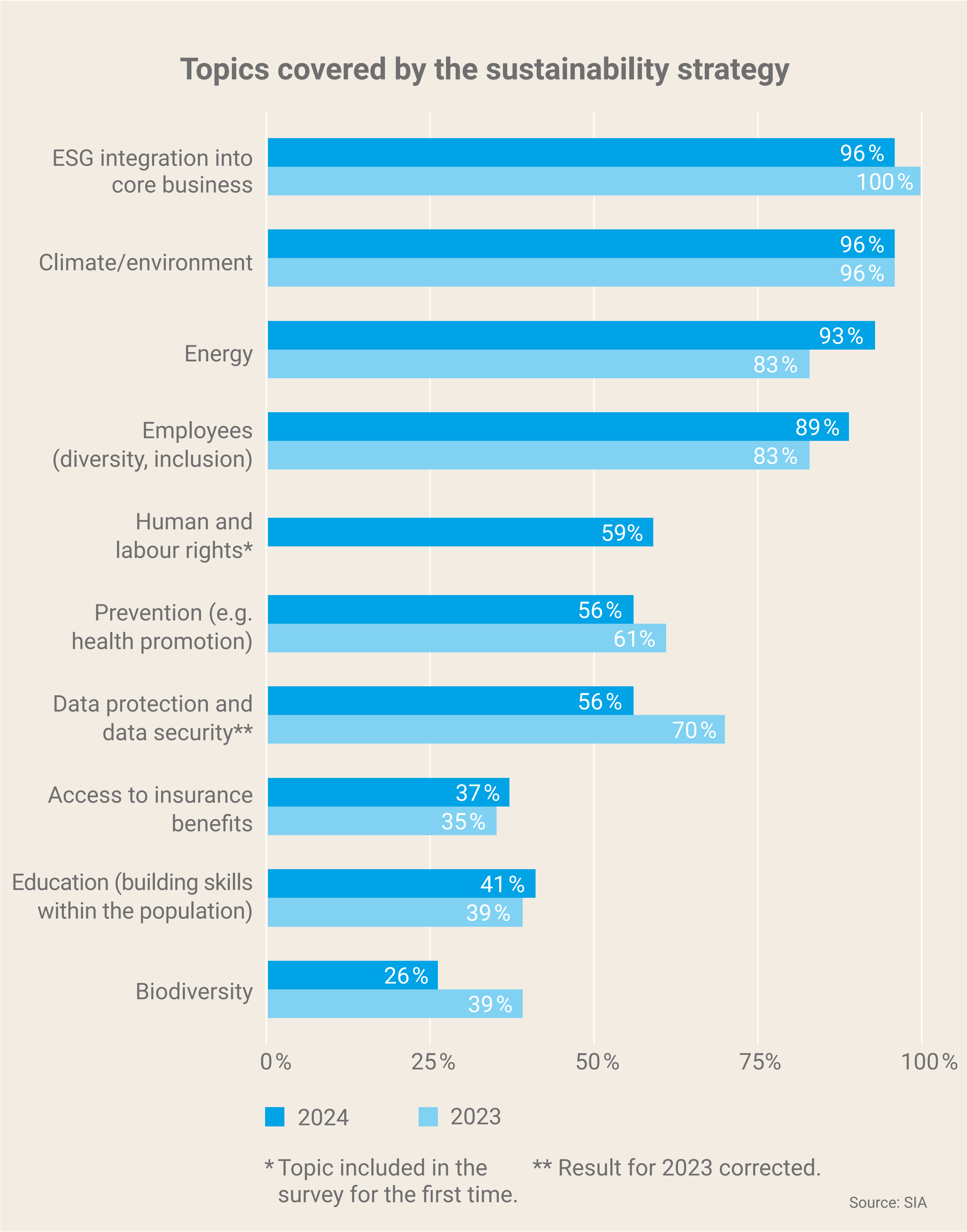
Sustainability governance is an important part of corporate governance for a large number of companies. Effective governance ensures that economic, environmental and social aspects are aligned with each other. It sets out essential guidelines for the implementation of sustainability initiatives in all areas of the company and helps to set appropriate priorities, define corresponding responsibilities and pursue measurable goals.

In 2024, the SIA conducted a sustainability governance survey of its member companies for the second time. As in the previous year, 34 insurers took part, representing a combined total of 88 per cent of the premium volume of the Swiss private insurance market[7]. While there were five new survey participants, five insurers no longer took part. Further information on the survey can be found in the 'About the SIA and this report' section.

Number of sustainability strategies on the rise

Among the participating companies, 79 per cent said that they had formulated a sustainability and/or ESG strategy. This corresponds to an increase of 11 percentage points, which emphasises the importance of this topic. The proportion of insurers that are not currently planning to implement a sustainability strategy has remained more or less stable.

[7] Gross premiums written (FINMA statistics for the market as a whole in 2023)



With regard to the topics covered by the strategies, there are evident shifts in emphasis. ESG integration, as well as the climate and the environment, continue to be addressed in the strategies developed by almost all insurers. The topics of energy and employees have also become more important. The new topic included in the survey, human and labour rights, landed in fifth place. Less emphasis was placed on data protection and data security, as well as biodiversity.

More targets spanning all ESG aspects

The industry is also making progress when it comes to setting sustainability targets. For example, 79 per cent of insurers – 11 percentage points more than in the previous year – said that they had set themselves sustainability targets. The targets also spanned a wider range of topics. More specific targets were reported for social aspects (up by 11 percentage points) and governance aspects (up by 17 percentage points) in particular. Overall, two-thirds of insurers have set themselves targets spanning all three ESG aspects, an increase of 15 percentage points.

Greater commitment to net zero

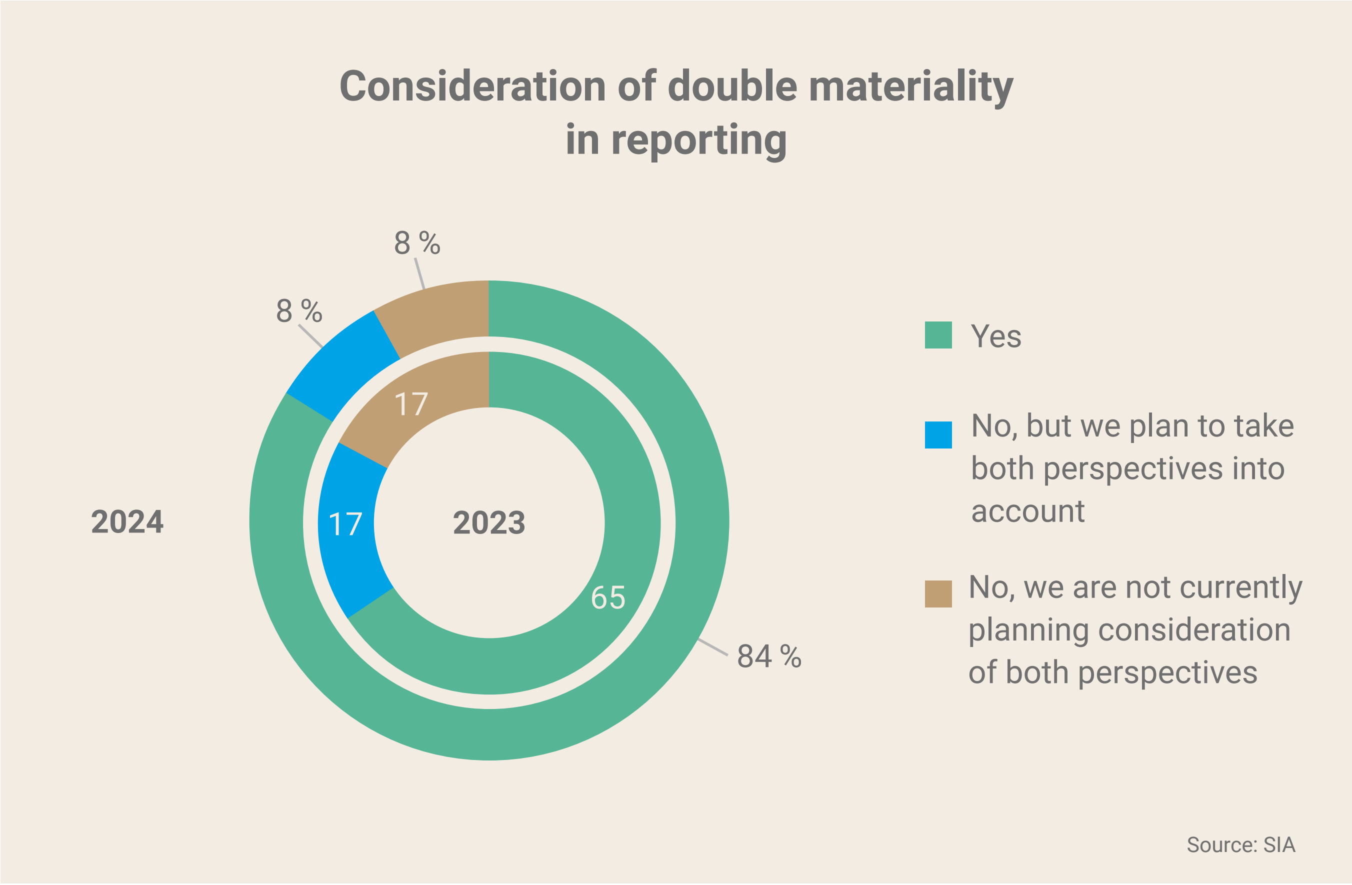
73 per cent of those insurers with defined targets said that they had also set themselves net zero targets for the period leading up to 2050, which represents an increase of 9 percentage points. The net zero targets relate in particular to their business operations and investments. Insurers are also involved in various initiatives, pledges and standards, including the UN Principles for Responsible Investment (UNPRI) and the Principles for Sustainable Insurance (PSI). On average, each insurer supports more than four of these initiatives.

Reporting becoming increasingly professional

Around three out of four insurers said that they published reports on their sustainability endeavours[8]. This is a slight increase of 6 percentage points. Reporting has become much more professional.

84 per cent of the reporting insurers said that they took the principles of double materiality into account (up by 19 percentage points). Double materiality means that both the impact of a company's own operations on the environment (inside-out perspective) and the financial opportunities and risks associated with the environment for the company's own operations (outside-in perspective) are taken into account. Among other things, the double materiality analysis helps companies to identify relevant sustainability issues and stakeholders so that they can focus their activities on the material issues.

At the same time, reporting insurers are increasingly using reporting standards as a basis for their reporting. 60 per cent said that they applied an established standard for their reporting, up by 17 percentage points. The Global Reporting Initiative (GRI) standard was the most widely used, followed by the Corporate Sustainability Reporting Directive (CSRD).



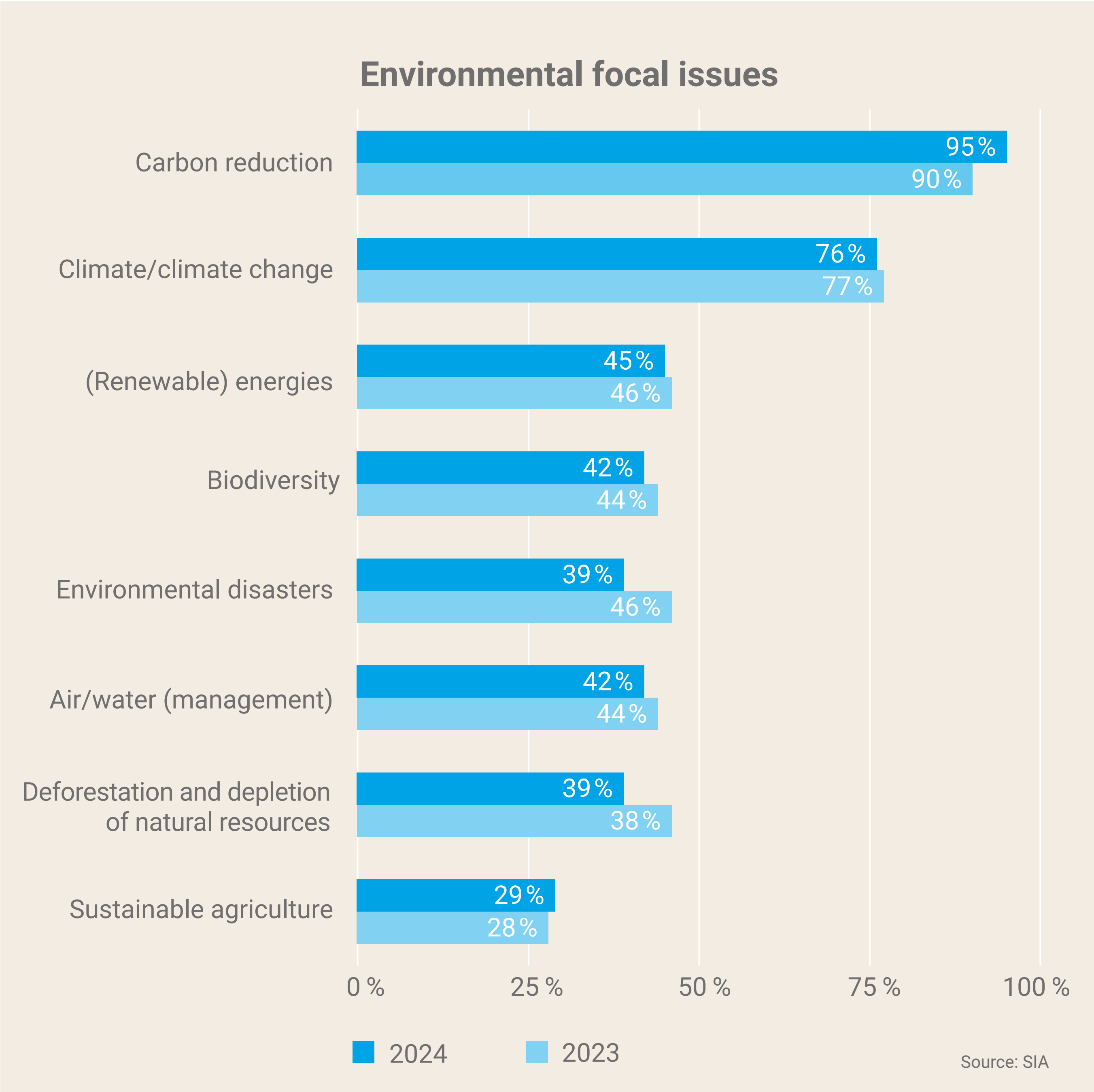
[8] This includes the following channels: annual report, sustainability report, TCFD report or website.

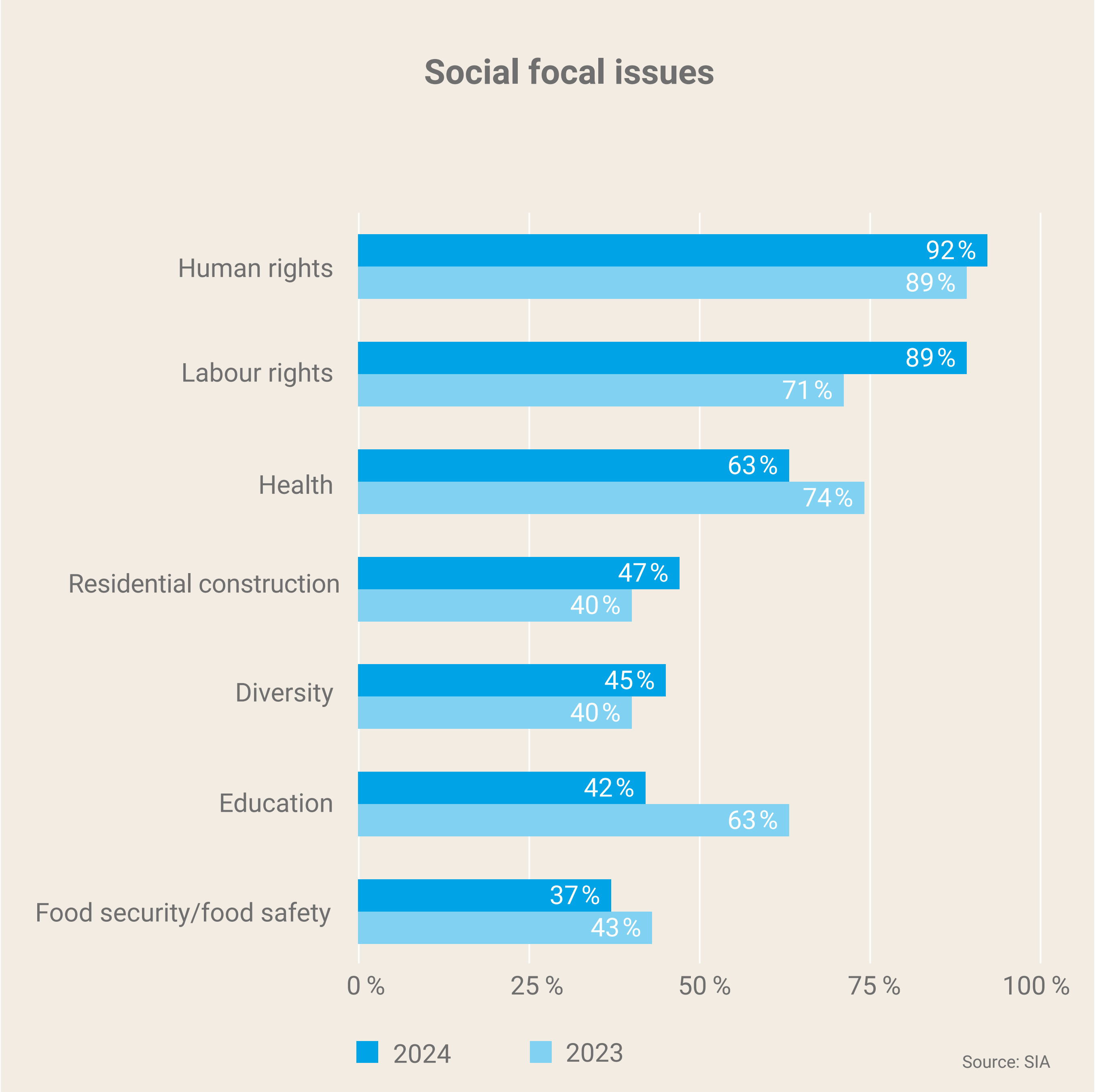
5.2 Investment

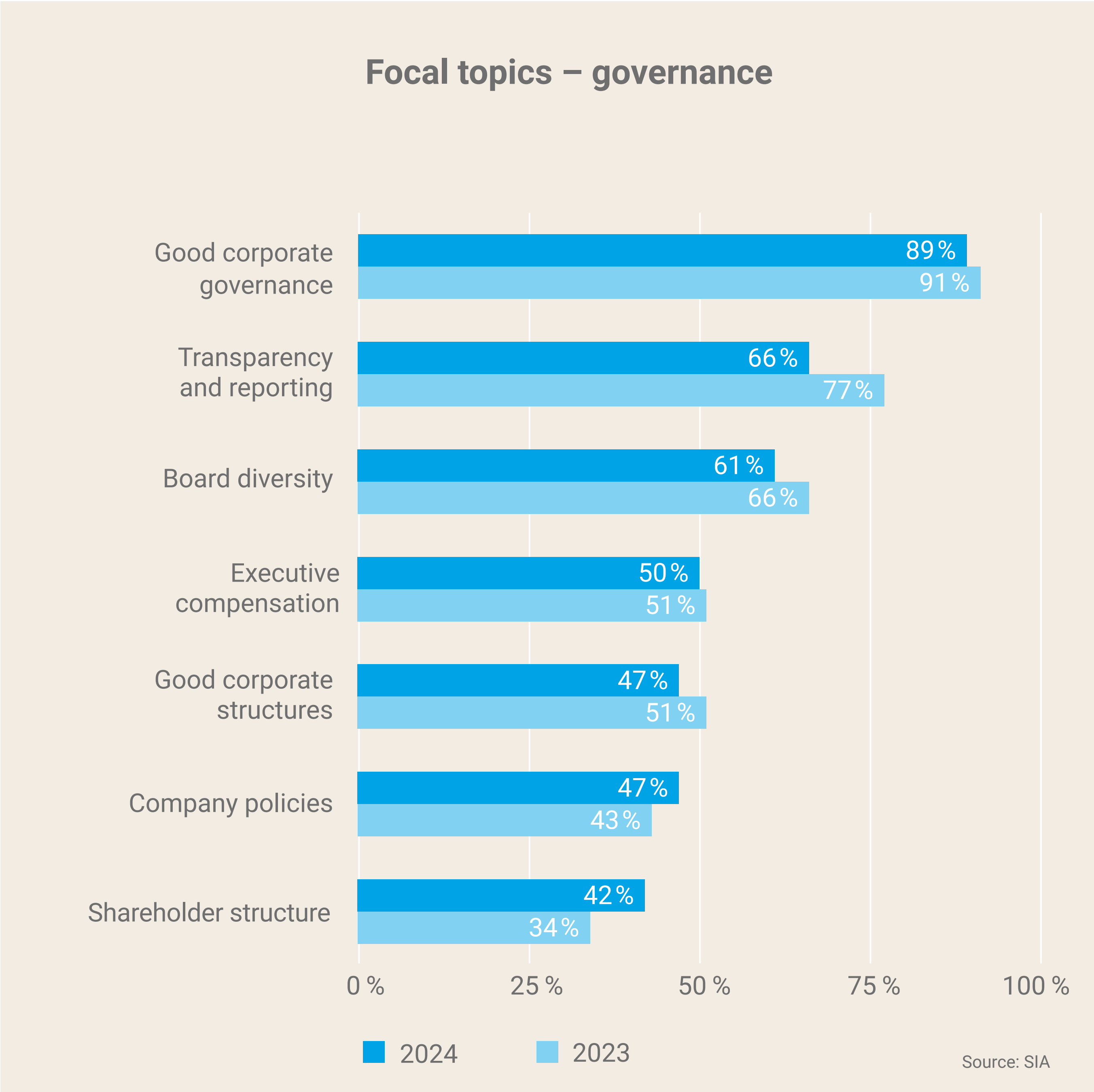
In 2024, Swiss private insurers had investments worth CHF 528 billion[9]. On the one hand, these investments allow insurers to cover their liabilities. They have to ensure that they can always pay out guaranteed pension benefits or make claims payments. In the interests of their customers, insurers must pay attention to aspects such as quality, security, profitability, liquidity and, last but not least, sustainability when investing capital. On the other hand, these investments include savings deposits from unit-linked insurance solutions. These investments are made for customers based on their own investment preferences.

This year, the SIA again conducted a survey among its members on the topic of 'sustainable investment'. 45 insurers took part, the same number as in the previous year. 5 new participants completed the survey, with 5 no longer taking part. In addition, not all participants answered all of the questions. These changes mean that comparability with the previous year is somewhat limited. Further information on the survey methodology and the analysis can be found in the section entitled 'About the SIA and this report'.

[9] Investments including unit-linked life insurance (FINMA statistics for the market as a whole in 2023)







ESG criteria

84 per cent of insurers said that they took ESG criteria into account in their investment process (2023: 87 per cent). All of these insurers take all three ESG aspects into account. A look at the individual focal topics related to the environmental, social and governance aspects shows where the changes lie. The results are shown in the corresponding charts.

ESG integration and screening used most often

As was the case in the previous year, the approaches used to take sustainability into account in investments were reported for each asset class.

The integration of ESG criteria into the investment decision-making process was the most popular measure and was used most frequently for real estate at 78 per cent (+14 percentage points), followed by fixed-income investments at 73 per cent (+6 percentage points). Systematic selection using screening was also frequently used, particularly for fixed-income investments at 82 per cent (+6 percentage points) and shares at 64 per cent (-3 percentage points). Stewardship activities were primarily applied to shares and fixed-income investments. There was a decline for alternative investments (16 percentage points). At 40 per cent in each case, impact investing was most frequently implemented for fixed-in-

Sustainability approaches per asset class

	Screening (negative/ positive, best-in-class, standards-based)	ESG integration	Stewardship (exercising voting rights, engagement)	Impact investing	Thematic investments*
	2024	2024	2024	2024	2024
Bonds and other fixed-income investments	82 % ↗	73 % →	51 % ↘	40 % ↗	16 %
Shares	64 % →	51 % ↘	60 % →	7 % ↘	11 %
Collective investments	42 % ↑	38 % ↑	20 % →	9 % →	13 %
Real estate, construction in progress	33 % →	78 % ↑	18 % →	20 % →	13 %
Mortgages	11 % ↘	16 % →	0 % →	0 % →	2 %
Alternative investments incl. private equity	42 % ↘	51 % →	11 % ↓	40 % →	16 %

* Included in the survey for the first time in 2024

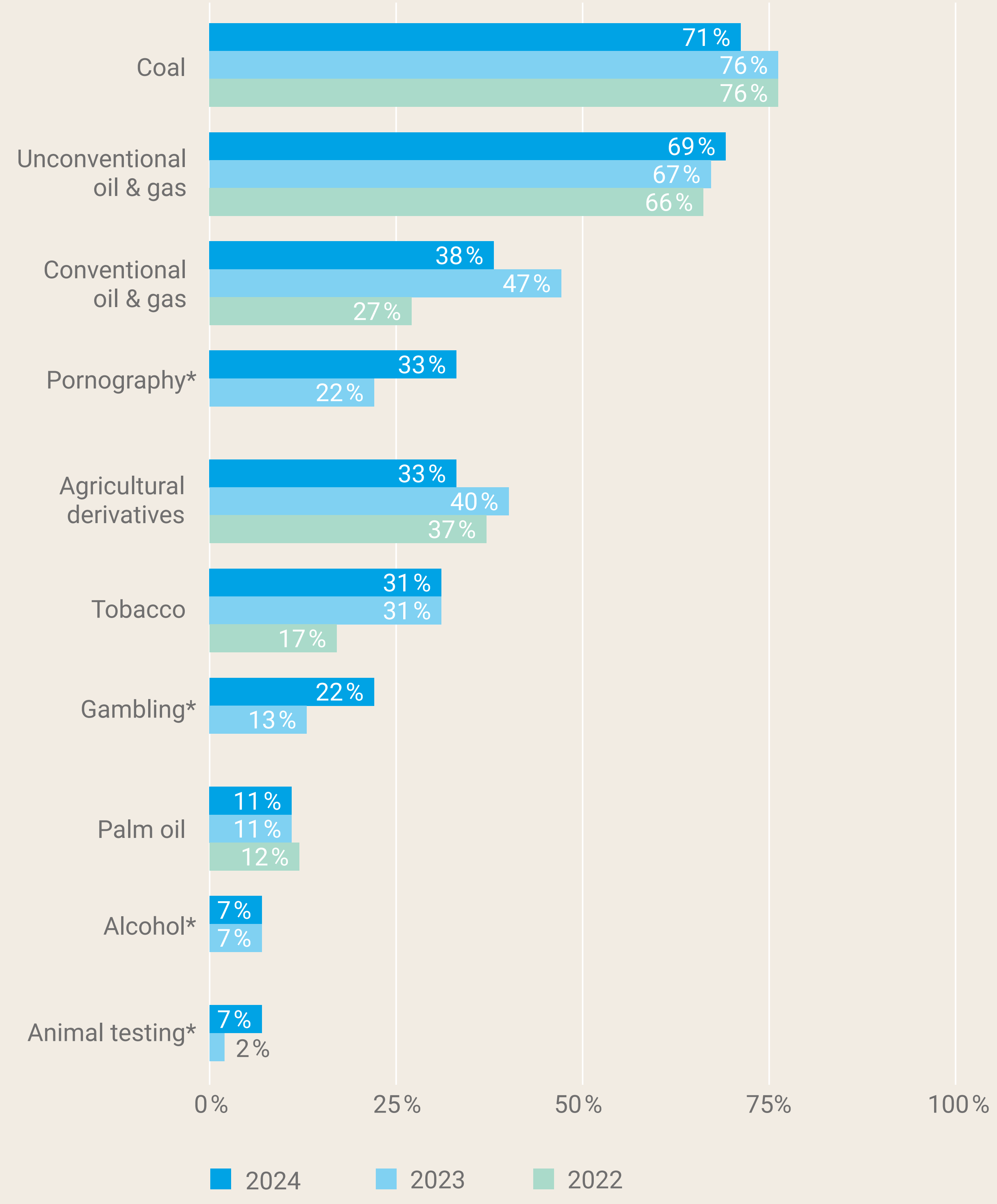
→ Change of less than 5 percentage points

↗ ↘ Change of between 5 and 10 percentage points

↑ ↓ Change of more than 10 percentage points

Source: SIA

Exclusion criteria applied



*Data collected from 2023 onwards.

Source: SIA

come and alternative investments. Investments focusing on a specific topic were only used in isolated cases.

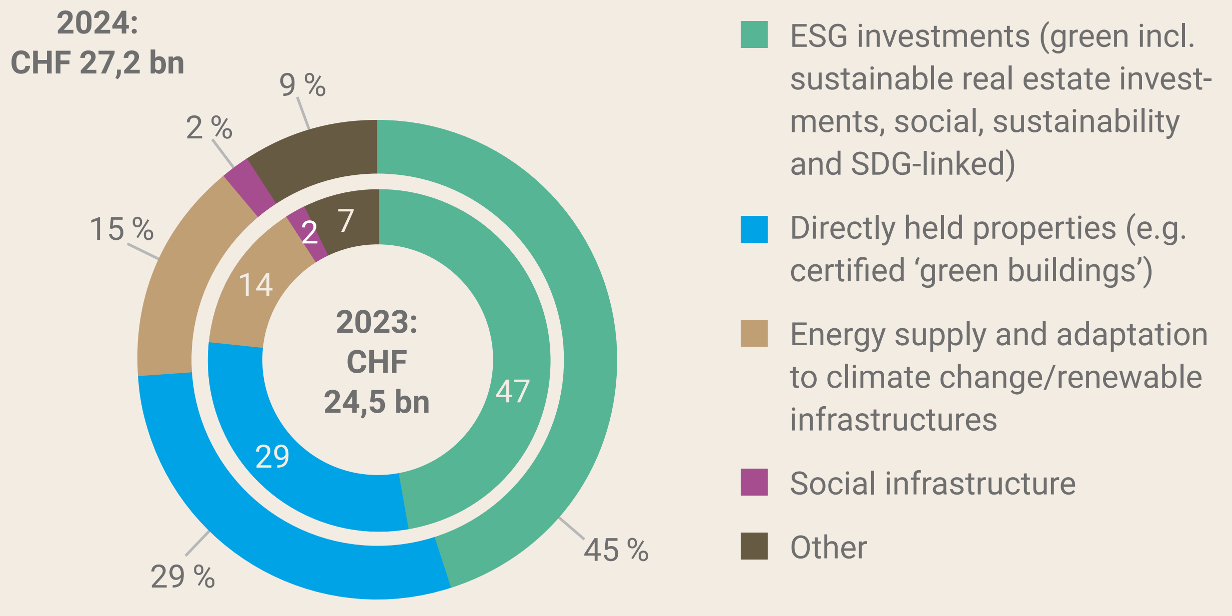
Coal and unconventional oil most frequently excluded

As in previous years, exclusions focus, in particular, on investments associated with coal (71 per cent) or unconventional oil and gas extracted from oil sands or using fracking (69 per cent). At 38 per cent, fewer exclusions were reported for conventional oil and gas compared to the previous year (-9 percentage points), although the figure is still higher than in 2022. By contrast, the number of reported exclusions in the area of pornography increased (+11 percentage points). Together with agricultural derivatives, these are in fourth place at 33 per cent.

Slight increase in impact investments

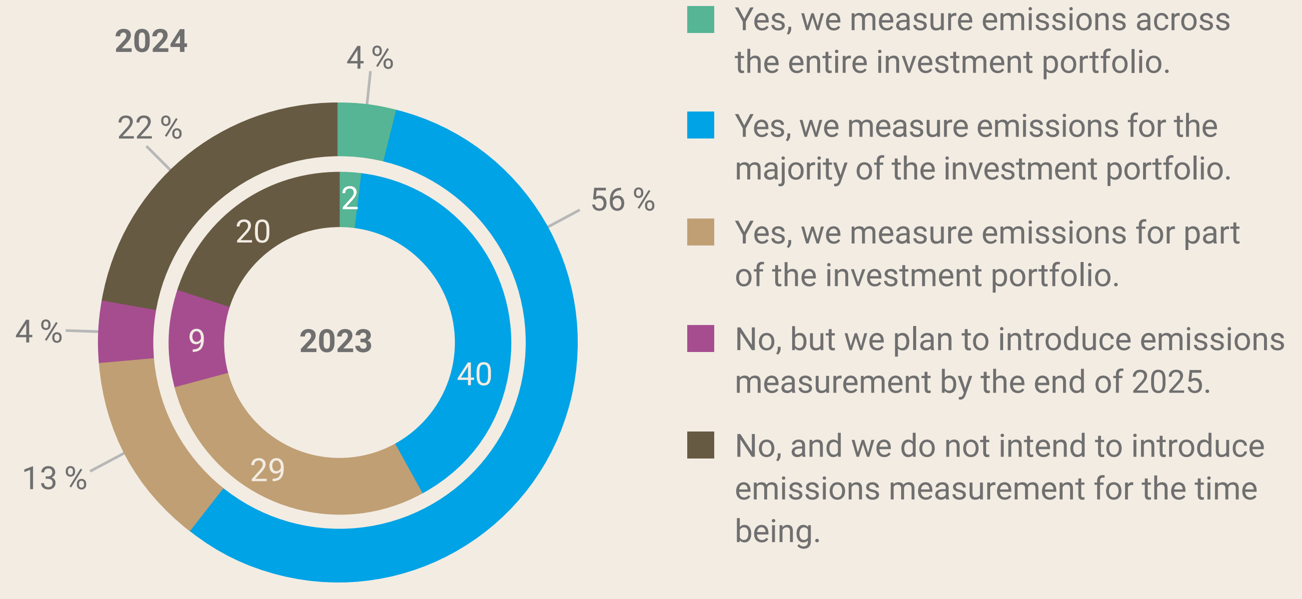
Impact investments are investments aimed at achieving measurable positive effects on sustainability in addition to a positive financial return. The funds are channelled into renewable energies, certified ecological buildings or measures to promote education, for example. For 2024, CHF 27.2 billion in investments with a positive sustainability contribution or thematic focus were reported (increase of 5 per cent). The distribution of investment topics has remained the same year-on-year.

Impact investment by type of investment



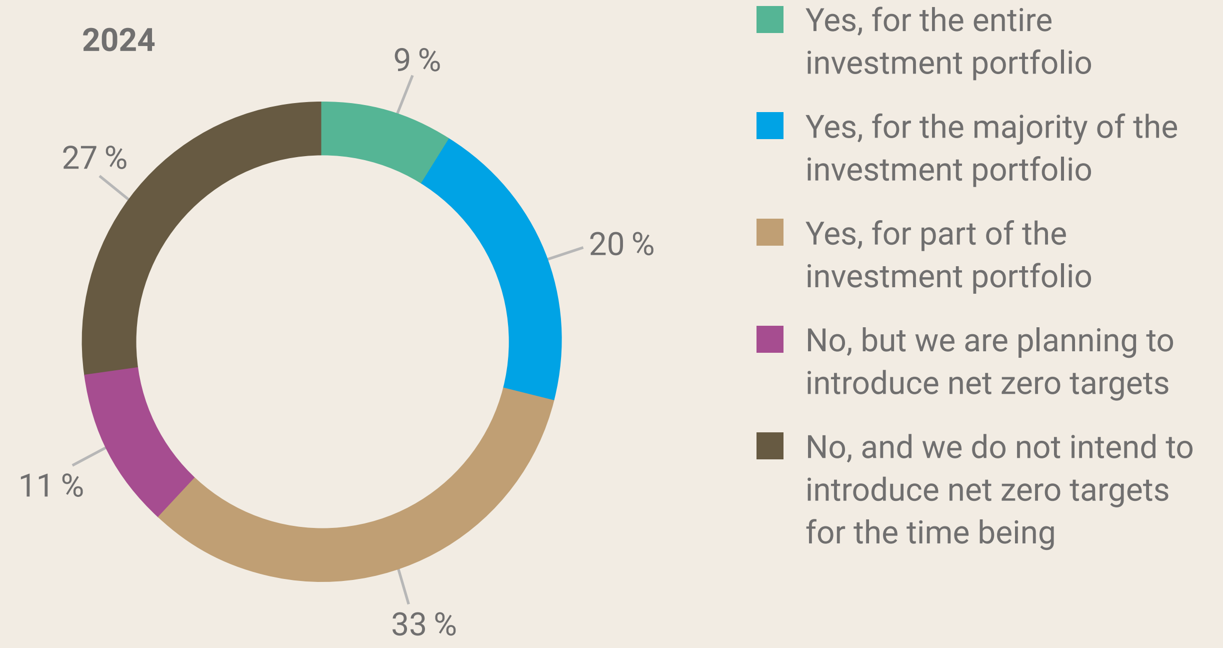
Source: SIA

Emissions measurement for investment portfolios



Source: SIA

Net zero targets for the investment portfolio



Source: SIA

Increased emissions measurement, ambitious targets

Net zero portfolios need to be achieved by 2050 to be in line with the Paris climate target, which will require a marked reduction in the carbon footprint of investments by 2030. To this end, insurers have defined concrete interim targets and base their investment decisions on these targets.

73 per cent of insurers said that they measured emissions for at least part of their investment portfolio (+2 percentage points). 60 per cent of insurers stated that they measured emissions for at least a large part of their investment portfolio, an increase of 18 percentage points.

For the first time, the survey asked whether net zero targets had been defined for the investment portfolio. 62 per cent of insurers declared that they had defined targets for at least part of their investment portfolio. These insurers represent a combined market share of two-thirds[10].

[10] Investments excluding unit-linked life insurance (FINMA statistics for the market as a whole in 2023)

2024 PACTA CLIMATE TESTS

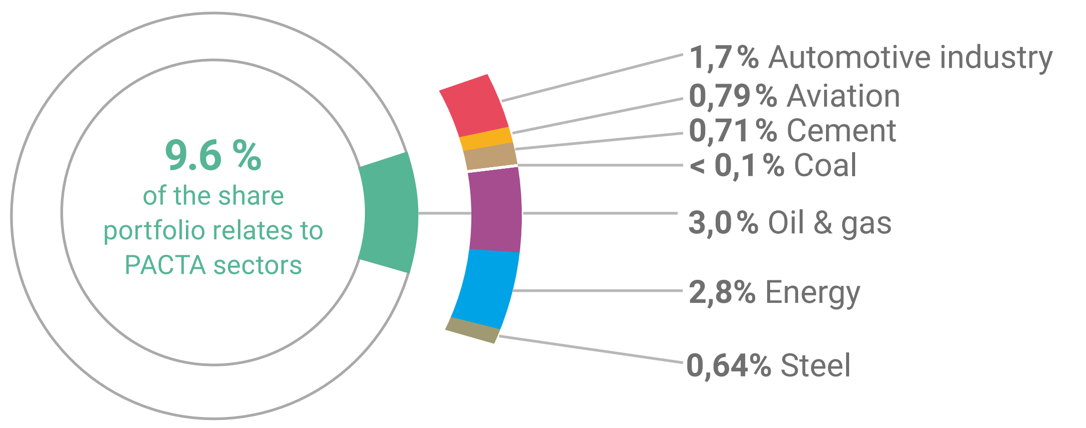
As investors with a long-term horizon and specific reduction paths, Swiss insurers are looking into how climate-neutral their portfolios are. Every two years, the Swiss Federal Office for the Environment (FOEN) and the State Secretariat for International Finance (SIF) carry out a climate test using the PACTA method (Paris Agreement Capital Transition Assessment), which examines the climate compatibility of investments by Swiss financial institutions. 15 insurers took part in the PACTA climate test in 2024.

In general, insurers pursue a broad-based climate strategy across all asset classes analysed, which is often also a firmly established component of their corporate strategy (see section 3.1). Only mortgages still account for a fairly low proportion of net zero targets. This is because less robust data is available.

The volume invested in climate-relevant sectors[11] has risen slightly compared to the third PACTA test. In insurers' share portfolios, the financial exposure to climate-relevant sectors was 9.6 per cent (2022: 8.8 per cent), while the share for corporate bonds was 11 per cent (2022: 8.4 per cent) of the portfolios submitted. This means that, compared to the global market (MSCI World as the benchmark for shares), insurers' capital market portfolios are less exposed to climate-relevant sectors such as energy, particularly oil and gas.

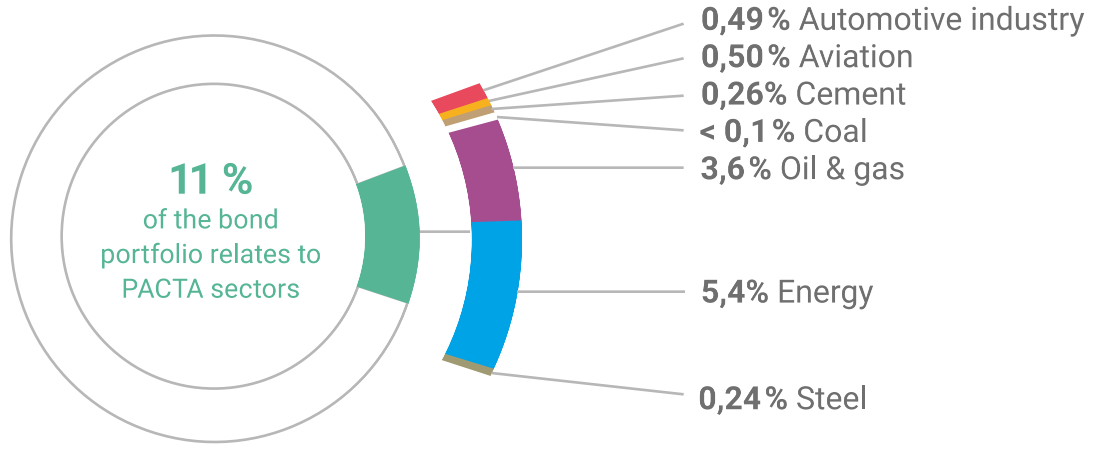
A positive picture emerges for real estate. The properties held by insurers for investment purposes have an average CO_2 intensity (Scope 1) which is still below the average value as part of the Swiss federal government's net zero reduction pathway. This means that insurers' real estate portfolios already undercut the 2030 CO_2 targets for the Swiss building sector and, as such, are on track to meet the climate target.

Listed shares: Portfolio share PACTA sectors



Source: PACTA 2024

Corporate bonds: Portfolio share PACTA sectors



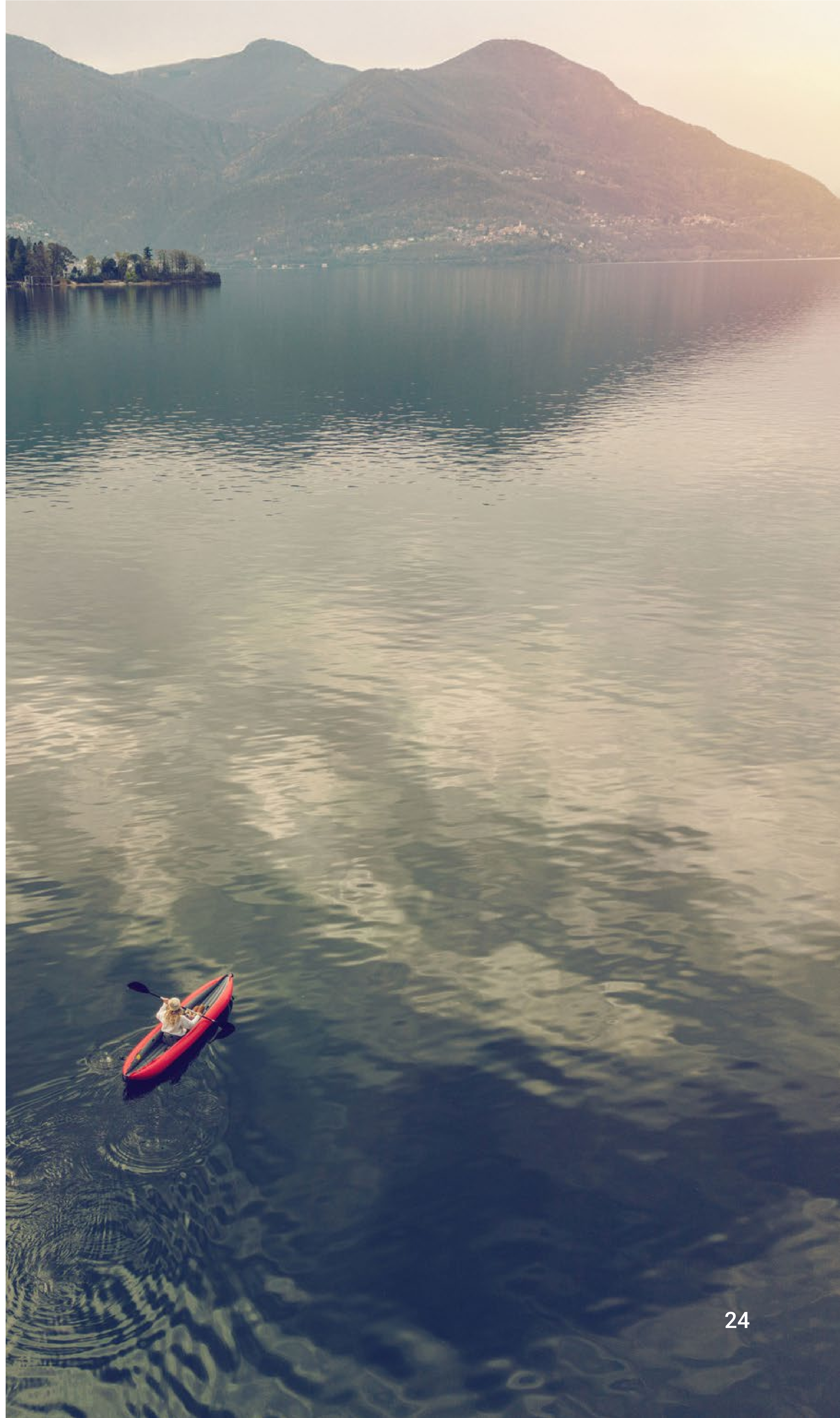
Source: PACTA 2024

[11] Climate-relevant sectors are CO_2-intensive sectors that have a considerable impact on the climate, for example oil and gas, aviation, steel, etc.

5.3 Operational ecology

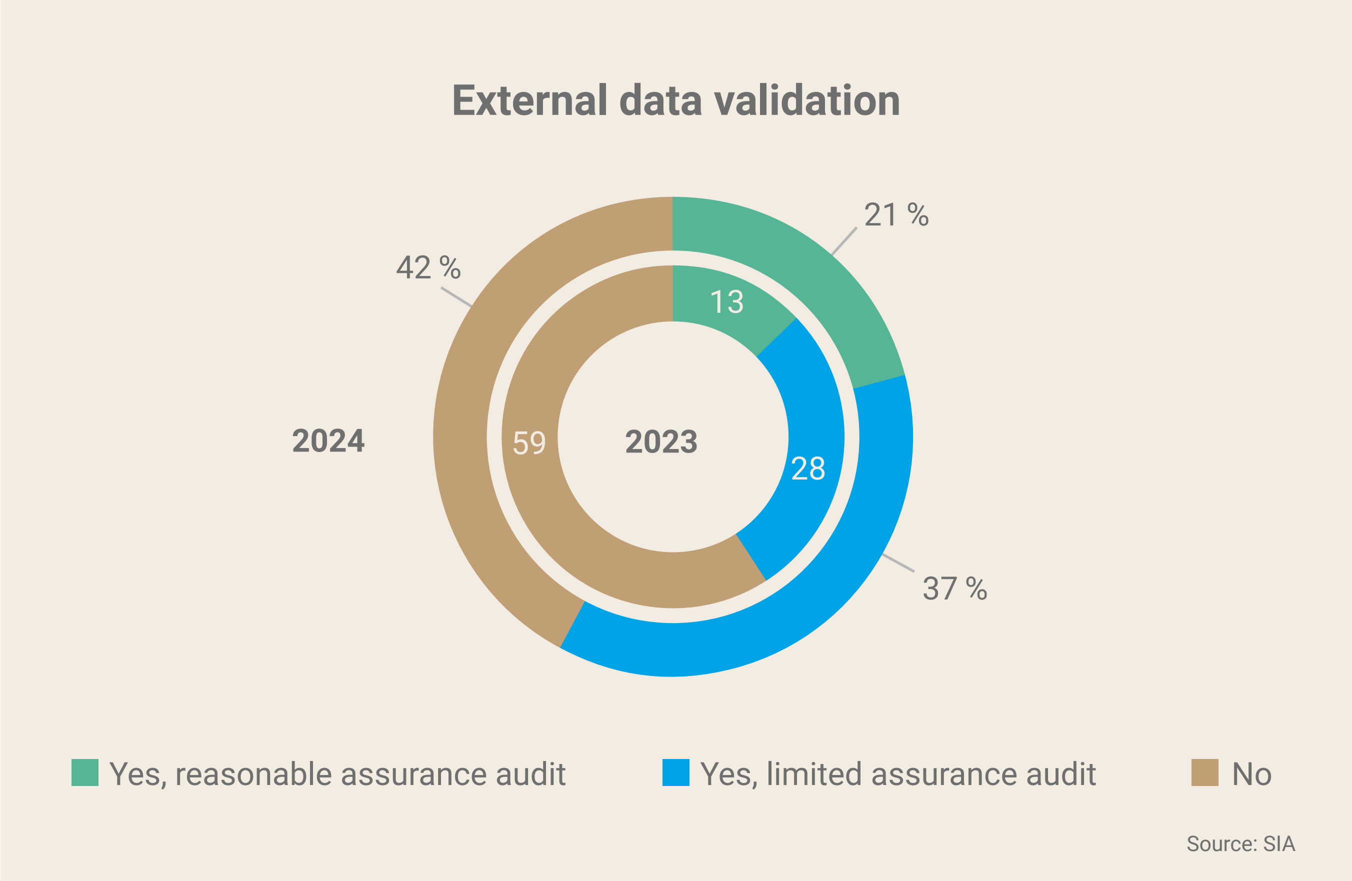
Compared to other sectors of the economy, insurers produce fewer emissions as part of their operations. Nevertheless, the insurance industry has set itself the goal of reducing its ecological footprint in this area, too. As in previous years, the SIA conducted a survey among its member companies. A total of 56 insurers took part, 9 more than in the previous year. While 11 new participants took part in the survey, 2 insurers no longer took part. Not all participants answered all of the questions. In order to strengthen the focus on Switzerland as the territory under review, only data for Switzerland was collected this year. These changes mean that comparability with the previous year is limited. Further information on the survey methodology and the analysis can be found in the section entitled 'About the SIA and this report'.

73 per cent of insurers – 6 percentage points less than in the previous year – said that they prepared at least a partial greenhouse gas inventory for their operational environmental management. Many of the new insurers taking part in the survey did not prepare a greenhouse gas inventory in the reporting year. The smaller size of the company was often cited as the main reason for this. For small insurers, introducing a greenhouse gas inventory is a major expense that outweighs the expected benefits.



Higher quality data and better quality assurance

47 per cent of insurers stated that the majority of their data was based on exact measurements, a slight increase of 3 percentage points. Given the larger sample size compared to the previous year, this can be seen as a positive trend. The industry has also taken a major step forward in terms of data verification. 58 per cent of insurers said that they had their data validated externally (up by 17 percentage points). 21 per cent subjected their data to a reasonable assurance audit (+8 percentage points). This is the most comprehensive form of data verification, in which the data and the underlying processes are analysed in detail. A further 37 per cent carried out a less extensive limited assurance audit (+9 percentage points).



Drop in building energy consumption

Energy consumption fell to 2,865 kWh per FTE in 2024, which corresponds to a further decrease of 12 per cent. This means that energy consumption has been reduced by 35 per cent since 2019. At 1,316 kWh per FTE, heating energy consumption was also cut by 7 per cent. Over the last five years, heating energy consumption has been reduced by 21 per cent.

Different shifts in water, paper and waste

At 5.7 cubic metres per FTE, water consumption remained constant in a year-on-year comparison. On the other hand, paper consumption was reduced by 5 per cent year-on-year to 58 kilograms per FTE, with recycled paper accounting for 20 per cent. At 65 kilograms per FTE, however, the amount of waste has increased slightly compared to the previous year, with the proportion of recycled waste down by 6 percentage points. The latter development is due, among other things, to renovation work on an insurer's buildings.

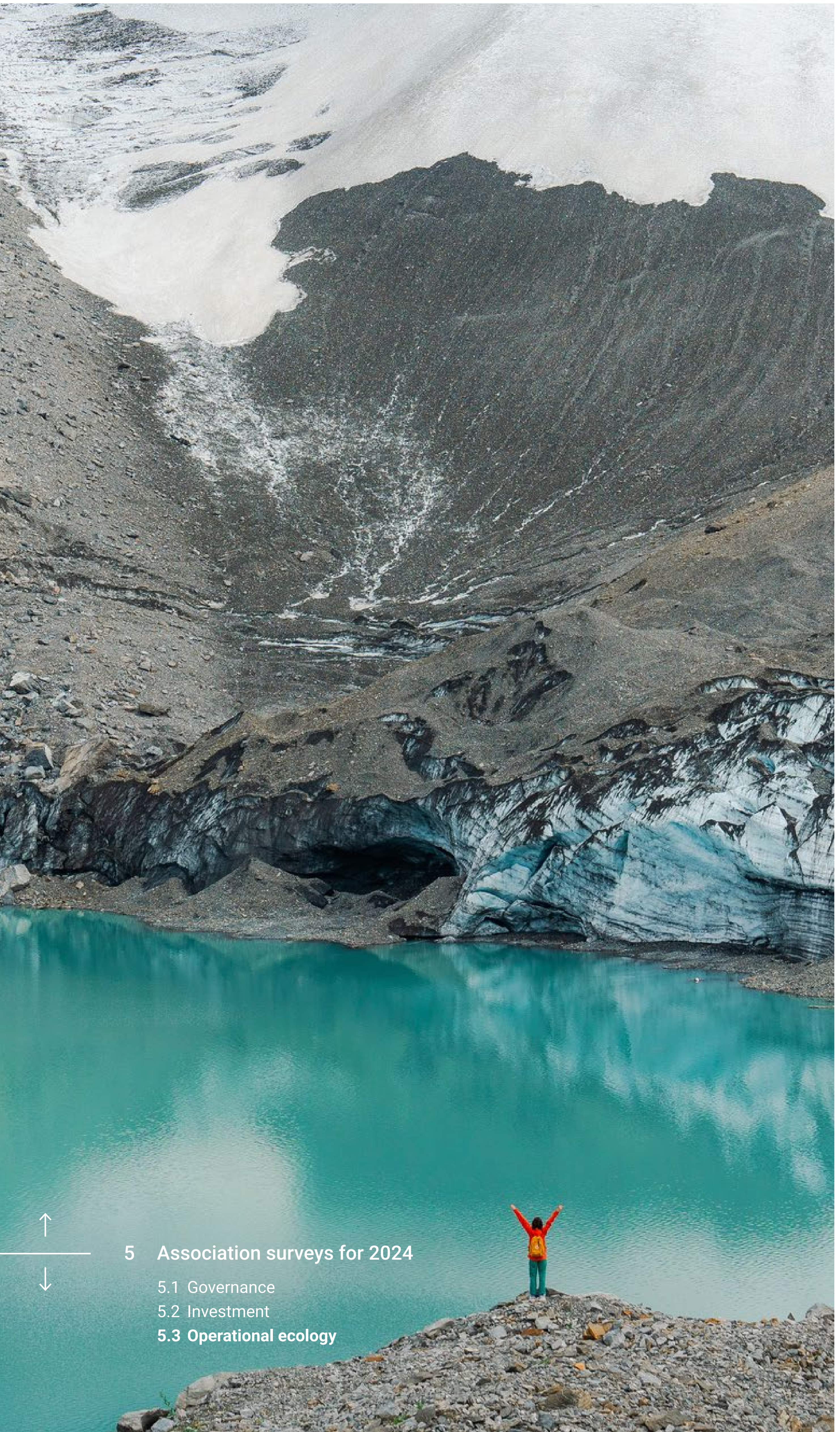
Relative consumption values per full-time equivalent

	Unit	2019	2020	2021	2022	2023*	2024	Percentage change from the previous year
Building energy consumption	kWh	4408	3846	3667	3479	3248	2865	−12 %
Sustainable energy proportion	in %	55	55	57	59	56	54	−2 percentage points
Heating energy consumption	kWh	1667	1599	1584	1436	1412	1316	−7 %
Water consumption	m^3	10.9	7.8	5.7	6.4	5.7	5.7	+0 %
Paper consumption	in kg	70	61	63	68	61	58	−5 %
Recycled paper proportion	in %	–	–	–	54	17	20	+3 percentage points
Volume of waste	in kg	121	93	57	71	64	65	+2 %
Recycled proportion	in %	–	–	–	56	55	48	−6 percentage points

The figures are based in part on those from the previous year (2019–2022: 1 company, 2023–2024: 3 companies), i.e. environmental indicators from 2023 were included in 2024.

*Corrected data was received from individual companies for 2023.

Source: SIA

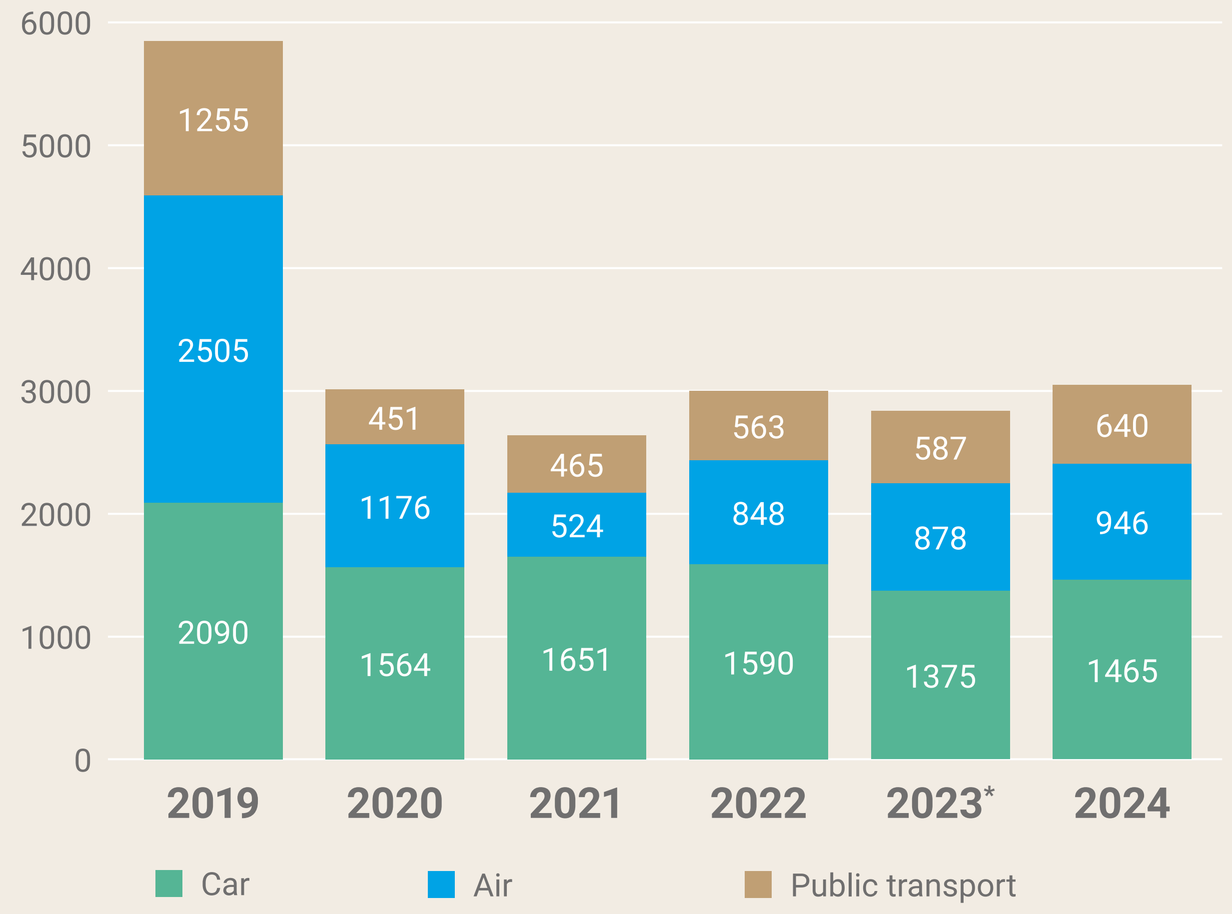


Slight increase in business travel

At 3,052 km per FTE, business travel has increased by 7 per cent compared to the previous year and is at the same level as in 2022. The split between the modes of transport has remained constant. A look at all of the years included in the survey shows that business travel has remained low since the pandemic and is nowhere near the pre-pandemic level.

46 per cent of insurers supplied figures on commuter travel, the same number as in the previous year. The total distance travelled per FTE has remained stable at 6,162 km (2023: 6,188 km). 63 per cent of commuter traffic was accounted for by public transport, 35 per cent by car and 2 per cent by other means of transport.

Business travel by means of transport per full-time equivalent (in km)



* The figures for 2022 and 2023 were corrected to reflect Switzerland as the territory under review.

Source: SIA

Glossary

Term	Explanation
Assurance	External review of reporting by a qualified body
Climate-relevant sectors	Climate-relevant sectors are CO_2-intensive sectors that have a considerable impact on the climate, for example oil and gas, aviation, steel, etc.
Conventional and unconventional oil and gas	Exclusion criteria in the investment universe – the distinction lies in the production method and energy sources. Conventional oil and gas production uses proven techniques involving standard drilling methods; unconventional oil and gas requires advanced technologies to develop the locked energy reserves.
CSRD	Corporate Sustainability Reporting Directive
Double materiality	Approach in which the impact of a company's own operations on the environment (inside-out perspective) and the financial opportunities and risks associated with the environment for the company's own perations (outside-in perspective) are taken into account.
ESG criteria	Environmental, social and governance criteria
ESG integration	The explicit and systematic integration of ESG criteria.
Greenwashing (financial sector)	Misleading clients about the sustainable characteristics of financial products and services.
GRI	Global Reporting Initiative
Impact Investments	Investments that, in addition to a positive financial return, aim to have a measurable positive impact on sustainability.
ISSB	International Sustainability Standards Board
Nature-related financial risks	Short-, medium- and long-term potential for direct or indirect negative financial effects on the institution resulting from its exposure to climate and other nature risks.

Term	Explanation
Nature risks	Risk drivers that can be reflected in existing risk types at the institutions through various transmission channels as nature-related financial risks.
Net zero target	The aim not to emit more greenhouse gases into the atmosphere than can be absorbed by natural and technical methods.
Scenario analysis	Critical examination of possible future developments of physical risks and transition risks and their impact on the institution.
Scope 1	Direct release of climate-damaging gases within a company
Scope 2	Indirect release of climate-damaging gases by energy suppliers
Scope 3	Indirect release of climate-damaging gases in the upstream and downstream supply chain
Screening	Strategy for making investment decisions based on predefined ecological, social or ethical criteria. Negative screening involves excluding specific companies/industries. Positive screening involves including specific companies/industries. The best-in-class approach identifies the best companies in a given sector. Norms-based screening checks compliance with specific international ESG standards or norms.
Stewardship activities	Investment approach in which investors interact with the companies in which they invest in order to promote their sustainable transformation.
Sustainability governance	Formal organisation of sustainability activities through structures and processes.
TCFD	Task Force on Climate-related Financial Disclosures
Unit-linked life insurance	Life insurance contracts in which the endowment benefit and the settlement values depend on the performance of securities, other assets or indices.

About the SIA and this report

The Swiss Insurance Association (SIA) is the industry association for Swiss private insurers. With approximately 70 members – including global primary insurers and reinsurers as well as nationally oriented specialist property, life and supplementary health insurers – the association represents over 95 per cent of the insurance premiums generated in Switzerland. The SIA is committed to the insurance industry's sustainable development and promotes solutions that contribute to the stability and security of the Swiss economy and society. As such, the private insurance industry makes a significant contribution to prosperity within Switzerland. The sector is one of the most productive and highest value-creating economic sectors in the country and employs roughly 50,000 employees.

The SIA has reported on the sector's sustainability performance annually since 2020. This report relates to the activities of the SIA and the insurance industry in 2024. The consolidated data in this report was collected at company level and, as with the 2023 Sustainability Report, it relates to the majority of Swiss insurance companies. Participation in the survey is voluntary; thus, comparability over the years is hindered by differences in the sample.

	Governance	Investment	Operational ecology
Number of questionnaires completed	34	33	41
Number of insurers represented (according to FINMA list)	Not weighted	45	56
Number of new participants	5	5	11
Number of companies no longer participating	5	5	9

Numerous corporate groups in the Swiss insurance market define and implement strategic guidelines for their investments and targets for reducing their operational footprint across the group. As a result, the questionnaires on investments and operational ecology could be answered jointly for several insurers, and many insurance groups made use of this option. This means that they relate to 1.4 insurers on average. When presenting the results, the responses are shown on this weighted basis unless otherwise stated.

The 2024 Sustainability Report is available in German, French and English. The key sustainability figures are also available in Italian. More information about the Swiss industry association for private insurers can be found at svv.ch.

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Sustainability Report 2024

All SIA sustainability reports are available here

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