



Embracing ESG: How insurers turn ambition into action

PwC EMEA Insurance ESG Whitepaper
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pwc

Agenda



**Christoph
Schellhas**

Partner
PwC Germany
christoph.schellhas@pwc.com

**Opening &
Chapter 1:
Strategy &
Governance**



**Kees-Jan
de Vries**

Partner
PwC Netherlands
kees-jan.de.vries@pwc.com

**Chapter 2:
Regulation**



**Romke
de Witt**

Senior Manager
PwC Netherlands
romke.de.witt@pwc.com

**Chapter 3:
Products, Assets
& Own
Operations**



**Lena
Giehler**

Senior Manager
PwC Germany
lena.giehler@pwc.com

**Chapter 4:
Reporting, Risk &
Tax**



**Lex
Huis in het Veld**

Director
PwC Netherlands
lex.huis.in.het.veld@pwc.com

**Chapter 5:
Data**



**Angela
McClellan**

Director
PwC Germany
angela.mcclellan@pwc.com

Moderator

slido

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2. Type in "Sli.do"
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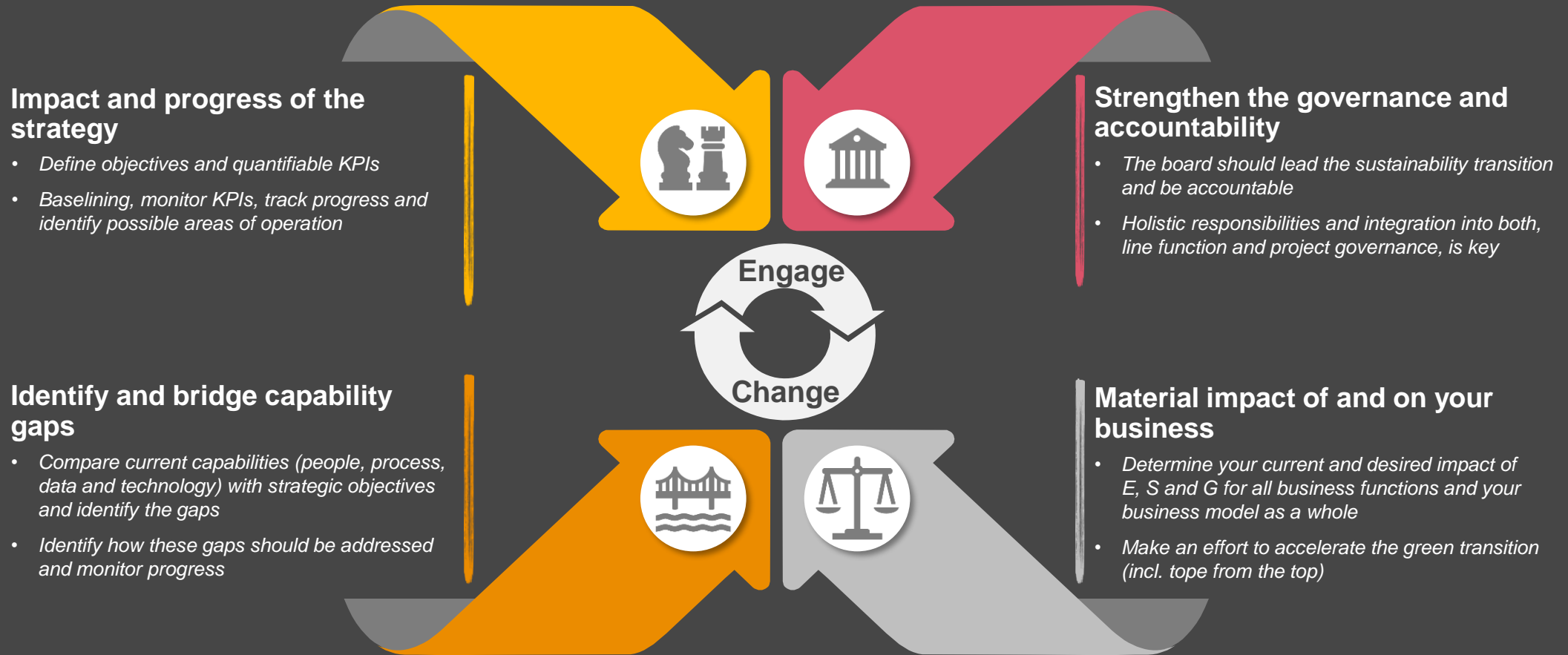
**Or
scan the
QR code**



1

Strategy & Governance

Importance of Strategy & Governance for ESG at a Glance



Facts and Numbers which amplify the importance of ESG in your Strategy & Governance



How to operationalize your strategy into your products



Driver of ESG

- 1 Regulation
- 2 Customers and Employees
- 3 Shareholders/ Investors
- 4 Intermediaries
- 5 Value Chain Partners
- 6 Communities/ Press

Strategy and Governance: Action required!

Challenge and improve your Status Quo

1

Align your ambitions with the **regulatory** requirements and your **business model!**

2

Define your own **ESG initiatives**, develop a **baseline**, set **KPIs** and **monitor** progress!

3

Identify how climate change/ ESG factors affect your **risk profile!**

4

Review and improve your **governance, policies & guidelines** and external **communication/ Ratings!**

5

Identify ESG transition **needs of your clients** and design **products and services** accordingly!

6

Use the **opportunities** of the ESG transition for your **innovation** and **growth!**



2

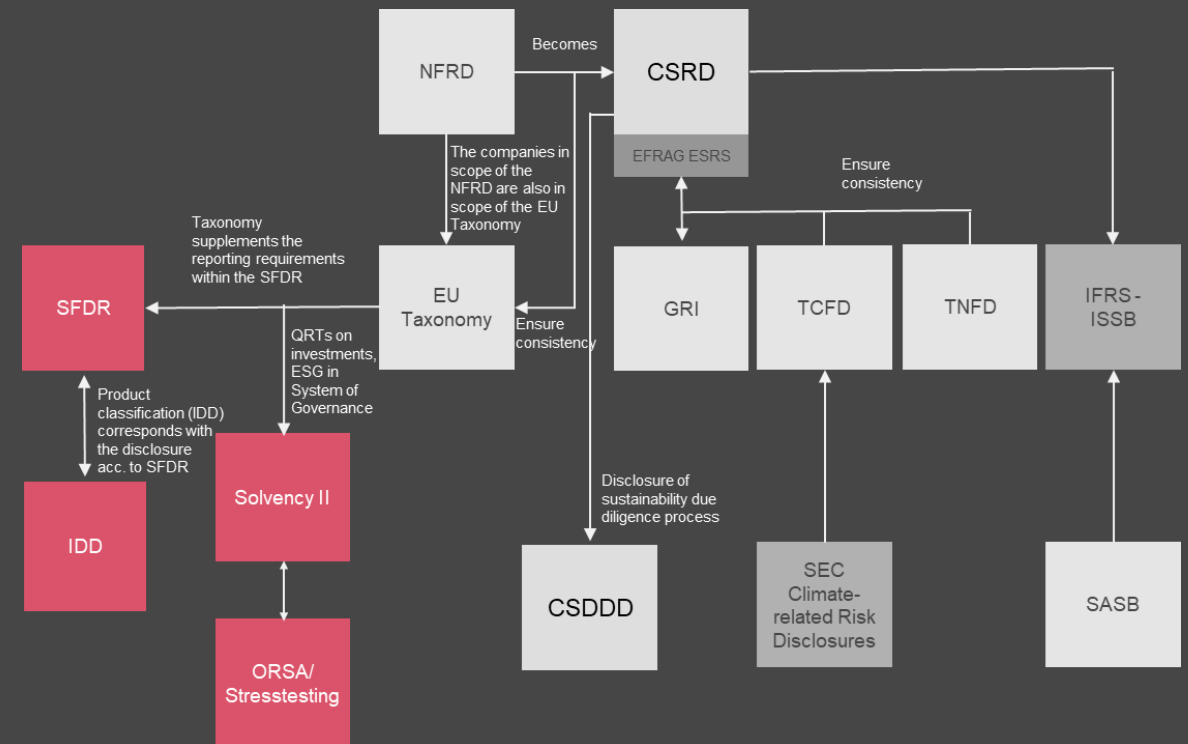
Regulation

Regulatory objectives versus today's regulatory map

Regulatory Aim

- 1 Embed ESG and accelerate green transition in line with the European Green Deal and EU Action Plan on Financing Sustainable Growth
- 2 Strengthen understanding on your exposure to physical climate risks and green transition risks
- 3 Strengthen disclosure of strategy and performance on social and environmental issues
- 4 Bring the preparation and disclosure of non-financial reporting up to the standards of financial reporting which are already subject to external assurance
- 5 Define which activities and investments are considered sustainable and apply greater uniformity in how they are marketed and reported on

Regulatory Map



Getting to grips with ESG regulation

Take a strategic lense

Assess what's coming through a strategic rather than just compliance lense.

Embed change in your organisation

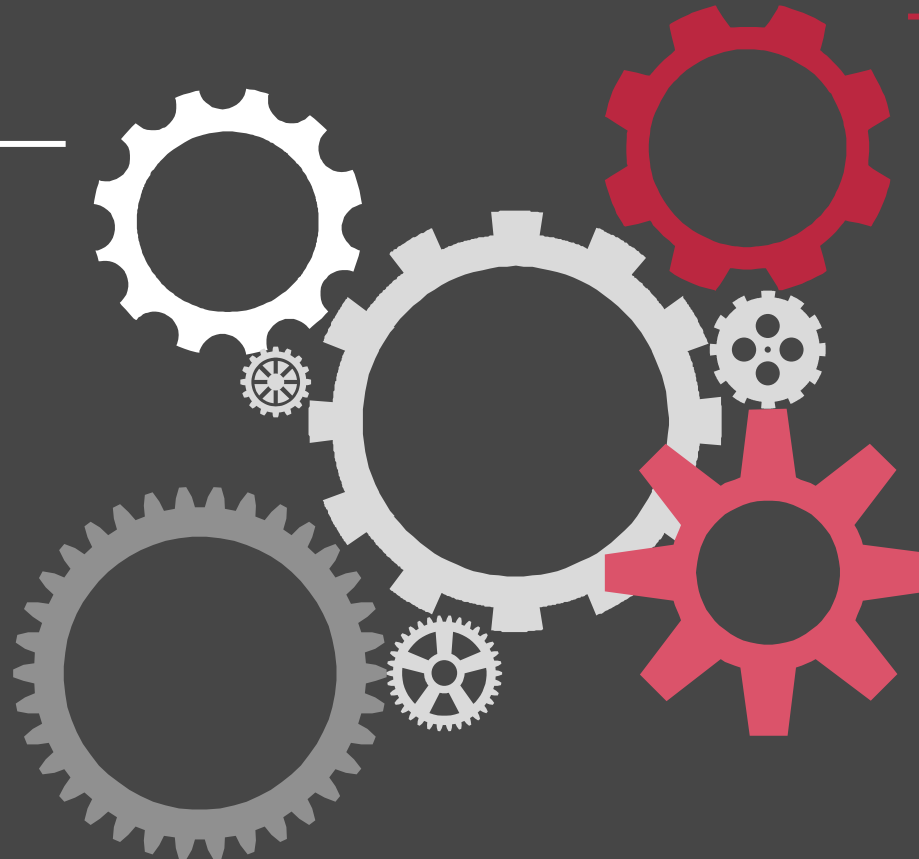
Target new risks and drive product innovation and differentiation by putting sustainability at the centre of product development.

Make it credible

Be aware of how your own operations and those of your suppliers and partners impact on social and environmental priorities and drive positive change.

Win business buy-in

Map climate and biodiversity risks against your investment strategy and build ESG into your performance goals.



Regulation: Action required!

Challenge and improve your Status Quo

1

Prepare your ESG strategy and performance to stand up to **stakeholder scrutiny** and regulatory and tax **compliance!**

2

Adapt your ESG governance and due diligence processes so that you can **identify emerging gaps!**

3

Make sure, that your **metrics and targets are credible!**

4

Plan to **deal with uncertainties and conflicts** in ESG reporting at a global level!

5

Turn regulatory shake-up into an **opportunity!**

6

Analyze what **impact** the double materiality principle has on the assessment and management of your business!



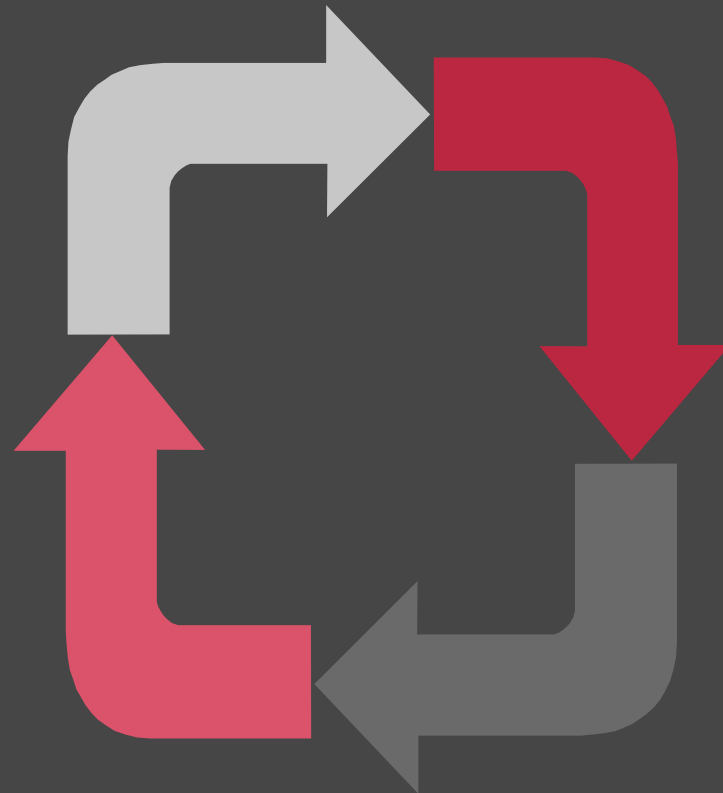
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Products, Assets, Own Operations

Key actions on embedding sustainability in your products, assets and own operations

**Win business
buy-in**

**Align ESG and
investment goals**

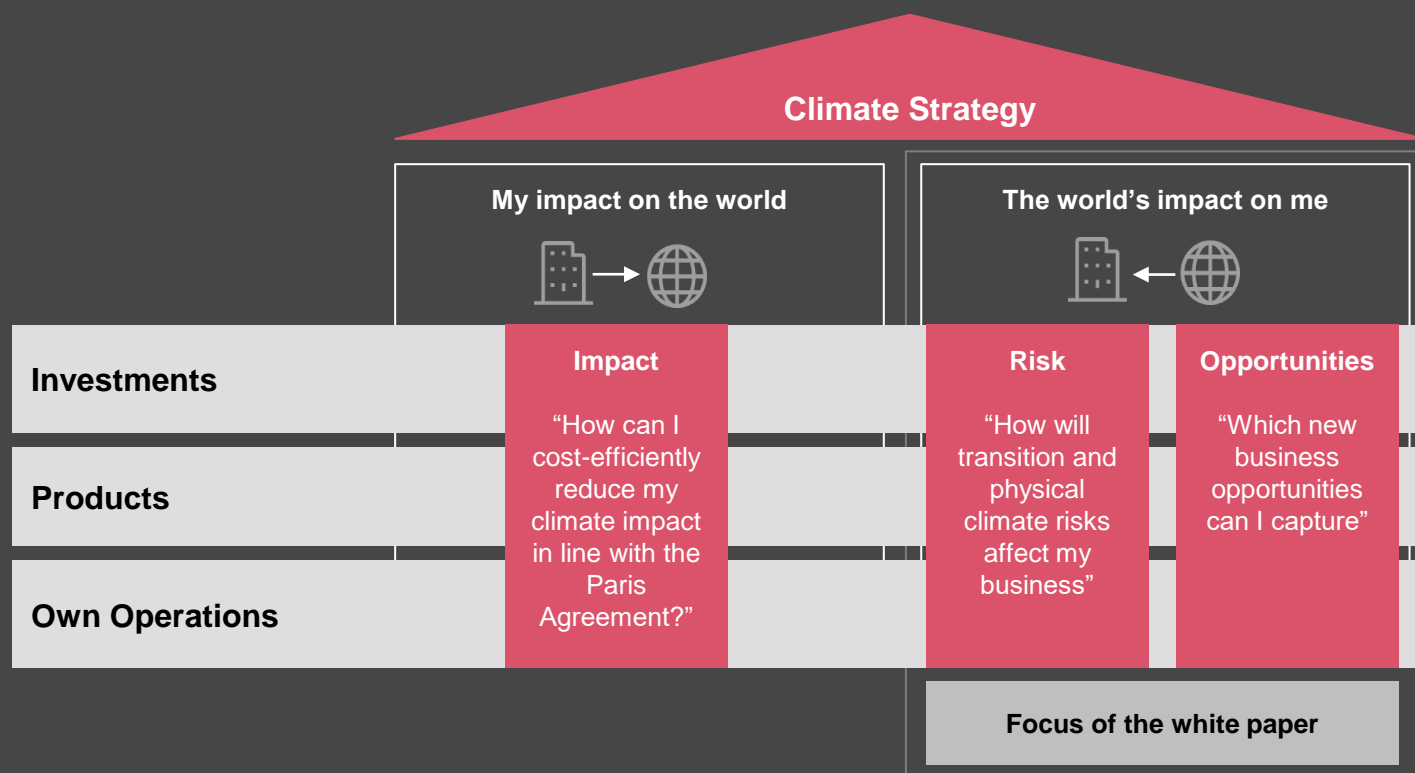


**Judge how client
demands are evolving**

**Be innovative and
design new products**

Practical steps needed to bring your product offering and asset strategy into line with your overall ESG ambitions

Your Foundation



Next Steps

- 1 **Embedding sustainability in your products**
- 2 **Building sustainability and climate risk into your asset strategy**
- 3 **Strengthening the sustainability of your own operations**

Product, Assets & Own Operations: Action required!

Challenge and improve your Status Quo

1

Create opportunities to drive innovation and develop **new business models!**

2

Be sensitive about the change in your **clients' demands and seize opportunities!**

3

Bring sustainability to the centre of your **product design process!**

4

Put ESG at the centre of your **investment strategy!**

5

Identify how **climate change/ ESG factors** alter your **risk profile!**

6

Bridge your knowledge and capability gaps to **manage the impact** on your company!

7

Reconsider and improve your **ESG governance- and accountability** frameworks!

8

Choose your **rating agency** and **adapt your strategy decisions** in order to achieve the **best possible rating!**



4

Reporting, Risk & Tax

Key actions on turning reporting, risk and tax management into engines of ESG

Be clear about the ask

- Pinpoint what regulations and strategic commitments
- Know how to align the disclosure demands with your ESG strategy
- Be aware of stakeholders' expectations

Strengthen accountability

- Hold yourself accountable
- Ensure that there is an oversight mechanism
- Align front office, reporting, risk and tax teams

Identify the gaps

Judge risks holistically

- Identify new ESG risks
- Perform materiality analysis
- Include ESG into your enterprise risk management (ERM) and business decision making frameworks
- Define what role your CRO should play in managing ESG risks

Consider tax upfront

- Do not overlook tax in your strategy
- Tax should be an integral part of your ESG Strategy
- Get the data and prepare the tax transparency reporting

In the future, sustainability reporting will increasingly be on a par with financial reporting

The reporting world today

Financial reporting



Sustainability reporting



The reporting world of the future

Financial reporting



Sustainability reporting



Challenges



Fragmented &
complex landscape



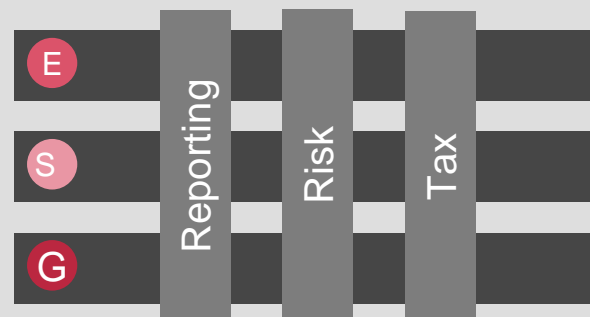
Assurance level/ Data
(quality)



Implementation
timelines



Stakeholder
expectations



Reporting, Risk & Tax: Action required!

Challenge and improve your Status Quo

1

Prepare your data, skill sets and tech understanding that you are able to **ensure credible reporting** for your stakeholders and boards!

2

Have **tactical measures ready** for meeting the initial reporting deadlines to put reporting on a durable footing for the future!

3

Be aware of **emerging ESG risks** and what role your CRO plays managing them!

4

Deliver on your promises regarding your reporting, risk and tax teams by aligning them to the front office!

5

Go beyond the tick-the-box compliance by building a **comprehensive company risk framework!**

6

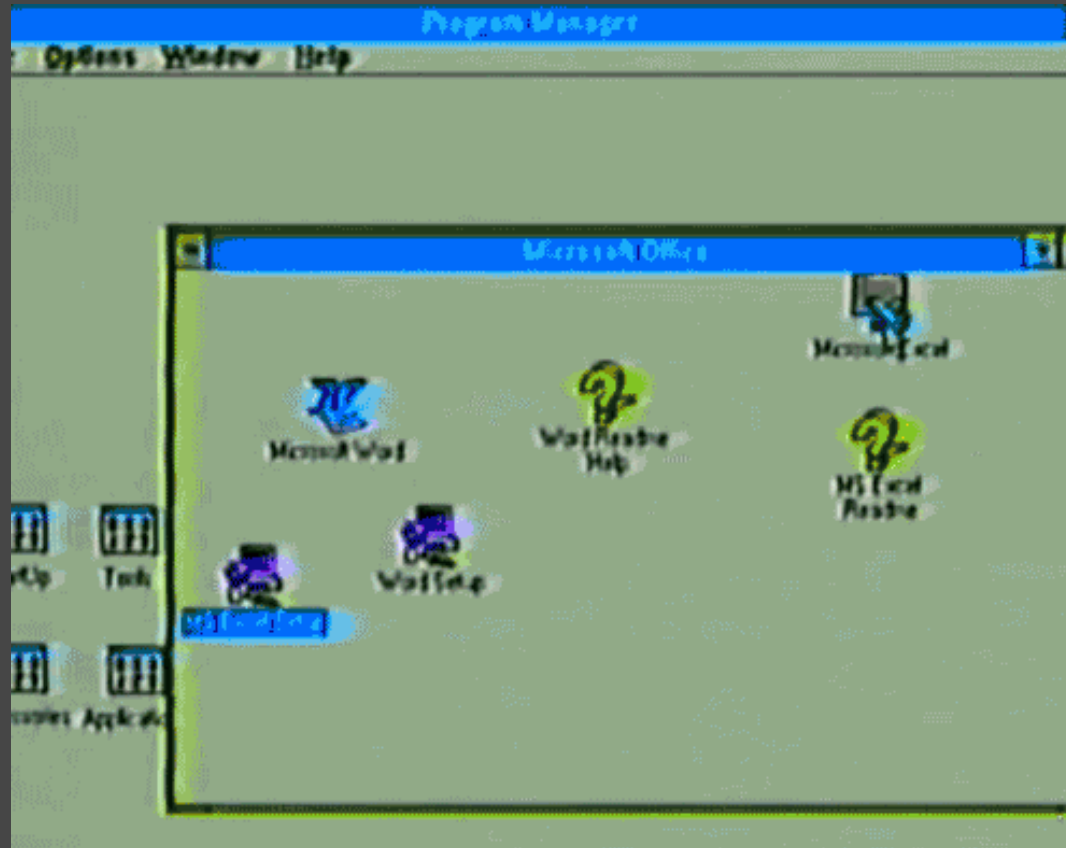
Involve your **tax team** in setting the ESG strategy and vice versa!



5

Data

The 'M.O.A.S.'



**Mother of all
Spreadsheets**

How a data rethink can sharpen insight, innovation and credibility

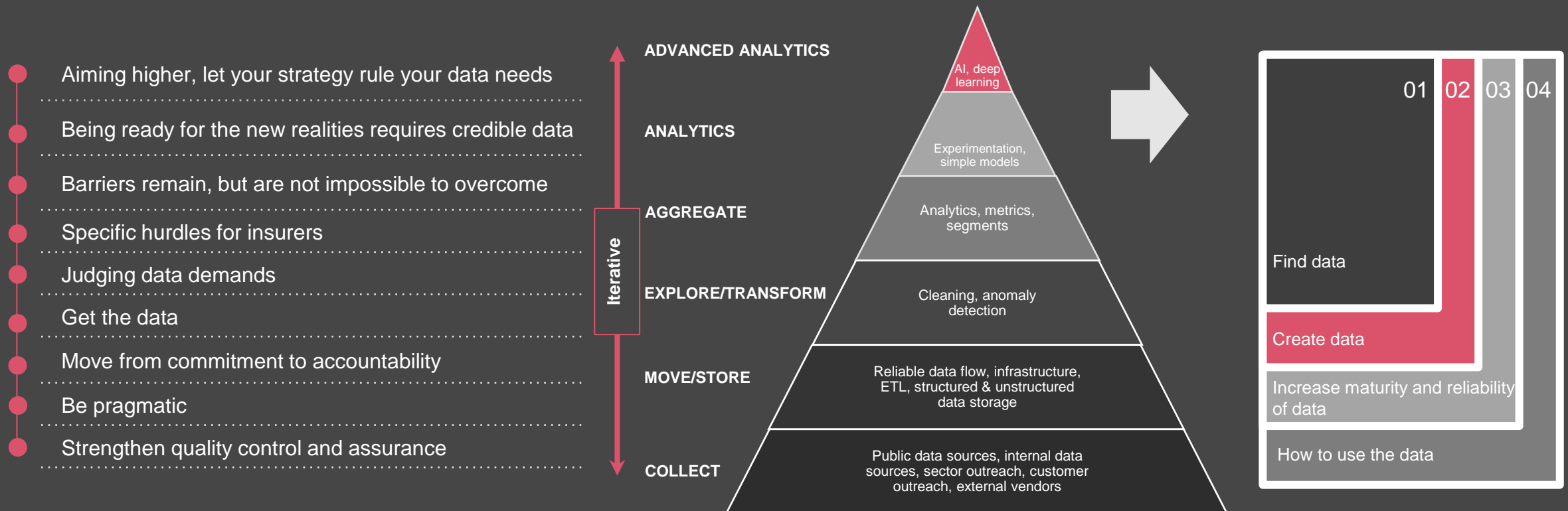
- Use CSRD as a starting point for data needs
- Let your business model be leading
- Expand data on architecture, IT & ambitions and role within the economy

- Clarify ESG data needs for short, mid & long term
- Look at your present data sources & processes
- Do not only focus on sourcing & collecting, but build on your capabilities to analyse & gain insights



- Pursue the same rigour as used in financial reporting
- Expand with a clear data trail
- Apply the data in decision making processes

What kind of ESG data is needed to act and how does an effective data strategy look like for your business to deliver



From data to actionable insights

Challenge and improve your Status Quo

1

Be clear about the **specific data** you need to deliver for your ESG ambition & integration.

2

Find out how and where this data can be **gathered, enriched and validated**.

3

Iron out inconsistencies and **create a single version** of the truth.

4

Integrate data into your companies' architecture and decision making.

5

Assign the roles, for **who is in charge** of data and analysis and determine **how the data should be governed**.



6

Closing Remarks

Our Authors

Strategy & Overall



Christoph Schellhas

Partner, PwC Germany,
EMEA Insurance ESG Leader
Phone: +49 69 95856489
Email: christoph.schellhas@pwc.com



Lex Huis in het Veld

Director, PwC Netherlands,
EMEA Insurance ESG Team
Phone: +31 6 57710175
E-Mail: lex.huis.in.het.veld@pwc.com

Climate



Nicole Röttmer

Partner, PwC Germany, Sustainability
Services
Phone: +49 40 63781191
E-Mail: nicole.roettmer@pwc.com

Regulation



Kees-Jan de Vries

Partner PwC Netherlands, EMEA
Insurance ESG Regulation
Phone: +31 6 10696828
Email: kees-jan.de.vries@pwc.com



Kristina Stiefel

Partner, PwC Germany, EMEA Insurance
ESG Reporting
Phone: +49 69 95852975
E-Mail: kristina.stiefel@pwc.com

Data



Lex Huis in het Veld

Director, PwC Netherlands, EMEA Insurance
ESG Team
Phone: +31 6 57710175
E-Mail: lex.huis.in.het.veld@pwc.com

Products



Adam Younes

Senior Manager, PwC Switzerland, EMEA
Insurance ESG Products/Liability
Phone: +41 58 792 18 13
E-Mail: adam.younes@pwc.ch



Andrew McDowell

Partner, PwC Luxembourg, EMEA Insurance
ESG Investments
Phone: +352 621 332 034
E-Mail: andrew.mcdowell@pwc.com



Till Hanning

Partner, PwC Germany, EMEA Insurance
ESG Tax
Phone: +49 40 63782640
E-Mail: till.hannig@pwc.com

Risk



Trisha Gibbons

Director, PwC Ireland, EMEA Insurance
ESG Risk
Phone: +353 87 689 9978
E-Mail: trisha.gibbons@pwc.com



Janka Stöwahse

Director, PwC Germany, EMEA Insurance
ESG Risk
Phone: +49 89 57906631
E-Mail: janka.stoewahse@pwc.com



Charalambos Antoniou

Partner, PwC Switzerland, Global Insurance
ESG Tax Leader
Phone: +41 78 781 7883
E-Mail: charalambos.antoniou@pwc.ch