

EU Emissions Trading: One company's view on the role of the Financial Industry



Profile of Swiss Re

Key Facts

- Founded 1863 in Zurich, Switzerland
- Head Count > 9,000 world wide, > 2,800 in Zurich
- Second largest reinsurer with 70 offices in 30 countries
- "AAA"- rated company

Our Business

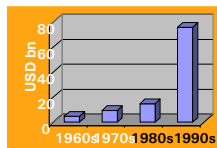
- International reinsurance business with traditional and "Alternative Risk Transfer" (ART) Products
- Direct insurance solutions for "Fortune 2000" Companies (Energy, Utility, Transportation etc.)

Why GHG matters to the financial industry?



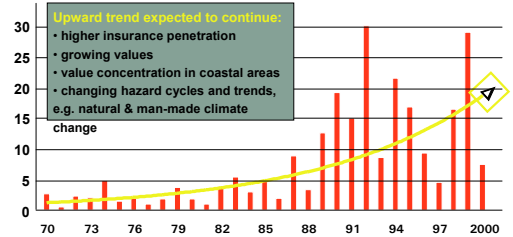
- Human activity (GHG release) linked to climate change; unabated GHG release will potentially accelerate climate change
- It will impact the economic well-being and the societal fabric
- Most worst case insurance loss scenarios are climate borne (e.g. storms, floods, hurricanes)

Impact on severity and frequency of extreme events ?



Insured Natural Catastrophe Losses 1970-2000

in USD billions, at 2000 prices. Source: Swiss Re sigma

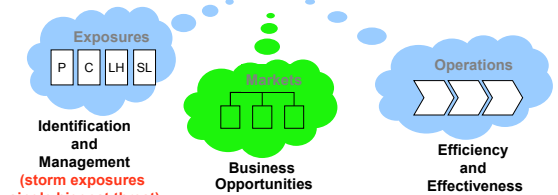


Swiss Re's sustainability commitment and opportunity

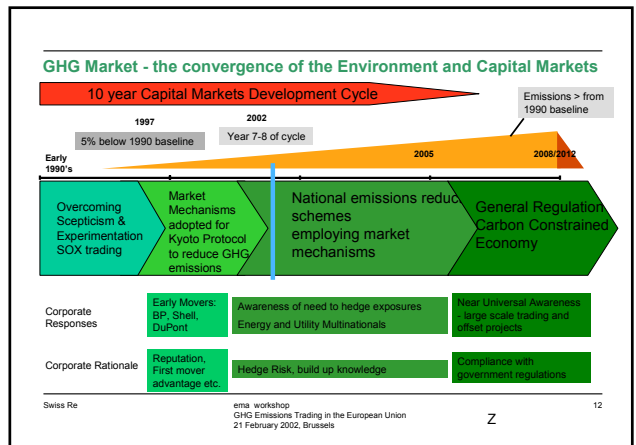
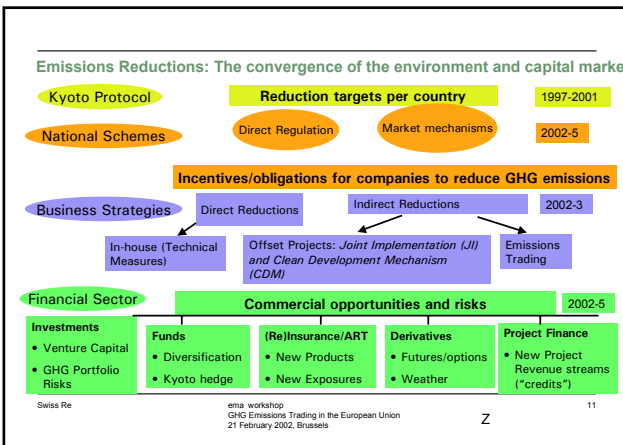
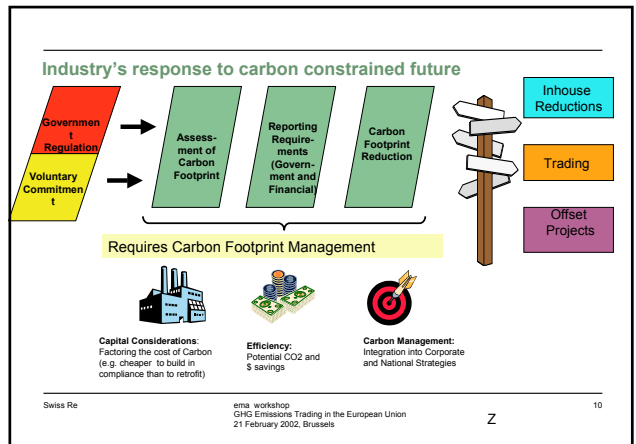
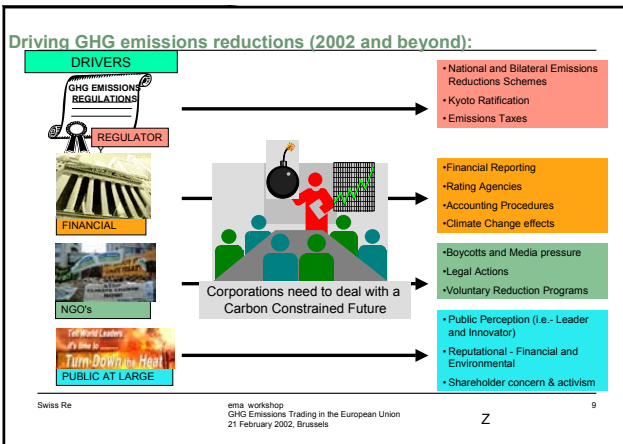
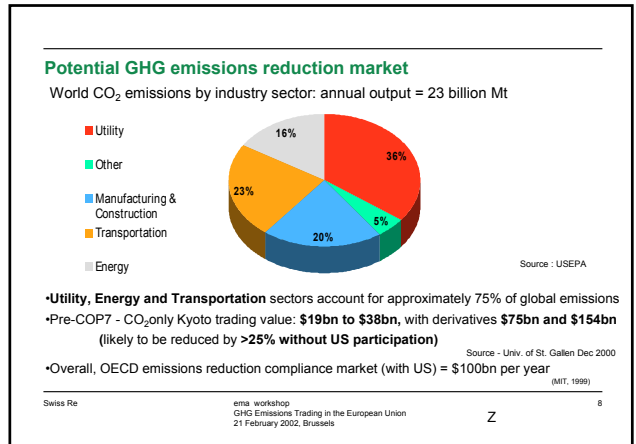
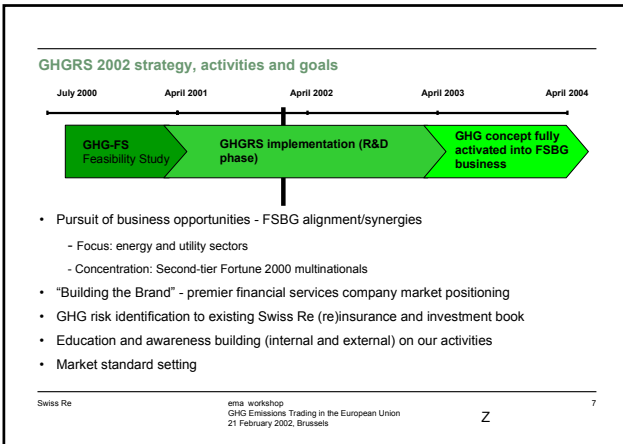
- UNEP Finance Initiatives - signatory and chair of climate change group
- Environmental Management System
 - Exposures - Identification/Management
 - Markets - GHGRS's role: sustainability business opportunities generation responsibility within Swiss Re
 - Operations - Efficiency and Effectiveness
- Sustainability (water and climate) - "top topics" of Executive Board and stakeholder dialogs at Rüschiikon
- 580+ CHF million of "green" investment into Swiss Re 2000 figure
- Memberships (e.g. WBCSD), publications, participations (WEF)
- Sustainability represents a business opportunity to Swiss Re!
- To facilitate business: Sustainability Commitment should be adopted within entire FSBG group
- No subsidy and special treatment needed for **environmental investments and business generation**
- Opportunity to leverage **number 1** sustainability ratings
- Leading position in GHG Market and standing as an innovator
- Swiss Re's "Sustainability" reputation risk: *Eventually, we 'have to put the money where our mouth is*

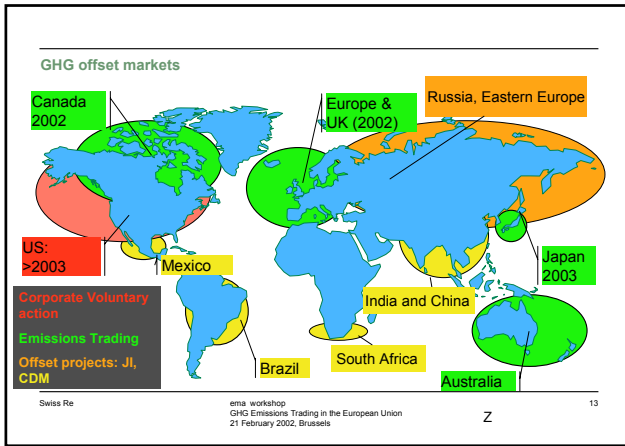
Swiss Re's Environmental Commitment

Sustainability and best practice in respect of . . .

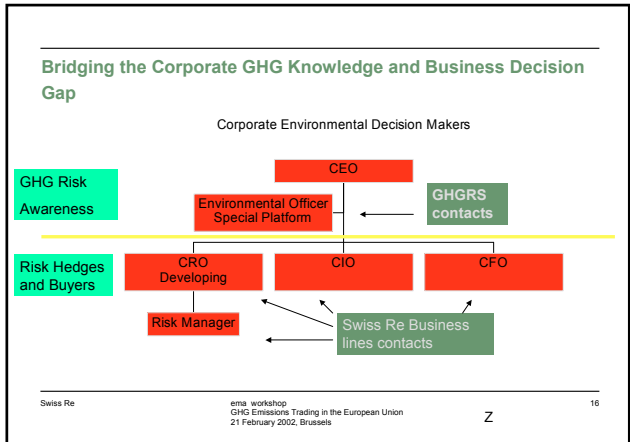
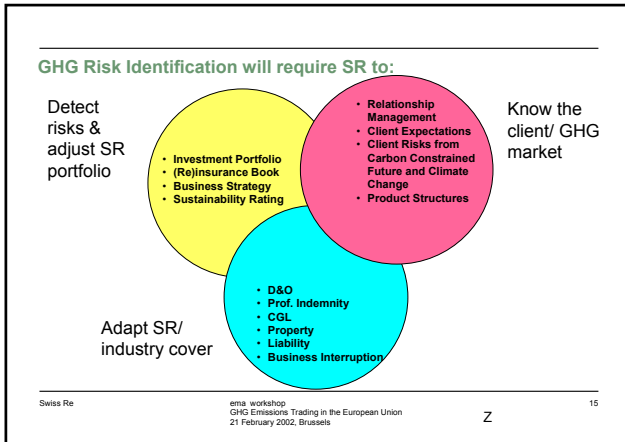


All Contribute to Swiss Re's brand image >> Reputation





- ### The Financial Industry our responsibility
- Leadership and advisory
 - Facilitation and enabling of emerging GHG market
 - Financing
 - Set Standards
 - Mitigating the Risk
 - Limit the risk
 - Pool the risk (diversification)
 - Isolate and apportionment of the risk
 - Control the damage (loss adjusting, consulting the client)
 - Prevent losses (engage in stakeholder dialog and loss prevention)
- Swiss Re
ema workshop
GHG Emissions Trading in the European Union
21 February 2002, Brussels
- Z 14



- ### What the Financial Community would like to see from the EU trading scheme:
- Transparency
 - Certainty in regulations and requirements
 - Ensure Kyoto compatibility
 - Inclusion of other GHG (not only CO2)
 - Consideration of secondary markets
 - Fungibility and liquidity
 - Inclusion of project-based credits (JI and CDM)
- Swiss Re
ema workshop
GHG Emissions Trading in the European Union
21 February 2002, Brussels
- Z 17

How to reach us:

www.swissre.com

Greenhouse Gas Risk Solutions
wolfgang_ortloff@swissre.com
 Tel: +41 43-285 2946
 Fax: +41 43-282 2946

Swiss Re's "Reducing GHG emissions" conference
 10-11 October 2001
 Presentations and conference report
www.ruschikon.net

Swiss Re
ema workshop
GHG Emissions Trading in the European Union
21 February 2002, Brussels

Z 18