Insurer Climate Risk Disclosure Survey for Reporting Year 2020

Section A

Group Name: Zurich American Insurance Company and Affiliates

Group No. 0212

Section B

NAIC Number	Company Name	Mailing Address
26247	American Guarantee and Liability Insurance Company Domicile: NY	1299 Zurich Way Schaumburg, IL 60196
40142	American Zurich Insurance Company Domicile: IL	1299 Zurich Way Schaumburg, IL 60196
34347	Colonial American Casualty and Surety Company Domicile: IL	1299 Zurich Way Schaumburg, IL 60196
21326	Empire Fire and Marine Insurance Company Domicile: IL	1299 Zurich Way Schaumburg, IL 60196
21334	Empire Indemnity Insurance Company Domicile: OK	1299 Zurich Way Schaumburg, IL 60196
39306	Fidelity and Deposit Company of Maryland Domicile: IL	1299 Zurich Way Schaumburg, IL 60196
26387	Steadfast Insurance Company Domicile: IL	1299 Zurich Way Schaumburg, IL 60196
16535	Zurich American Insurance Company Domicile: NY	1299 Zurich Way Schaumburg, IL 60196
39039	Rural Community Insurance Company Domicile: MN	3501 Thurston Avenue Anoka, MN 55303
90557	Zurich American Life Insurance Company Domicile: IL	150 Greenwich Street 4 World Trade Center 54th Floor New York, NY 10007
27855	Zurich American Insurance Company of Illinois Domicile: IL	1299 Zurich Way Schaumburg, IL 60196

NAIC Number	Company Name	Mailing Address
41181	Universal Underwriters Insurance Company Domicile: IL	1299 Zurich Way Schaumburg, IL 60196
40843	Universal Underwriters of Texas Insurance Company Domicile: IL	1299 Zurich Way Schaumburg, IL 60196

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Governance of Climate Related Risk

In line with its overall mandate to deliver sustainable shareholder value, the ultimate responsibility for climate risks resides with Zurich's Board. Clear roles and responsibilities, starting with the Zurich Insurance Group Ltd Board of Directors and its committees, aim to ensure effective oversight and action with respect to climate change and other sustainability risks. The Board and two of its committees oversee the handling of Zurich's climate change response. Based on the recommendations of the Governance, Nominations and Sustainability Committee (GNSC), the Board approves the Group's sustainability strategy and objectives as well as targets on ESG matters which have a material impact on business strategy, underwriting or business performance. The GNSC further oversees the Group's approach and conduct with regard to sustainability and was also involved in the Group's decision to join the Business Ambition for 1.5 degrees Celsius (°C), committing the Group to align its operations and investment portfolio to a 1.5°C future. The Risk and Investment Committee oversees Zurich's overall risk management framework and supports the Board to ensure sound risk and investment management for the Group.

The CEO EMEA and Bank Distribution is responsible for the Group's Sustainability strategy and objectives, including climate change. Climate risks can impact Zurich through its investing activities, underwriting activities and own operations. Accountability for delivery of key areas of Zurich's climate approach is assigned to the ExCo members with direct responsibility for these areas.

Zurich's Sustainability Leaders Council leads ongoing implementation of our sustainability objectives and formulates and formalizes the integration of sustainability across businesses and functions. The Council comprises senior executives from across the Group and is chaired by the Group Head of Sustainability (as of January 31, 2021; before that by the Group Head of Public Affairs and Sustainability), reporting into the CEO EMEA and Bank Distribution. The Chair of the Sustainability Leaders Council reports at least twice a year to the Group CEO and his direct reports and the GNSC on progress of the climate change-related internal initiatives. To accelerate Zurich's understanding of climate risk and ensure consistent management of this risk and implementation of our commitments to a climate-neutral economy, Zurich has established a cross-functional 1.5°C taskforce that reports into the council and is under the sponsorship of the Group Chief Underwriting Officer.

Climate Strategy

Scientific consensus is that the impact of climate change effects on society will start to become even more material if global warming surpasses 1.5°C above pre-industrial levels. If climate change continues on its current trajectory beyond 2°C, those effects will become more difficult, costly and even impossible to fully mitigate. Climate change will affect Zurich's products, services and operations, creating new risks. But it will also create new opportunities. Understanding, managing and disclosing those climate impacts, as well as other drivers of exposure, is an important aspect of maintaining Zurich's long-term profitability.

Zurich's analysis suggests that the likelihood of missing the Paris Agreement's goal of keeping warming below 2°C is higher than achieving it. That is why Zurich is accelerating action to reduce climate risks by driving changes in how companies and people behave and supporting

those most impacted. Zurich's dedication to limiting average global temperature rise to 1.5°C guides our climate strategy and has led us to commit to the goals of the Business Ambition for 1.5°C Pledge for our own operations and investment portfolio and become a founding member of the UN-convened Net-Zero Asset Owner Alliance.

As part of the Net-Zero Asset Owner Alliance, Zurich will seek to transition its investment portfolio to net-zero greenhouse gas (GHG) emissions by 2050, consistent with a maximum temperature rise of 1.5°C. This goal will be pursued through advocating for, and engaging on, corporate and industry action, as well as public policies, for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts. This commitment is made with the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met. While Zurich's investment portfolio provides some opportunities to redirect capital toward a climate-neutral economy via divestments, sector reallocations and increased investments in climate solutions, its investment strategy is rooted in fiduciary duty and asset-liability management requirements, and hence, is dependent on access to a broad investment universe.

During 2020, Zurich actively participated in the work of industry bodies such as the Net-Zero Asset Owner Alliance and Science Based Targets initiative to develop and test target setting methodologies for investment portfolios and own operations. As a result, we established a baseline carbon footprint that will be used for medium-term target setting in 2021.

There are no methodologies yet developed to align insurance underwriting portfolios to a net-zero pathway. To improve that situation, Zurich chaired the CRO Forum working group that led to the CRO Forum report on carbon footprinting methodologies for insurance underwriting portfolios; a fundamental step towards assessing insurers' overall distribution of carbon intensity within their underwriting portfolios.

Zurich has developed internal scenarios representing a transition pathway and a physical risk pathway to guide its assessment of climate change impacts as well as a starting point for in-depth assessments of related risks and opportunities.

In the physical risk scenario, an insufficient societal response to limit climate change is assumed, leading to changes in the frequency, severity and geographical distribution of extreme weather events such as tropical cyclones and extreme rainfall and associated flooding or heat waves. Current climate models, such as the International Panel on Climate Change (IPCC) models on which Zurich bases its internal climate scenarios, indicate that physical climate change risks, which are already evident in land ice melt, sea-level rise and in some extreme weather events, will begin to rise more materially beyond the next couple of decades if left unmitigated.

The transition risk scenario is built on an accelerated transition to a low-carbon economy, requiring fundamental changes to all parts of the economy. While limiting climate change to 2°C or below will lower physical climate risk, the technological and policy changes required create their own sets of risks. Independently of the precise pathway, the transition could be disruptive, as the shift to low-carbon technology on a global scale could lead to significant shifts in asset allocations and volatility in asset prices during the transition. Changes in public perception and

the regulatory landscape could reshape the legal and reputational risk landscape. Transition risks are considered more uncertain than physical risks, given their dependency on both climate-related policy changes that could emerge within a short time horizon and other policy changes related to the management of the global economy.

Zurich uses a climate scorecard to measure transition risk-related indicators, which uses quantitative data and draws on various climate change scenarios constructed by the IPCC and the International Energy Agency (IEA). Zurich's assessment shows that a physical risk pathway currently is significantly more likely than a transition pathway. As our scorecard shows, the world is not even on track to achieve a 2°C path, indicating the scale of the challenge to move towards a 1.5°C transition. While the overall message of insufficient progress is clear, the latest score card update, which mainly draws on data from 2019, nonetheless shows some improvements over previous years. The pace of increase in CO2 emissions, for example, fell back towards its longer-term trend after having picked up sharply in 2018. While encouraging, this trend still implies rising carbon emissions by over 1 percent annually, which is not consistent with the need to reduce net emissions to zero by 2050. Social trends around climate change have, however, continued to firm, with a notable increase in the focus on climate change in social and mainstream media and by commercial entities – even in the midst of the COVID-19 crisis.

Transition risks and physical risks are not mutually exclusive and can potentially co-exist depending on the timing, speed and effectiveness of the transition pathway.

Climate-Related Physical Risks

Over the short term, the expectation is that natural climate variability will have a higher impact on natural catastrophe losses than long-term climate change trends. An increase in asset values and accumulation through population growth and concentration in urban areas can also contribute to higher overall losses from natural catastrophes over time. Such socio-economic trends are reflected in our loss assumptions and might mask loss trends attributable to climate change. Regional variations will be large; however, particularly exposed areas are likely to see changing risk profiles more quickly. To accommodate the unfolding nature of climate risk, Zurich considers both near-term (three to five years) and long-term (five to 10 years) time horizons. Overall, the Group considers its near-term climate change-related physical risks to be manageable and foreseeable, whereas long-term risks are elevated and highly uncertain.

Zurich is most directly exposed to physical risk of climate change through the property underwriting and real estate investment portfolios. While assessing and managing the impact of extreme weather events is part of Zurich's core business competency, changes in frequency and severity of events caused by climate change add to the challenges in measuring expected impacts. As commercial catastrophe models are typically based on historical data and hence backward looking, they might not sufficiently account for climate risks already materializing. For this reason, Zurich is now building a view of climate change into its accumulation risk, peril-region modelling (see section on Risk Management). Potential model gaps are addressed as part of Zurich's model validation process and the 'Zurich View' approach provides further review for impacts that Zurich considers under-represented in the standard models. Generally, annual policy renewals provide mitigation increasing physical risks for short-tail business. Zurich also purchases reinsurance to protect the company's balance sheet from large natural catastrophe

impacts and to support earnings volatility management. The reinsurance strategy is regularly reviewed to take into account any relevant loss trends.

Zurich's modelled Average Expected Losses (AEL) from climate-related natural catastrophes provide an indicator of our current exposure to perils that might be affected by climate change. The AEL analysis below reflects the current top 5 peril regions in the Group as of June 30, 2020 net of reinsurance, before tax and excluding unallocated claim adjustment expenses. This analysis helps Zurich manage risks related to insuring these perils, such as accumulation risk. Limits per peril are in place and exposure is currently within appetite.

There is also a risk that physical impacts reduce the profitability of investments across asset classes (e.g., equities, real estate, sovereign or corporate bonds), though analysis suggests that very significant impairments would be required for Zurich's investment portfolio to be materially impacted.

Zurich considers the risk to its own operations from climate risk to be less material, as they are generally not located in highly exposed areas and business continuity plans are in place to ensure resilience in the face of extreme weather events.

Climate-Related Transition Risk

Zurich could be exposed to transition risks if it fails to manage changing market conditions and customer needs as part of the transition to a climate-neutral economy, resulting in asset impairment, opportunity cost and lost market share. In a transition scenario, sectors that are difficult to decarbonize could experience stranded assets, either of physical assets, or declining profitability and lack of refinancing. For some companies, the resulting liquidity shortages could lead to a lack of maintenance with increasing rates of outages and equipment breakdowns, translating into higher insurance losses.

The new technologies and transformation required for a low-carbon economy also offer risks and opportunities to our portfolios as a lack of loss history creates challenges for pricing and risk selection. Not all low-carbon technologies will see commercial success, potentially leading to asset impairments and company failures as their business models fail to scale due to technological or economic reasons.

Failure to manage transition risk could also lead to reputational impacts, both internal and external, resulting from a failure to deliver on publicly stated commitments. Although not considered material in the near term, the increasing frequency of climate-related legal action suggests climate-related litigation could represent a significant potential risk in the long term.

Societal and regulatory attention towards climate change mitigation has remained high, even in the face of the COVID-19 crisis, and Zurich has enacted strategic responses to market and regulatory developments. These include differentiated market position on climate change that is linked with Zurich's purpose and values statement. Zurich is already well positioned to take advantage of new low-carbon technologies and is building its capabilities in line with the growing market share of those opportunities. For more information on opportunities see the section on climate-related opportunities below. Similar to physical risk, the annual nature of the

majority of our insurance contracts allows Zurich to align portfolios with emerging trends and effectively manage transition risk. Zurich's Net-Zero Asset Owner Alliance commitment to a net-zero emissions investment portfolio by 2050 is expected to further mitigate transition risk and increase the resilience of our investment portfolio against carbon-related asset corrections.

Zurich has already identified the coal and oil sands sectors as particularly carbon intense and transition risk prone as such industries are nearing the end of their life cycle. In line with its coal policy, Zurich will no longer underwrite or invest in companies with coal or oil sands dominated business models and without plans to transition to a lower-carbon intensity.

To improve its understanding of transition risk, Zurich subscribes to transition risk data, such as carbon intensity and additional indicators, that will be leveraged in assessments of portfolios and transactions. As part of its commitments to the Net-Zero Asset Owner Alliance and the Science Based Targets initiative, Zurich is also engaging with customers and investee companies across many industries on their decarbonization strategy, with those conversations driving our understanding and management of transition risks. To further support these efforts Zurich has also joined Climate Action 100+.

Given the low-carbon intensity of the insurance sector's operations compared to more carbon-intensive manufacturing sectors, continuous progress on energy and carbon reduction targets and Zurich's voluntary carbon offsetting scheme, Zurich does not consider transitions risks to be material for our own operations. However, low magnitude risks exist, for example, in the area of increases to energy costs or risks of new external carbon taxes or fees. To manage these risks, Zurich takes advantage of opportunities, such as renewable electricity purchasing, carbon and energy reduction targets, travel reductions and moving to a more efficient real estate portfolio. For example, in 2019 Zurich joined the RE100 initiative committing to move to 100 percent renewable power by end 2022. Zurich also conducts an annual operational risk assessment covering energy cost, high-risk locations, regulatory, operational supply chain, stakeholder expectations and employee safety.

Climate-Related Opportunities

Zurich sees business opportunities both in helping its customers manage physical risk and transition risk, as well as benefiting from the changes required to move toward a low-carbon economy. As an innovative insurer, Zurich is positioned to take advantage through its climate change-related products and services which enable existing and prospective customers to better understand and manage their exposure to climate risks and to enhance their resilience to both physical and transition risk.

To realize opportunities from physical risks, Zurich is expanding its existing natural hazards risk advisory service to address customers' physical climate change risks. As part of the 'Climate Change Resilience Services', a dedicated team of climate risk experts help businesses tackle their climate change risk and better understand how it might affect their operations, strategy, and financial position. In 2020, Zurich North America's construction team also introduced a parametric insurance cover that allows customers to insure against climate-related risks that were not insurable under traditional coverage.

Climate-related regulations aimed at incentivizing a low-carbon economy result in an increased demand for alternative low-carbon solutions and provide opportunities for new markets. The impact of these opportunities will scale over time and Zurich already has considerable expertise in providing insurance solutions for green assets and takes advantage of 'green' opportunities through products and services. With electric vehicles (EV) expected to be a significant and growing segment in the new vehicle market, Zurich is leading the way in developing customized motor insurance solutions that meet the needs of EV customers.

Zurich has also expanded its role in solar power insurance and will continue to broaden its underwriting capacity and knowledge around renewable energy risks more broadly. As part of the evolving microgrid markets in Italy, Germany and Switzerland, Zurich provides customized coverage for private homeowners and small- to mid-size commercial companies to build renewable energy facilities, such as photovoltaic, solar thermal, biomass and geothermal installations. In 2020, Zurich scaled an existing renewable energy insurance product from our European market to Brazil, called Zurich4Power, to help small- to medium-sized business customers shift to renewable energy, which offers protection for solar panels covering the installation, equipment assembly, tests and first six months of operation. For larger commercial customers, Zurich covers solar and wind farms either directly or via a third-party strategic relationship with a specialist agency.

In addition, Zurich will continue to exert industry leadership in facilitating the increased use of low-carbon transition technologies like Carbon Capture, Use and Storage (CCUS), which the UN has stated is a technology that is essential to many industrial sectors in reaching climate goals. As early as 2009 we were the first and are today still the only carrier to provide both liability coverage and financial assurance in support of CCUS as a transitional mitigation technology.

As an investor, Zurich has established responsible investment and climate change investment strategies, including active ownership, green bonds, and a comprehensive approach of ESG integration. Impact investments targeting climate change mitigation or adaptation activities can help reduce climate change risks through their targeted positive impact and offer a financial return commensurate with risks. Zurich will consider impact investments that help increase energy efficiency, generate renewable energy or mitigate climate change and/or improve adaptability and resilience in other ways. Through its commitment to build an impact investments portfolio of the size necessary to help save 5 million tons of CO2e on an annual basis, Zurich is seeking to capture opportunities across the universe of green, social and sustainable bonds, impact private equity and infrastructure private debt.

Risk Management

Zurich's approach to managing climate risk is embedded within its multi-disciplinary Group-wide risk management processes and follows the same objectives of informed and disciplined risk taking. As such, climate risk is managed in a manner consistent with how other risks are managed by the Group.

To maintain an aligned view on climate risks across the Group and ensure new developments are taken into consideration for Zurich's risk management activities, Zurich conducts an annual Group-wide assessment of climate change-related risks using the TRP approach, under the

sponsorship of the Group CRO. The TRP assessment of climate risks is aligned to the scenarios described in the section on climate strategy. To complement the TRP assessment, Zurich uses its Sustainability Risk framework, which is aligned with our purpose and values of 'standing up for what's right', to proactively and systematically identify and assess detailed sustainability risk issues, including from climate change. Zurich's Sustainability Risk team monitors ongoing developments around physical and transition climate risks, in close collaboration with the Public Affairs team, to maintain visibility of regulatory developments. Zurich's Emerging Risk Committee, reporting to the Group CRO and tasked with identifying emerging and sustainability risks and prioritizing material risks for deep-dive analysis, also maintains an ongoing focus on climate-related risks.

Zurich's sophisticated natural catastrophe modelling capabilities allows management of property risk selection and pricing, to ensure accumulations stay within intended exposure limits and assessment of the capital requirement due to natural catastrophes. Catastrophe models are computer programs used to mathematically assess the physical characteristics and financial impact of natural and man-made catastrophes, including for example earthquakes, weather - related perils, terrorism, pandemics, extreme casualty events, and cyber incidents.

Catastrophe models are designed to assess a range of potential future disasters providing the financial impact either by return period (e.g. a 100-year loss) or the annual expected loss (risk premium). They can also be applied to historical events (e.g. hurricane Katrina). They then calculate a range of property-related direct physical loss (e.g. building, content, vehicles), indirect losses such as business interruption and residual loss, including for example demand surge or inflation in materials costs.

Catastrophe models use account, location and reinsurance information as input data. The quality of the input data has an impact on the model output and Zurich constantly reviews and expands the scope and sophistication of its modeling and strives to improve data quality. The data includes policy conditions and location data with risk characteristics (e.g. construction, occupancy, etc.). For reinsurance, this is treaty and facultative reinsurance. The models consist of the following 3 modules:

— Hazard module: The hazard module for a peril region (e.g. US hurricane) typically consists of tens of thousands of synthetic but possible catastrophic events. This event set provides the physical hazard specific to geographical locations.

— Vulnerability module: The vulnerability module provides the expected damage for a geographical location with its risk characteristics (e.g. building code, etc.) given the hazard level from an event.

— Financial Module: The financial module translates the expected physical damage of an insured asset into a financial loss. The policy conditions then allocate the total ground-up loss into different involved parties including insured, insurer and reinsurer. Varying financial perspectives are provided at different aggregation levels (e.g. account, portfolio).

Catastrophe models that are generally based on historical data would not capture potential future climate change-related shifts of extreme weather events. However, when combined with General Circulation Models (GCMs) they are best positioned to help also understand the risk of future climate conditions. GCMs build representations of the earth's physical climate systems and therefore can provide model results for climatic scenarios beyond past events. The quality of GCMs continues to evolve as scientific understanding of the earth's climate systems increases, and is also driven by progress in computing power and artificial intelligence that extrapolates insights from current modelled regions to future climate scenarios. This science is evolving and Zurich has strengthened its catastrophe modelling team with dedicated resources to create methodologies to integrate such forward-looking aspects into its modelling approach.

Third-party models provide a starting point for the assessment of natural catastrophe risk. However, they are generally built for the market average and need validation and adjustment by specialized teams to reflect the best view of risk. Zurich has been a leader in model validation and developed its proprietary 'Zurich View' of risk in 2005 using a structured and quantitative approach. Models are adjusted in terms of frequency, severity and event uncertainty. Every catastrophe event provides an opportunity to learn from Zurich's own claims experience and the modeling framework has been providing a place to capture the new insights. For severity, a set of 13 adjustment factors addresses potential losses from non-modeled property-related exposures or secondary perils to the extent not covered by the third-party models. Models and model adjustments are based on science, engineering and claims experience and expert judgement. Output from catastrophe models are subject to significant uncertainty, especially for rarely occurring but severe events. The level of sophistication and maturity of a model varies significantly by peril region. The amount of claims experience used for model calibration is an important factor. Also, the output may change over time for different reasons including exposure and vulnerability changes, model updates and exposure data quality.

The Group uses catastrophe models adjusted to the 'Zurich View' to manage its underwriting, ensure accumulations stay within intended exposure limits and assess capital requirements driven by natural catastrophes. The same view Zurich has on natural catastrophe risk also underpins profitability assessments and strategic capacity allocation and guides the type and quantity of reinsurance Zurich buys. To ensure global consistency, natural catastrophe exposures are modeled in the Group Risk Management function.

Potential losses from policies covering property-related exposures (property, engineering, marine and motor lines) with material exposure in hazard-prone geographical areas and from worker injury policies with material exposure in U.S. seismic zones are probabilistically modeled. Losses for other lines of business are estimated based on adjustments to these modeled results. Risk modeling mainly addresses climate-induced perils, such as windstorm, flood, tornado, and hail, and geologically-induced perils, such as earthquake. Zurich constantly reviews and expands the scope and sophistication of its modeling and strives to improve data quality. Natural catastrophe research and development has strengthened to increase the focus on the risks from a changing climate. It supplements internal know-how with external knowledge (e.g., the Advisory Council for Catastrophes). Zurich is a shareholder of catastrophe exposure and loss data aggregation and estimation firm PERILS AG, Switzerland and is a member of the open-source initiative Oasis Loss Modeling Framework.

To protect its premises and employees from disruptions and minimize impacts, Zurich has a well-established business resilience process that also covers potential impacts from natural catastrophes on our own premises. Zurich is leveraging its own in-house catastrophe modelling expertise to inform our understanding of exposure to tailor mitigating actions.

For Zurich's investment portfolio, management of climate change transition risks is part of its ESG integration approach. Given its complexity and long-term nature, climate change represents a particular challenge for ESG integration. Zurich is using a variety of dedicated third-party vendor tools as part of its ESG integration. Despite the considerable progress made in the quality and availability of data in recent years, further improvement in data and tools is required to support integration in investment strategies. ESG integration practices might fail to effectively capture all climate change-related risks and opportunities. Zurich is testing the use of special benchmarks that incorporate a climate risk assessment and will evaluate the application of such benchmarks for new and existing portfolios on a case-by-case basis.

To maintain climate change management in line with industry best practice, Zurich is actively contributing to external industry, regulatory and international agencies' initiatives to improve climate risk assessments and disclosures, including the UN Principles for Sustainable Insurance TCFD pilot, the UK PRA's Climate Financial Risk Forum Guide and the UNEP FI Net-Zero Asset Owner Alliance. Zurich also led an effort by the CRO Forum to develop methodologies that apply the carbon footprint and intensity concepts to insurance portfolios. The report presents a range of options, methodologies and barriers to the carbon footprinting of insurance companies' underwriting portfolios. It is intended as an exploration of the different carbon footprinting methodologies that may be applied to underwriting portfolios and the barriers to applying them. With the help of external carbon data, Zurich is currently assessing in detail how this approach can be leveraged for transition risk management.

To improve its understanding of potential developments of climate change liability risks, Zurich is also part of a dedicated working group established as part of the UN Principles for Sustainable Insurance TCFD pilot.

Metrics and Targets

Key performance indicators (KPIs) for sustainability focus areas underpin Zurich's management of its climate strategy. As low-carbon commitments are operationalized, additional targets will be added to ensure continuous improvement in performance.

Latest data for these metrics, along with historical data to facilitate trend analysis, can be found on Zurich's website.

Regarding sustainable investments, our impact investment portfolio grew from USD 4.6 billion in 2019 to USD 5.8 billion in 2020, of which 77 percent finances environmental and 23 percent social assets, helping to avoid 2.9 million tons of CO2-equivalent emissions and, separately, improve the lives of 3.7 million people annually as of December 2020 (see Zurich Insurance Group Sustainability Report 2020).

To measure the progress of the implementation of Zurich's coal policy, Zurich is monitoring the number of companies affected by its thresholds and its actions taken on both insurance and investment side. Since the introduction of Zurich's first coal policy in 2017, Zurich's actions resulted in the divestment of USD 497 million in assets and the phase out of insurance relationships covering USD 33 million of gross written premiums. We recognize these figures represent less than half a percent of Zurich's respective investment or insurance portfolios and, as such, further confirm that our exposure to the thermal coal and oil sands industry was already limited before policy inception, reflecting our ESG integration approach.

To monitor the carbon footprint of Zurich's own operations, and its reductions over time, Zurich measures emissions in line with the Greenhouse Gas Protocol's standard.