SUSREG Assessment Guide for Insurance

December 2023

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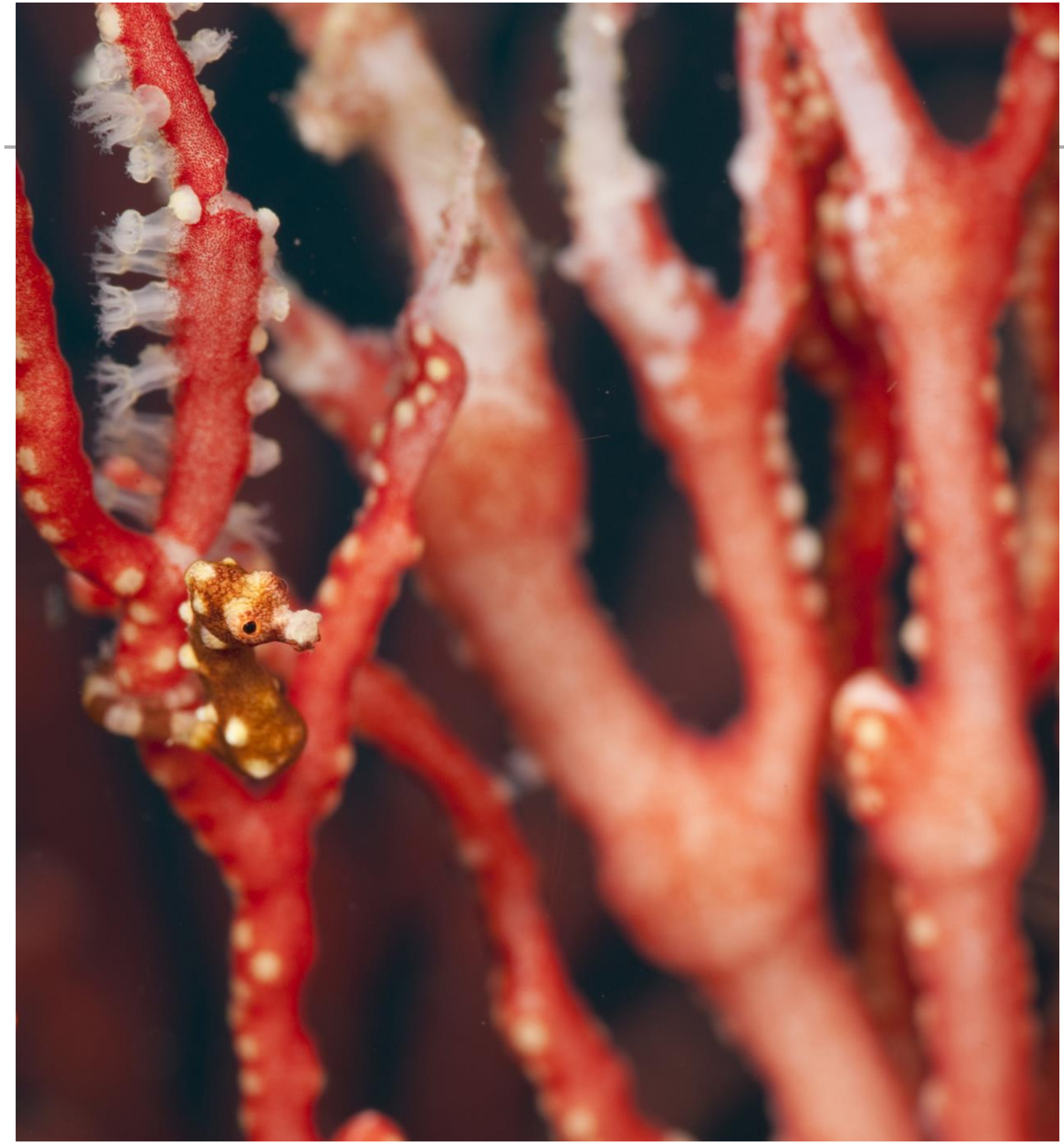

The SUSREG framework

The SUSREG tool assesses regulatory and supervisory practices pertaining to sustainabe banking and insurances, as well as central banks' policies and other financial sector-related measures contributing to the transition to a net-zero, nature-positive, inclusive, resilient and sustainable economy.

Relative to 2022, the 2023 SUSREG assessment has been extended with:

- Additional indicators assessing water-related risk, Central Bank phase-out plan, just transition study by Central Bank & Financial Supervisor, SME guidelines, sovereign sustainable bond
- Assessment of new additional countries (Slovenia, Paraguay, Türkiye)

Key elements of the SUSREG tracker

- **Independence**: The SUSREG tracker is an independent assessment rather than a member-driven assessment. Importantly, SUSREG does not rank countries/central banks/supervisors but focuses on providing a comparative analysis of relevant policies against the framework and against each other.
- **Maturity**: Given the importance of each indicator for various phases of implementation by central banks and financial supervisors, the assessment enables the identification of areas where significant progress still needs to be made.
- **Thematic scope**: It covers climate, environmental, and social risks given the significance of the intertwined climate and nature crisis and its impact on humanity.
- **Indicators**: The SUSREG tracker encompasses a broad spectrum of indicators relevant to greening the financial system including rule-based microprudential supervision, macro-prudential supervision, central banking (monetary policy, portfolio management), the existence of strategy/internal organisation of the supervisor/central bank, and enablers such as science-based taxonomies, and the existence of a multi-stakeholder sustainable finance initiative.
- **Relevance**: The framework also considers recent concepts and developments such as double materiality assessments, the integration of liq uidity risk and capital adequacy, transition plans, and net zero roadmaps.
- **Transparency**: Each indicator and assessment are documented with relevant policies, guidelines, frameworks, roadmaps, etc.
- **Standardisation**: The evaluation considers if the country has fully met (displayed as a full tick), partially met (dotted tick) or not met (X mark). In certain jurisdictions, certain measures are not within the mandate of the central bank or supervisor, in which case the associated assessment results are marked as N/A.
- **Sector scope:** The tracker now covers both banking and insurance sectors, which are key components of the financial system.

Assessment methodology

Scope of the assessment

To perform the assessments, WWF only takes into account information that is **publicly available** and considered the following sources (non-exhaustive list):

- **Financial regulators or supervisors:** Regulations, supervisory expectations, or guidelines.
- **Central banks:** Measures and activities implemented by central banks (in particular those related to monetary policy), in line with their mandate.
- **Industry associations:** Relevant guidelines issued by the national banking and insurance association or other industry-led bodies, where available.
- **Securities commissions or stock exchanges:** Relevant listing rules or sustainability reporting guidelines, in the absence of regulations or guidelines issued by the regulator, supervisors, or associations.
- **Others:** Measures taken by central banks, banking and insurance regulators or supervisors, governments, and other policymakers, to create an enabling environment conducive to the development of sustainable finance.

Assessment methodology

How assessments are performed

An indicator will receive a fully-, partially-, or not met score depending on the criteria defined per indicator. On top of that, there are other considerations that we take into account in giving the scoring:

- Level of **enforceability**, depending on whether the expectation is mandatory and enforced. Industry association guidelines are given a maximum partial score as those guidelines are not mandatory unless stated otherwise by the financial supervisors.
- **Scope,** depending on whether the expectation applied to all supervised entitles or only listed entities. Regulations issued by the securities commissions or the stock exchanges are given a maximum partial score as it only covers listed entities.

WWF then endeavours to share preliminary assessment results with the relevant institutions (i.e. regulators, supervisors, central banks) to ensure the information identified is as complete and accurate as possible. While specific situations and different interpretations can be discussed on that occasion, it is important to note that the final judgement is made by WWF.

Importantly, comments provided by central banks or supervisors should not be construed as endorsements by these institutions of either the methodology or the assessment results.

General considerations

Language considerations

For countries where English is not an official language, WWF will endeavor to use **official documentation available in the national language**. Alternatively, and in the absence of an official translation of the relevant documentation, an unofficial translation may be procured to facilitate the assessment.

To ensure that the detailed results are accessible to various audiences across the world, the information used to conduct the assessments will be disclosed in English on the SUSREG Tracker.

Other important notes

Individual indicators are not weighted, and the assessment **does not result in a final score or a rating.** Rather, the tool enables users to quickly identify current practices, potential gaps or improvement points, and to understand how different regulatory frameworks or measures compare on specific indicators.

The country-level assessment results will be updated on a regular basis, to reflect ongoing developments and ensure the SUSREG Tracker platform remains up-to-date.

How the results are displayed

- For certain indicators, the assessment results are split to clearly display which insurance activities the regulations or supervisory expectations apply to: investment activities (**I**) and/or underwriting activities (**U**). Similarly, certain results are split to inform on the scope of the associated measure(s): applicable to climate-related risks (**C**), other environmental risks (**E**) and/or to social risks (**S**).
- For each indicator, the assessment result can be either positive (displayed as a full tick), partial (dotted tick) or negative (X mark). In certain jurisdictions, certain measures are not within the mandate of the supervisor, in which case the associated assessment results are marked as N/A.
- For each indicator, the information used to perform the assessment together with its source (hyperlinks) can be accessed by simply clicking on the associated tick mark.
- At the level of specific sections, donut charts provide an aggregated view of the assessment results. To calculate the filled-in sections of the donut charts, positive results count for one point, partial results for half-a-point and negative results for zero. N/A results are subtracted from the maximum achievable score in their section.

Assessment of the European Union (EU)

- Given the specific conduct of banking and insurance supervision and monetary policy in the EU, **the results of our assessment of individual European countries should be considered in parallel to the results of our assessment of the EU**.
- Under the Eurosystem, the ECB is in charge of defining the monetary policy while national central banks should implement it. Therefore, **the assessment results for monetary policy measures in individual EU countries that have adopted the euro is marked as "N/A"**, and it is necessary to refer to the assessment performed at the EU level. The only exception to this rule is the management of foreign exchange reserves, over which national central banks have full autonomy.
- All the EU-level regulations in force will be applied to EU country-level assessments.
- In the case of the EU directives (e.g., Corporate Sustainability Reporting Directive) that have not yet taken effect in the EU-regulated markets, we consider them as "partially met" at the country level. Similarly, we include proposed and draft EU regulations and directives at the country level, with a maximum score of "partially met".
- In principle, **we do not use guidelines such as those issued by EBA/ECB/EIOPA in the country-level assessment,** unless the financial supervisor specifically mentioned that it will be applying the guidelines as part of its supervision.

Assessment of the United States of America (USA)

- **State jurisdictions can have their own regulation and supervisory agencies** (such as the New York Department of Financial Services or the California Department of Insurance), although they do not have fully-fledged central banks (in the semi-decentralised Federal Reserve Bank system, regional Federal Banks such as New York and San Francisco follow the federal monetary policy and act as delegated supervisors).
- Since federal regulation in the USA assessment applies to all its states, **individual states such as California and New York may only have SUSREG assessments equal to or higher than the USA assessment** (when local initiatives go further than national policy).
- In USA, **actual insurance regulation and supervision are applied state-by-state, sometimes with wide discrepancies in the rules and practices observed between individual states.** The NAIC (National Association of Insurance Commissioners) is an important national forum that can make recommendations and promulgate model regulations and laws on occasion, which then form the basis of many states' supervisory rules and procedures. USA states can choose to adopt NAIC proposals, in some cases automatically.

Methodological limitations

- **Publicly available information**: The SUSREG tracker only considers publicly available information, therefore it does not account for any internal and ongoing developments which may give a more accurate picture of where certain central banks and financial supervisors are standing.
- **No weighting of indicators**: The indicators are not weighted, even though certain indicators might encapsulate an arguably more impactful action than others. The rationale behind this is that the SUSREG tracker is not a ranking but rather a benchmarking exercise of each central bank and financial supervisor’s activities against each indicator. The purpose of the SUSREG tracker is to foster best practice sharing across jurisdictions over all the individual indicators and sections.
- **Existence, not effectiveness**: Although the aim is effective mitigation by central banks and financial supervisors of present and future risks relating to climate change and nature loss, the SUSREG tracker focuses on the pursuit of certain practices and the existence of certain policies, therefore, it does not necessarily draw any conclusion on their effective impact.
- **Environmental focus**: The scope of the SUSREG tracker, on most indicators, is equally split across «C» climate, «E» environment, and «S» social, as WWF welcomes holistic sustainable finance regulation that covers environmental and social aspects in conjunction. However, the most stringent focus has been put on the «E» and «C» across the indicators, in line with our expertise in the respective fields.

Insurance supervision

Assessment guide

Insurance supervision

Micro-prudential supervision (supervisory expectations)

Micro-prudential supervision (supervisory expectations)

WWF

Indicator 1.1.0

Single result

Regulations or supervisory expectations related to sustainable insurance which have been issued are applicable to all supervised insurers.

Assessment result	Related findings
✔ Fully met	❖ Relevant regulations, supervisory expectations or guidelines have been issued either by the insurance regulator or supervisor and are applicable to all supervised insurers.
Partially met	❖ Relevant regulations, supervisory expectations or guidelines have been issued either by the insurance regulator or supervisor, but are applicable only to certain types of (re-)insurers (e.g. based on size, or nature of services provided). ❖ Draft regulations, supervisory expectations or guidelines have been issued for public consultation ❖ The only relevant guidelines have been issued by an insurance association.
✖ Not met	❖ No relevant regulations or guidelines have been issued by the insurance regulator, supervisor, or insurance association. *Note: roadmaps do not count, even if they recommend the development of regulations / supervisory expectations.*

Insurance supervision

Micro-prudential supervision (supervisory expectations)

Scope & implementation

Micro-prudential supervision (supervisory expectations)

Scope & implementation

Indicator 1.1.1

Split result (C / E / S)

The regulations or supervisory expectations cover a broad range of environmental and social (E&S) issues.

For the purpose of this assessment:

- Climate issues are greenhouse gas emissions and physical and transition* climate-related risks and broader climate-related impacts;
- Environmental issues include biodiversity loss, habitat destruction, deforestation, water, air and soil pollution, and depletion of natural resources, and physical, transition and nature-related related risks;
- Social issues include human rights violations, labour issues (incl. occupational health & safety) and adverse impacts on local communities (incl. indigenous people).

*Litigation and liability risks are understood to fall in the broader transition risk category.

Assessment result	Related findings (for each Climate (C) / Environmental (E) / Social (S))
✔ Fully met	❖ Most climate, environmental or social issues are mentioned. ❖ C: to a min. both transition and physical risk & impacts ❖ E: most sub-themes as mentioned on the left ❖ S: most sub-themes as mentioned on the left
Partially met	❖ Climate, environmental or social aspects are referred to in the broad sense, and implicitly cover all key issues.
✖ Not met	❖ Specific climate, environmental or social issues are not covered.

Micro-prudential supervision (supervisory expectations)

Scope & implementation

Indicator 1.1.2

Single result

The regulations or supervisory expectations reflect both the expected impact of E&S issues on the insurer's risks and value creation, and the impacts of the insurer's activities on E&S issues ('double materiality assessment').

Assessment result	Related findings
✔ Fully met	❖ The regulator consider double materiality in its expectations and the principle is defined accordingly. ❖ Without naming specifically the double materiality, the expectations reflect both the expected impact of E&S issues on the insurer's risks and value creation, and the impacts of the insurer's activities on E&S issues.
Partially met	❖ There is a lower level of expectation on the impacts of the insurer's activities on E&S issues than on the others (e.g. use of 'could' instead of 'should'). ❖ The expectations related to the impacts of the insurer's activities are covering only a reduced range of E&S issues (e.g. only climate and carbon emissions)
✖ Not met	❖ The regulations or supervisory expectations do not reflect both the expected impact of E&S issues on the insurer's risks and value creation, and the impacts of the insurer's activities on E&S issues.

Micro-prudential supervision (supervisory expectations)

Scope & implementation

Indicator 1.1.3

Single result

The supervisor tracks insurance companies' progress against regulatory/supervisory E&S expectations and addresses a corresponding report to the companies.

Assessment result	Related findings
✔ Fully met	❖ The regulator or supervisor explicitly mentions that compliance of insurance companies with the relevant regulations or expectations is regularly assessed, and the supervisor addresses a corresponding report to the companies.
Partially met	❖ The regulator or supervisor explicitly mentions that compliance of insurance companies with the relevant regulations or expectations is regularly assessed, but the supervisor addresses no report to the companies.
✖ Not met	❖ There is no particular commitment from the insurance regulator or supervisor to monitor implementation by insurance companies of the relevant regulations or expectations.

Micro-prudential supervision (supervisory expectations)

Scope & implementation

Indicator 1.1.4

Single result

Public consultation was carried out prior to the official issuance of E&S regulations or supervisory expectations.

Assessment result	Related findings
Fully met	❖ The regulations or supervisory expectations were released for public consultation.
Partially met	❖ The regulations or supervisory expectations were shared with targeted external stakeholders, but not made publicly available. ❖ In the case of guidelines issued by an insurance association, the drafting process involved various member insurance companies, but there was no public consultation.
Not met	❖ The regulations or supervisory expectations have been shared with external stakeholders but there is no publicly available information about such process. ❖ The regulations or supervisory expectations have not been shared with external stakeholders.

Insurance supervision

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.1

Split result (C / E / S)

Insurers are expected to integrate E&S considerations in their business and risk strategy, consistent with the size and nature of their operations.

"integrate E&S considerations in their business strategy" relates to:
how the management of the E&S risks, opportunities and impacts associated with its business relationships (mainly through its underwriting and investment activities) are integrated in its overall strategy. It does not refer to CSR or philanthropic activities, or to the management of a (re-)insurance company's direct impacts (such as energy use and business travel).

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurance companies are expected or required to integrate E&S considerations in their strategy. ❖ E: min. requirements – mention of at least either biodiversity loss, habitat (land and/or sea) modification or other key drivers as identified in 1.1.1
Partially met	❖ The expectation is very high level. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
✖ Not met	❖ The integration of E&S considerations in the investment / underwriting strategy is not mentioned.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.2

Split result (C / E / S)

Insurers are expected to determine their risk appetite with regards to E&S risks, supported by quantitative limits and qualitative expectations.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected to determine their risk appetite with regards to E&S risks, supported by quantitative limits and qualitative expectations.
Partially met	❖ The expectation is very high level; no quantitative limits are expected. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
✖ Not met	❖ The integration of E&S considerations in the determination of risk appetite is not mentioned.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.3

Split result (C / E / S)

Insurers are expected to extend E&S consideration beyond short term (1 to 5 years) to medium (5 to 10 years) and longer term (10 to 30 years) in their business and risk strategy.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected or required to factor short-term (1 to 5 years), medium (5 to 10 years) and longer-term (10 to 30 years) E&S considerations in their business and risk strategy.
Partially met	❖ Insurers are expected or required to factor E&S considerations in their strategy, but only over the medium term (5-10 years). ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no mention of the need to factor medium- or long-term E&S considerations in their business and risk strategy.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.4

Split result (C / E / S)

Insurers are expected to regularly provide their board with relevant information related to the implementation of their E&S strategy.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurance companies are expected or required to communicate and provide regular reports to their board on the implementation of their E&S strategy. *Note: there is no need for the regulations or guidelines to specify a frequency (e.g. annually), as long as it is regular.*
Partially met	❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✕ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.5

Split result (C / E / S)

Insurers are expected to include criteria related to their E&S strategy implementation in their appraisal and remuneration policy.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to include criteria related to their E&S strategy implementation in their appraisal and remuneration policy for key roles in underwriting and investment sectors, (incl. also board, management etc.).
Partially met	❖ Insurers are expected only to disclose how the E&S strategy implementation factors in or not in their appraisal and remuneration policy for key roles in underwriting and investment sectors, (incl. also board, management etc.). ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.6

Split result (C / E / S)

Insurers are expected to dedicate staff and resources to the definition, development and implementation of their E&S strategy.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected or required to dedicate staff and resources to the definition and implementation of their E&S strategy, consistent with the size and nature of their operations.
Partially met	❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.7

Single result

The supervisor has included E&S considerations in appointment of board members of insurance companies.

Assessment result	Related findings
✔ Fully met	❖ The supervisor has issued requirements, including guidelines, related to E&S considerations for the appointment if insurer's board members. It mentions following areas where E&S considerations need to be considered: ❖ Board members 'fit and proper test' and/or ❖ Terms of reference
Partially met	❖ There is no "fit and proper test" or integration of E&S considerations in the terms of reference but there is an expectation that E&S considerations are taken into account when nominating/selecting board members. ❖ The supervisor has issued restrictive requirements related to E&S considerations for the fit and proper test and/or terms of reference but only for certain relevant board members of insurance companies.
✖ Not met	❖ There is no guideline or recommendation from the supervisor related to E&S considerations for board members of insurance companies.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.8

Split result (C / E / S)

Insurers are expected to define the roles and responsibilities of the board involved in the oversight of the E&S strategy.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected to define the roles and responsibilities of the board involved in the oversight of the E&S strategy. This should be reflected in the governing bodies of the company with individual Board roles and responsibilities.
Partially met	❖ The board of insurance companies is expected to be collectively responsible, but individual role and responsibilities are not expected to be attributed to a specific board member. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.9

Split result (C / E / S)

Insurers are expected to define the roles and responsibilities of the executive management for the implementation of the E&S strategy.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected or required to define specific roles and responsibilities of the executive management for the implementation of the E&S strategy. This includes personnel involved, relevant feedback mechanisms, and how managerial oversight informs group-level and climate change, broader environmental and social strategy.
Partially met	❖ Insurers are expected to define the collective responsibilities of the executive management for the implementation of the E&S strategy. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
✖ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.10

Split result (C / E / S)

Insurers are expected to include E&S considerations in the roles and responsibilities of most core functions (incl. senior management) in areas such as actuarial, investment, underwriting, claims management and risk management.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected to include E&S considerations in the roles and responsibilities of most core functions (incl. senior management) in areas such as actuarial, investment, underwriting and claims management.
Partially met	❖ Insurers are expected to include E&S considerations only in some core functions, or the expectation does not quote specific functions ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.11

Split result (C / E / S)

Insurers are expected to conduct regular training on relevant E&S issues for their board, senior management, business lines and functions, as well as broader staff.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to conduct regular training on E&S issues for their staff, and both the board and senior management are explicitly mentioned. Trainings are mentioned to be science-based (resting on findings of key international scientific bodies such as the IPCC, IPBES, IEA).
Partially met	❖ Insurers are expected or required to conduct regular training on E&S issues for their staff, but the board or senior management is not mentioned. ❖ There is an expectation around staff awareness or competency on E&S issues, but training or capacity building are not explicitly mentioned. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.12

Split result (C / E / S)

Insurers are expected to conduct stakeholder engagement on relevant E&S issues, incl. with civil society representatives and consider their views on relevant E&S issues.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to conduct stakeholder engagement on E&S issues, and this explicitly includes civil society representatives. ❖ Insurers are expected to include the views of civil society representatives on relevant E&S issues.
Partially met	❖ Insurers are expected or required to conduct stakeholder engagement on E&S issues, but civil society representatives are not mentioned. ❖ Insurers are expected or required to conduct stakeholder engagement on E&S issues, and civil society representatives are mentioned but not whether or how their views should be considered. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Strategy & governance

Indicator 1.2.13

Split result (C / E / S)

The supervisor expects insurers to embed sustainability considerations in their existing code of conduct, investment guidelines, underwriting guidelines and risk guidelines (rather than only as separate documents).

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ The supervisor expects insurers to embed sustainability considerations in at least three of the four following documents: the code of conduct, the investment guidelines, the underwriting guidelines, the risk guidelines (rather than only as separate documents).
Partially met	❖ The supervisor expects insurers to embed sustainability considerations in two or fewer of the following document: the code of conduct, the investment guidelines, the underwriting guidelines, the risk guidelines ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no such expectation or requirement.

Insurance supervision

Micro-prudential supervision (supervisory expectations)

Policies & processes

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.1

Split result (I / U and then C / E / S)

Insurers are expected to develop and implement sector policies outlining minimum E&S requirements for their insurance clients and investee companies, particularly in sectors with high E&S risks and impacts.

“sectors with high E&S risks and impacts”: Illustrative list of sectors: mining, power utilities, infrastructure (notably transportation- and energy-related), real estate, agriculture and food, forestry and pulp & paper, fisheries and aquaculture, oil & gas, high-carbon industry (steel, aluminium, cement, chemicals) and high-carbon transportation (automotive, aviation, heavy duty vehicles, shipping).

Assessment result	Related findings (for each I / U and then C / E / S)
Fully met	❖ (I / U): Insurers are expected or required to develop sector policies, at least for a subset of sectors with high E&S risks and impacts (see annex sector list) . It is expected or required that these policies include minimum E&S requirements (for their insurance clients and/or investee companies, as the case may be). These policies need to include clear client engagement strategies. ❖ E: to a min. Insurers are expected to develop, beyond sector policies, also commodity specific policies (particularly, where a material risk of deforestation and wider habitat conversion risk has been identified).
Partially met	❖ (I / U): Insurers are expected or required to develop and implement sector policies (at least for high risk sectors), but there is no mention of having to set out minimum E&S requirements. ❖ (I / U): Insurers are expected or required to develop policies (or to define E&S risk appetite), and potentially to identify sectors with high E&S risks, but there is no explicit requirement to develop sector-specific policies that lay out their expectations. ❖ (I / U): There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ (I / U): There is no such expectation or requirement, or it is too vague to be interpreted as an expectation to develop sector-specific E&S policies.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.2

Split result (C / E / S)

Insurers are expected to refer to and apply internationally recognized sustainability standards and certification schemes in their E&S policies.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to refer to and apply internationally recognized sustainability standards and certification schemes in their E&S policies (see examples from https://www.isealalliance.org/) *Note: examples of particular standards can be given for illustration purposes, but this is not required.*
Partially met	❖ Internationally recognized sustainability standards or certification schemes are mentioned but only for specific investments or lines of business. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.3

Split result (C / E / S)

Insurers are expected to engage with and support their insurance clients and investee companies in the adoption of best E&S practices, based on internationally recognized sustainability standards and certification schemes.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected or required to engage with and support their insurance clients / investee companies on the adoption of best practices, and reference is made to internationally recognized sustainability standards and certification schemes.
Partially met	❖ Insurers are expected to engage with and support their insurance clients / investee companies on the adoption of best or good sustainability practices, but there is no mention of internationally recognized standards and certification schemes. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.4

Single result

Specific guidelines or checklists covering insurers' activities in sectors with high E&S risks and impacts have been issued by the supervisor.

Assessment result	Related findings
Fully met	❖ Such guidelines or checklists have been issued by the insurance regulator or supervisor, and cover key sectors with high E&S risks and impacts (see list in annex).
Partially met	❖ Such guidelines or checklists have been issued by the insurance regulator or supervisor, but cover only a very limited number of sectors. ❖ Such guidelines or checklists have been issued by the insurance association.
Not met	❖ No such guidelines or checklists have been published.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.5

Split result (C / E / S)

Insurers are expected to integrate E&S impact considerations in their decision-making, risk management processes and policies.

Assessment result	Related findings (for each C/E/S)
Fully met	❖ Insurers are expected or required to integrate E&S impact considerations in both their decision-making and risk management processes. ❖ Insurers are expected to develop capabilities to understand the impact of E&S risk drivers on all financial risks categories by systematically integrating E&S risks in risk management systems and processes. ❖ C&E: Risk management process should consider both transition and physical risks stemming from climate change and other environmental issues.
Partially met	❖ The expectation on considering E&S risk driver is restricted to certain types of financial risks ❖ C&E: either physical or transitional risks are expected to be integrated in risk management processes, or not clarified. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.6

Single result

The supervisor asks insurers whether and how they integrate deforestation and wider habitat conversion issues in their decision-making, risk management processes and policies.

Assessment result	Related findings
✔ Fully met	❖ The supervisor asks insurers whether and how they integrate deforestation and wider habitat conversion issues in their decision-making, risk management processes and policies, with minim requirements: ❖ Insurers should not be associated, to the least, (in any type of business relationship) with illegal deforestation, conversion of key biodiversity areas, protected areas and world heritage sites.
Partially met	❖ No specific requirement are related to deforestation and wider habitat conversion issues but those are named among a list of general consideration.
✗ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.7

Split result (C / E / S)

Insurers are expected to put in place an internal control framework to manage E&S risks, in accordance with the three lines of defense approach.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to put in place internal controls to manage E&S risks, in accordance with the three lines of defense approach. The second (compliance and/or risk) and third (internal audit / control) lines of defense are explicitly mentioned.
Partially met	❖ Insurers are expected or required to put in place internal controls to manage E&S risks, but there is no mention of the third line of defense (internal audit / control). ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.8

Split result (C / E / S)

Insurers are expected to put in place an internal process to monitor and address situations where their insurance clients or investee companies are not compliant with the insurer's E&S sector policies that are based on applicable laws and regulations, or internationally recognized science-based scenarios and findings (e.g. IEA 2050 scenario outlining the immediate stop of fossil fuel exploration and expansion projects).

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to put in place an internal process to monitor and address situations where clients / investee companies are not compliant with either the insurance companies' E&S policies or the insurance companies' risk appetite / limits that are based on applicable laws and regulations, or with applicable laws and regulations or with internationally recognized science-based scenarios and findings (e.g. IEA 2050 scenario outlining the immediate stop of fossil fuel exploration and expansion projects).
Partially met	❖ Insurance companies are expected or required to put in place an internal process to monitor and address E&S risks identified with their clients / investee companies, but the insurance companies' E&S policies (or the insurance companies' risk appetite / limits, or applicable laws and regulations) are not mentioned. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
Not met	❖ There is no particular expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.9

Split result (C / E / S)

Insurers are expected to adopt and implement an active client engagement, in relation to E&S considerations for their investment and underwriting activities.*

Stewardship:
For institutional investors such as insurers, stewardship involves applying engagement strategies to steer the activities of the assets they are holding (where their shareholders' rights allow).

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected or required to adopt and implement an active client engagement/stewardship approach, in relation to E&S considerations for their business activities.
Partially met	❖ Active client engagement/stewardship approach is mentioned but only for investment/underwriting in specific sectors. ❖ Active client engagement/stewardship approach is mentioned but only for either investment or underwriting business. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
✖ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.10

Split result (C / E / S)

The supervisor expects insurers to develop systems that are integrated in the insurance group's broader data governance and IT infrastructure to effectively collect and aggregate E&S risk and impact data.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ The supervisory concretely expects most of the following measures ❖ (i) risk data aggregation capabilities and internal risk reporting practices that account for E&S related financial risks ❖ (ii) insurer's internal reporting systems are capable of monitoring material E&S related financial risks and producing timely information to ensure effective board and senior management decision-making. ❖ (iii) insurer to establish processes to reliably and accurately collect aggregated E&S-related data ❖ (iv) insurer to consider actively engaging with clients and gathering additional data to depict a more holistic understanding of counterparties' transition plans. Where such data is not available insurances are encouraged to use proxies, estimations and make reasonable assumptions. ❖ (v) insurers to define qualitative and quantitative metrics or indicators to assess, monitor and manage E&S risks and impacts
Partially met	❖ Less than half of the above measures are expected by the supervisor but at least one is met. ❖ There is a broad expectation for insurers to integrate E&S consideration in broader data governance and IT infrastructure, without specific expected measures. ❖ The data collected pertains to either risks or impact. ❖ The data collection governance is not expected to span over the entire insurance group. ❖ There is a lower-level expectation (e.g. "could" instead of "should")
Not met	❖ No expectation pertaining to E&S-related data collection.

Micro-prudential supervision (supervisory expectations)

Policies & processes

Indicator 1.3.11

Single result

The supervisor asks insurers whether and how they integrate water-related risks in their decision-making, risk management processes and policies.

Assessment result	Related findings
✔ Fully met	❖ The supervisor asks insurers whether and how they integrate freshwater-related issues in their decision-making, risk management processes and policies, with minimum requirements: ❖ Insurers should not be associated, to the least, (in any type of business relationship) with infrastructural development located on Ramsar Sites, UNESCO World Heritage Sites, other protected areas or local sites of special natural significance.
Partially met	❖ No specific requirements are related to freshwater, but they are named among a list of general considerations.
✖ Not met	❖ There is no such expectation or requirement.

Insurance supervision

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.1

Split result (I / U and then C / E / S)

Insurers are expected to continually assess, manage and mitigate the level of exposure of their portfolios to material E&S risks.

Assessment result	Related findings (for each I / U and then C / E / S)
✔ Fully met	❖ (I / U): Insurers are expected or required to assess their portfolio-level exposure to material E&S risks, and to manage and mitigate such exposure. Where applicable, the insurers are also required to review their reinsurance strategy accordingly. ❖ (C): physical and transition climate-related risks ❖ (E): physical and transition nature-related risks (or sub-sets: water, deforestation etc.)
Partially met	❖ (I / U): Insurers are expected or required to assess their portfolio-level exposure to material E&S risks, but no clear expectation to mitigate such exposure. ❖ (I / U): There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ (I / U): There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.2

Split result (C / E / S)

Insurers are expected to continuously assess and manage their exposure to material E&S risks, by using science-based forward-looking scenario analysis and stress-testing, over both the short- (1 to 5 years) medium- (5 to 10 years) and the long-term (10 to 30 years).

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to assess and mitigate their portfolio-level exposure to material E&S risks, and there is an explicit mention of forward-looking scenario analysis and/or stress-testing. The regulations or guidelines also mention the need to use a range of scenarios reflecting various potential outcomes over both the short- and the long-term. ❖ C: climate related scenarios (or combined with E) ❖ E: nature, forests, biodiversity, water or ecosystems scenarios (or combined with C)
Partially met	❖ Insurers are expected or required to assess and mitigate their portfolio-level exposure to material E&S risks and there is an explicit mention of forward-looking scenario analysis and/or stress-testing, but the need to use a range of scenarios reflecting various potential outcomes for both the short- and the long-term, outcomes or the need for it be science-based, is not mentioned. ❖ Insurers are expected to continually assess, manage and mitigate their exposure to material E&S risks but only up to a medium-term time frame (up to 10 years). ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
Not met	❖ Insurers are expected or required to assess and mitigate their portfolio-level exposure to material E&S risks, but there is no particular mention of scenario analysis or stress-testing. ❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.3

Split result (I / U and then C / E / S)

Insurers are expected to continually assess, manage and mitigate the material negative E&S impacts associated with their business relationships, at the portfolio level.

Assessment result	Related findings (for each I / U and then C / E / S)
✔ Fully met	❖ (I / U): Insurers are expected or required to both assess, manage and mitigate the material negative E&S impacts (see list in annex) associated with their business relationships, at the portfolio level.
Partially met	❖ (I / U): Insurers are expected or required to assess their portfolio-level material negative E&S impacts, but there is no clear expectation to mitigate such impacts. ❖ (I / U): There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
✖ Not met	❖ (I / U): There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.4

Single result

Insurers are expected to set science-based climate targets and keep up to date with the latest climate science, to align their portfolios with the objectives of the Paris Agreement.

"Science-based climate targets": Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Assessment result	Related findings
✔ Fully met	❖ Insurers are expected or required to set climate science-based targets to align their portfolio with the objectives of the Paris Agreement (this can also be expressed as temperature targets, i.e. well-below 2°C or 1.5°C).
Partially met	❖ Insurers are expected or required to set targets to mitigate portfolio-level negative climate-related impacts, but the Paris Agreement objectives or related science-based targets are not mentioned. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
✖ Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.5

Single result

Insurers are expected to set science-based targets to mitigate negative environmental impacts beyond climate, at the portfolio level.

"Science-based climate targets": Targets are considered 'science-based' if they are in line with what the latest climate nature and biodiversity science deems necessary operate within planetary boundaries.

Assessment result	Related findings
Fully met	❖ Insurers are expected or required to set science-based targets to mitigate negative environmental impacts beyond climate, at the portfolio level. ❖ Targets to a minimum include stopping nature loss by 2030 and guiding world to full biodiversity recovery by 2050. (subject to change after CBD). If no overarching goal, then targets that are rooted in sub-themes that stem from material environmental change drivers (land / water / sea-use change, resource exploitation, climate change, pollution, invasive species and other), at the portfolio level, suffice too.
Partially met	❖ Insurers are expected or required to set targets to mitigate portfolio-level negative environmental impacts beyond climate, but there is no expectation for these to be science-based (or the targets are not considered to be science-based by WWF). ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.6

Split result (C / E / S)

Insurers are expected to analyse the impacts of E&S considerations on the concentration of risks between investment and underwriting activities, and to factor E&S risk in their asset-liability management (ALM).

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to analyse the impacts of E&S considerations on the concentration of risks between investment and underwriting activities, and to factor E&S risk in their asset-liability management (ALM).
Partially met	❖ Insurers are only expected to analyse the impacts of E&S considerations on the concentration of risks between investment and underwriting activities, but not explicitly asked to factor E&S risk in their asset-liability management (ALM). ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.7

Single result

Underwriting: Insurers are expected to have specific response plans for managing significant additional claims associated with natural catastrophes.

Assessment result	Related findings
Fully met	❖ Insurers are expected or required to have specific response plans for managing significant additional claims associated with natural catastrophes.
Partially met	❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.8

Single result

Insurers are expected to assess and mitigate reputation and litigation risks associated with E&S considerations.

Assessment result	Related findings
Fully met	❖ Insurers are expected or required to assess and mitigate litigation risks associated with E&S considerations, both against themselves and against insurance clients covered by liability policies.
Partially met	❖ Insurers are expected to assess and mitigate litigation risks associated with E&S considerations, either against themselves or against insurance clients covered by liability policies. ❖ Insurers are only expected to assess litigation risks associated with E&S considerations, but mitigation is not explicitly mentioned. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.9

Single result

Where insurers outsource their E&S risk analysis to third parties, they are expected to retain/exercise ultimate oversight and control of these third parties. Insurers are expected to validate the analysis by third parties and be fully accountable to any decisions influenced by or derived from the analysis.

Assessment result	Related findings
Fully met	❖ Where insurers outsource their E&S risk analysis to third parties, they are expected to retain/exercise efficient ultimate oversight and control of these third parties. This expectation toward third party outsourcing must be specific to E&S risk, general outsourcing guidelines will not allow “Fully met”.
Partially met	❖ N/A
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.10

Split result (C / E / S)

The supervisor expects insurers to analyse, and where necessary mitigate, the concentration of E&S risks in their portfolios

Assessment result	Related findings (for each C / E / S)
Fully met	❖ The supervisor expects insurers to analyse, and where necessary mitigate, the concentration of E&S risks in their portfolios, in particular where a single event may have multiple impacts.
Partially met	❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.11

Single result

The supervisor expects insurers to reflect E&S risks in their pricing.

Assessment result	Related findings
Fully met	❖ The supervisor expects insurers to reflect E&S risks in their pricing. Insurance premiums should reflect the risk of monetary loss related to E&S risks, as well as the aversion to take such risks (brand values, reputational risk).
Partially met	❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (supervisory expectations)

Portfolio risks & impacts

Indicator 1.4.12

Single result

Underwriting: Insurers are encouraged to include in their underwriting and pricing practices incentives for their clients to enhance their resilience to E&S risks.

"incentives" could be: Premium discounts, favourable clauses, or other impact underwriting measures

Assessment result	Related findings
✔ Fully met	❖ Insurers are encouraged to include in their underwriting and pricing practices incentives for their clients to enhance their resilience to E&S risks.
Partially met	❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
✖ Not met	❖ There is no such expectation or requirement.

Insurance supervision

Micro-prudential supervision (rule-based)

Micro-prudential supervision (rule-based)

Indicator 1.5.1

Split result (C / E / S)

Insurers are expected to integrate both short- and long-term E&S considerations in their Enterprise Risk Management framework (e.g. in their Own Risk Solvency Assessment or ORSA).

"ORSA": The Own Risk and Solvency Assessment usually include solvency and business continuity projections to assess the resilience of insurance companies.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected to integrate both short- and long-term E&S considerations in their Enterprise Risk Management framework (e.g. in their Own Risk Solvency Assessment or ORSA). ❖ The focus is on most environmentally harmful sectors and activities (see list in annex)
Partially met	❖ Insurers are expected or required to integrate E&S considerations in their Enterprise Risk Management (e.g. in their Own Risk Solvency Assessment or ORSA) but the projection of long-term climate scenarios are not mentioned. ❖ The focus is not on the most environmentally harmful sectors and activities (see list in annex). ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of 'could' instead of 'should').
Not met	❖ There is no such expectation or requirement.

Micro-prudential supervision (rule-based)

Indicator 1.5.2

Split result (I / U and then C / E / S)

Solvency Capital Requirements for insurers incorporate E&S considerations, through a differentiated risk-based approach.

Assessment result	Related findings (for each I / U and then C / E / S)
✔ Fully met	❖ (I / U): The insurers regulator or supervisor has incorporated risk-based E&S considerations, focusing on most environmentally harmful sectors (for C&E) (see list in annex), in the calculation of the Solvency Capital Requirement *Note: there should be an explicit mention of climate / E&S risks being considered in the relevant calculation.*
Partially met	❖ (I / U): The insurers regulator or supervisor has incorporated risk-based E&S considerations in the calculation of the Solvency Capital Requirement, but this only applies to certain insurers. ❖ The focus is not on most environmentally harmful sectors and activities.
✖ Not met	❖ (I / U): Solvency Capital Requirements for insurance companies have not been modified to incorporate risk-based E&S considerations, and no capital add-ons have been considered.

Micro-prudential supervision (rule-based)

Indicator 1.5.3

Split result (C / E / S)

Where applicable, the supervisor has specific expectations for reinsurers, reflecting their role as ultimate carriers of a number of systemic E&S risks.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Where applicable, the supervisor has specific expectations for reinsurers, reflecting their role as ultimate carriers of a number of systemic E&S risks.
Partially met	❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’). ❖ The role of the reinsurers is mentioned but no specific expectation are mentioned.
✖ Not met	❖ There is no such expectation or requirement.
N/A	❖ The mandate of the supervisor does not cover reinsurance companies.

Micro-prudential supervision (rule-based)

Indicator 1.5.4

Split result (C / E / S)

Insurers are expected to integrate E&S considerations and consumers' E&S preferences when developing and distributing new products.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected to integrate E&S considerations and consumers' E&S preferences when developing and distributing new products, as part of the supervisor's product approval process.
Partially met	❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’), or this expectation won’t be part of the supervisor's product approval process.
Not met	❖ There is no such expectation or requirement.

Insurance supervision

Disclosure & transparency

Disclosure & transparency

Indicator 1.6.1

Split result (C / E / S)

Insurers are expected to publicly disclose how E&S considerations are integrated in their business strategy, governance, policies and risk management processes.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected or required to publicly disclose information on their E&S strategy, and there is an explicit mention of reporting on how E&S considerations are integrated in their business strategy, governance, policies as well as risk management processes.
Partially met	❖ Insurers are expected or required to publicly disclose information on their E&S strategy, but in a less specific manner than listed in this indicator. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no such expectation or requirement.

Disclosure & transparency

Indicator 1.6.2

Split result (C / E / S)

Insurers are expected to publicly disclose their time-bound transition plans to reach set strategies and objectives pertaining to E&S issues.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Insurers are expected or required to publicly disclose their time-bound transition plans that derive from the defined strategies and goals.
Partially met	❖ Insurers are expected or required to publicly disclose information on their transition plans, but in a less specific manner than listed in this indicator (e.g. no time-bound requirement). ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no such expectation or requirement.

Disclosure & transparency

Indicator 1.6.3

Split result (C / E / S)

Insurers are expected to use internationally recognized sustainability reporting frameworks to guide their public disclosures.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ (C): Insurers are expected to report publicly on their exposure to and management of climate-related risks and opportunities in line with the TCFD recommendations or reporting standards that are aligned to a minimum to the TCFD recommendations. ❖ (E/S): Insurers are expected to use internationally recognized sustainability reporting frameworks to guide their public disclosures (e.g. GRI, TNFD, ISSB etc.)
Partially met	❖ N/A
Not met	❖ There is a lower level of expectation on this particular point than on the others, and no examples of sustainability reporting frameworks are provided. ❖ There is no such expectation or requirement.

Disclosure & transparency

Indicator 1.6.4

Split result (C / E / S)

Insurers are expected to include information on their E&S strategy and its implementation in their annual report, including non-achieved targets and taken measures.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Insurers are expected or required to include information about their E&S strategy and its implementation in their annual report, either directly or by referencing other separate publications. The reporting on the progress on the strategy needs to include information on potential non-achievement of related targets and planned activities to re-align to set strategy and/or adapt strategy.
Partially met	❖ Insurers are given the choice to publish such information in their annual report or in a separate sustainability report. ❖ There is an explicit mention that E&S information should be included in the annual report, but no mention of reporting on the strategy implementation, achievement and/or need for realignment ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ There is no such expectation or requirement.

Disclosure & transparency

Indicator 1.6.5

Split result (I / U)

Insurers are expected to publicly disclose their exposure by industry sub-sectors, based on international industry classification systems.

Assessment result	Related findings (for each I / U)
Fully met	❖ (I / U): Insurers are expected or required to publicly disclose their exposure by industry sub-sectors, based on international industry classification systems.
Partially met	❖ (I / U): Insurers are expected or required to publicly disclose their exposure by industry, based on international industry classification systems but at a sector-level only.
Not met	❖ (I / U): There is no such expectation or requirement.

Note: international industry classification systems include the International Standard Industrial Classification of All Economic Activities (ISIC), the Nomenclature des Activités Économiques dans la Communauté Européenne (NACE) in the EU, the Global Industry Classification Standard (GICS) and the Industry Classification Benchmark (ICB).

Disclosure & transparency

Indicator 1.6.6

Split result (I / U)

Insurers are expected to publicly disclose the share of their total portfolio that is aligned with existing classification systems for sustainable or unsustainable activities (taxonomies).

Assessment result	Related findings (for each I / U)
Fully met	❖ Investment: An official taxonomy (covering sustainable and/or unsustainable activities) is in place and insurers are expected or required to publicly disclose the share of their total investment portfolio that is aligned with such taxonomy. ❖ Underwriting: An official taxonomy (covering sustainable and/or unsustainable activities) is in place and insurers are expected or required to publicly disclose the share of underwriting portfolio that is aligned with such taxonomy.
Partially met	❖ (I / U): Insurers are expected to report such information but only to the supervisor (i.e. not made public). ❖ (I): Insurers are expected to report such information but only for the investments on their own funds. ❖ (I / U): There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ (I / U): There is no such expectation or requirement.
N/A	❖ (I / U): There is no official classification system for sustainable or unsustainable activities (taxonomy) in place.

Disclosure & transparency

Indicator 1.6.7

Split result (I / U and then C / E / S)

Insurers are expected to report publicly on their exposure to material E&S risks and the associated mitigation measures.

Assessment result	Related findings (for each I / U and then C / E / S)
✔ Fully met	❖ (I / U): Insurers are expected or required to report publicly on their investment / underwriting portfolio-level exposure to material E&S risks, as well as on measures taken to mitigate such exposure.
Partially met	❖ (I / U): Insurers are expected or required to report publicly on their investment / underwriting portfolio-level exposure to material E&S risks, but there is no mention of reporting on measures taken to mitigate such exposure. ❖ (I / U): There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ (I / U): There is no such expectation or requirement.

Disclosure & transparency

Indicator 1.6.8

Split result (I / U and then C / E / S)

Insurers are expected to report publicly on the material negative E&S impacts associated with their activities.

Assessment result	Related findings (for each I / U and then C / E / S)
Fully met	❖ (I / U): Insurers are expected or required to report publicly on the material negative E&S impacts associated with their activities. ❖ (C): This can be for instance the total GHG emissions or the carbon intensity or the implied temperature rating of their activities. ❖ (E): This can be for instance assessing how the financial flows intensify drivers of environmental change; determining how business relationships at portfolio level relate to the direct drivers of environmental degradation: land / water / sea-use change, resource exploitation, climate change, pollution and invasive species (see TNFD, SBTN).
Partially met	❖ (I / U): Insurers are expected or required to report on the material negative E&S impacts associated with their activities, but it can be reported to the regulator and there is no obligation to report it publicly. ❖ (I / U): There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
Not met	❖ (I / U): There is no such expectation or requirement.

Disclosure & transparency

Indicator 1.6.9

Single result

The supervision of conduct risk for insurance products sold by insurers includes provisions related to addressing greenwashing risks.

Assessment result	Related findings
✔ Fully met	❖ The supervision of conduct risk for insurance products sold by insurers includes provisions related to addressing greenwashing risks.
Partially met	❖ The supervision of conduct risk for life insurance investment products sold by insurers includes specific provisions related to addressing greenwashing risks, but this is not the case for non-life and other branches of insurances. ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’).
✖ Not met	❖ There is no such expectation or requirement.

Disclosure & transparency

Indicator 1.6.10

Single result

Insurers are expected to seek external assurance for their E&S public reporting and disclosures.

Assessment result	Related findings
Fully met	❖ Insurers are expected or required to seek external assurance for their E&S public reporting and disclosures.
Partially met	❖ External assurance requirements have been formally announced but are not in-force yet ❖ There is a lower level of expectation on this particular point than on the others (e.g. use of ‘could’ instead of ‘should’)
Not met	❖ There is no such expectation or requirement.

“External assurance”: Audit or third party review

Insurance supervision

Macro-prudential supervision

Macro-prudential supervision

Indicator 1.7.1

Split result (C / E / S)

The supervisor has assessed the exposure of insurers to material E&S risks and the implications for financial system stability, by using forward-looking scenario analysis and stress-testing.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ The supervisor has assessed the exposure of insurance companies to material E&S risks as well as the implications for financial system stability, based on forward-looking scenario analysis and stress-testing. ❖ C: climate change related exposure on the basis of transition and physical risks ❖ E: Possible nature-related assessments could be % securities held by financial institutions coming from issuers that are highly or very highly dependent on one or more ecosystem services e.g., % of GDP dependent on high nature risk sectors.
Partially met	❖ A formal assessment of the exposure of insurance companies to material E&S risks and the implications for financial system stability has been announced and a specific date has been set. ❖ The supervisor has assessed the exposure of insurance companies to material E&S risks, based on forward-looking scenario analysis and stress-testing, but has not looked at the implications for financial system stability.
✖ Not met	❖ The supervisor has neither assessed the exposure of insurance companies to material E&S risks nor the implications for financial system stability.

Macro-prudential supervision

Indicator 1.7.2

Split result (C / E / S)

The supervisor has published for consultation its methodology for forward-looking scenario analysis and stress-testing.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ The methodology for forward-looking scenario analysis and stress-testing was released for public consultation.
Partially met	❖ The methodology was shared with targeted external stakeholders, but not made publicly available. ❖ The methodology was made publicly available but not for public consultation. ❖ A high-level outline or roadmap has been published, with a commitment to develop such methodology.
Not met	❖ The methodology has been shared with external stakeholders but there is no publicly available information about such process. ❖ The methodology has not been shared with external stakeholders.

Macro-prudential supervision

Indicator 1.7.3

Split result (C / E / S)

The supervisor has published the aggregated results of its stress-testing exercises on material E&S risks, as well as its recommendations.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ The aggregated results of the stress testing exercise undertaken by the regulator or supervisor have been published, and also contain recommendations to address the identified risks.
Partially met	❖ The aggregated results of the stress testing exercise undertaken by the regulator or supervisor have been published, but no particular recommendations to address the identified risks are provided.
✖ Not met	❖ No particular information has been published following the stress testing exercise.

Macro-prudential supervision

Indicator 1.7.4

Split result (C / E / S)

The supervisor has developed specific risk indicators to monitor the exposure of the insurance sector to material E&S risks.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ The regulator or supervisor has developed specific qualitative and quantitative risk indicators to monitor the exposure of insurance companies to material E&S risks over time, and these are disclosed.
Partially met	❖ The regulator or supervisor has developed specific risk indicators to monitor the exposure of insurance companies to material E&S risks, but these are not disclosed. ❖ The regulator or supervisor has indicated being in the process of developing such indicators. ❖ The regulator or supervisor has started to quantify the exposure of insurance companies to E&S risks, but has not indicated whether such work will be integrated in an ongoing monitoring exercise.
✖ Not met	❖ No particular risk indicators have been developed.

Macro-prudential supervision

Indicator 1.7.5

Split result (C / E / S)

The supervisor has issued prudential rules to limit the exposure of insurers to certain activities, in order to prevent and protect against the build-up of systemic risk, based on E&S considerations.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ Specific prudential rules to limit exposure of insurers to most environmentally harmful activities, including phase-out plans and targets (see list in annex).
Partially met	❖ Specific prudential rules to incorporate risk-based sustainability or E&S considerations have been publicly announced but are not in force yet.
Not met	❖ None of the prudential rules incorporate risk-based sustainability or E&S considerations.

Macro-prudential supervision

Indicator 1.7.6

Single result

The supervisor has issued obligatory insurance mandates (or similar binding measures such as moratoriums on non-renewals) in relation to E&S risks.

“Mandates and moratoriums”:
This may for example include mandatory insurance for certain natural perils, or the obligation for insurers to extend existing covers in high-risk areas.

Assessment result	Related findings
Fully met	❖ The supervisor has issued obligatory insurance mandates, or similar binding measures such as moratoriums on non-renewals, in relation to E&S risks.
Partially met	❖ The regulator or supervisor has announced obligatory insurance mandates, or similar binding measures such as moratoriums on non-renewals, in relation to E&S risks, but they are not in force yet.
Not met	❖ No action has been taken and no particular information has been published.

Macro-prudential supervision

Indicator 1.7.7

Single result

The supervisor monitors the concentration of E&S risks between the various entities of integrated financial groups (e.g. bancassurance).

Assessment result	Related findings
✔ Fully met	❖ The supervisor monitors the concentration of E&S risks between the various entities of integrated financial groups (e.g. bancassurance).
Partially met	❖ N/A
✖ Not met	❖ The supervisor does not monitor the concentration of E&S risks in integrated financial groups (e.g. bancassurance).

Macro-prudential supervision

Indicator 1.7.8

Single result

Solvency Capital Requirements for insurers incorporate a macro-prudential buffer for systemic E&S risks.

Assessment result	Related findings
Fully met	❖ Solvency Capital Requirements for insurers incorporate a macro-prudential buffer for systemic E&S risks.
Partially met	❖ N/A
Not met	❖ Solvency Capital Requirements for insurers does not incorporate a macro-prudential buffer for systemic E&S risks.

Insurance supervision

Leadership & internal organization

Leadership & internal organization

Indicator 1.8.1

Single result

The supervisor is a member of the Network for Greening the Financial System (NGFS) and the Sustainable Insurance Forum (SIF).

Assessment result	Related findings
✔ Fully met	❖ The supervisor is a member of the Network for Greening the Financial System (NGFS) and the Sustainable Insurance Forum (SIF). *Note: if the supervisor was a founding member and/or plays a specific role in the NGFS governance or in the SIF governance (e.g. steering committee, workstream lead), this is indicated in the assessment result.*
Partially met	❖ The supervisor is a member of either the Network for Greening the Financial System (NGFS) or the Sustainable Insurance Forum (SIF).
✖ Not met	❖ The insurance supervisor has not joined either the NGFS or the SIF.

Leadership & internal organization

Indicator 1.8.2

Split result (C / E / S)

The supervisor has published an official E&S strategy or roadmap outlining a science-based transition plan with associated measures for contributing a net-zero and nature-positive financial sector, in line with its mandate.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ The regulator or supervisor has published a strategy, covering at least covering at least a science-based time-bound transition plan with associated measures to contribute to a (C): net-zero and (E): nature-positive financial center. The strategy particularly refers to the (i) the incorporation of E&S risks in relevant regulations or supervisory expectations and (ii) the assessment of insurance companies' exposures to E&S risks (e.g. through stress-testing). ❖ The insurance regulator or supervisor has published a roadmap to roll out the aforementioned measures (which are not in place yet), with an associated implementation timeline, that include short-, medium and long-term measures. Additionally, the roadmap contains explicit definition of relevant terms or clear reference to source which serve as basis for understanding of E&S related risks and impacts ❖ There are qualitative and quantitative elements in the strategy and roadmap, underpinning the ambitions for short-, medium- and long-term measures. ❖ Not all mentioned measures in the strategy need to be in place already as long as there is a clear timeline when they will be (e.g. outlined in a roadmap)
Partially met	❖ The insurance regulator or supervisor has published a strategy, with existing measures in place, but this does not cover all of the aforementioned measures, (e.g. no science-based time-bound transition plan). ❖ The insurance regulator or supervisor has published a roadmap, covering all of the aforementioned measures, but there is no associated time-bound (C): net-zero / (E): nature-positive transition plan as well as no timeline for implementation (or the roadmap does not cover all the measures).
Not met	❖ No strategy or roadmap has been published.

Leadership & internal organization

Indicator 1.8.3

Single result

The supervisor has established an internal organization and allocated resources to the implementation of its E&S strategy or roadmap.

Assessment result	Related findings
Fully met	❖ The insurance regulator or supervisor's board, chairperson or equivalent top management level has responsibility over the E&S strategy or roadmap implementation, or has attributed this responsibility to a dedicated unit. ❖ The insurance regulator or supervisor has established a unit dedicated to implementing its E&S strategy or roadmap, which is a formal part of the organization (standalone unit or part of existing department). ❖ The insurance regulator or supervisor has established a working group dedicated to implementing its E&S strategy or roadmap, comprised of representatives from several departments, and the list is available.
Partially met	❖ The insurance regulator or supervisor has nominated a person in charge of E&S strategy or roadmap implementation, but there is no further information (e.g. on structure or governance arrangement). ❖ The insurance regulator or supervisor has established a working group dedicated to implementing its E&S strategy or roadmap, but there is no detail on the various departments represented.
Not met	❖ No public information is available on potential staff or departments with responsibility over implementation of E&S strategy or roadmap.

Leadership & internal organization

Indicator 1.8.4

Split result (C / E / S)

The supervisor has conducted studies to assess insurers' exposure to and management of E&S risks and published its conclusions and recommendations.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ The regulator / supervisor has conducted and published studies assessing both the exposure of insurance companies to E&S risks and how these are managed (e.g. through surveys), as well as providing recommendations. Assessment of exposures should have a quantitative element. For climate-related and nature-related risks, the studies should cover both physical and transition risks.
Partially met	❖ The study is limited to assessing either exposure to E&S risks or how these risks are managed by insurance companies (e.g. through a survey). ❖ For climate-related and/or nature-related risks, the study only looks at either physical or transition risks. ❖ Studies have been conducted but results are not publicly available.
Not met	❖ No such studies have been conducted. ❖ Studies have been conducted, but only to assess climate impacts on non-financial corporates.

Leadership & internal organization

Indicator 1.8.5

Split result (C / E / S)

The supervisor goes beyond measuring conventional risk exposure to regularly assessing the alignment of the insurance sector to global sustainability goals.

Assessment result	Related findings
Fully met	❖ The supervisor regularly assesses the alignment of the insurance to national or international sustainability goals. ❖ C: min. alignment of the insurance sector to Paris Agreement (1°C or well below 2°) ❖ E: min. Nature- or biodiversity-related footprint of the financial sector
Partially met	❖ The insurance association or other market-based initiatives, or the government, carries out this exercise and provides a conclusion and recommendations.
Not met	❖ No alignment is assessed.

Leadership & internal organization

Indicator 1.8.6

Single result

The supervisor provides training on E&S issues to key staff, notably for senior management and supervisory departments.

Assessment result	Related findings
Fully met	❖ The supervisor provides mandatory training on E&S issues to key staff, notably for senior management and supervisory departments. ❖ The supervisor provides mandatory training on E&S issues for all of its staff.
Partially met	❖ The supervisor provides training on E&S issues to key staff, notably for senior management and supervisory departments, but this is not mandatory for key staff to complete it. ❖ The supervisor provides training on E&S issues either to senior management or to supervisory departments, but not both.
Not met	❖ The supervisor does not provide any training on E&S issues to his staff.

Leadership & internal organization

WWF

Indicator 1.8.7

Split result (C / E / S)

The supervisor has conducted and published studies to analyse the transmission channels between E&S risks and the economy and financial system.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ The supervisor has conducted and published studies to analyse the transmission channels between E&S risks and the economy and financial system.
Partially met	❖ The supervisor has announced a future publication analysing the transmission channels between E&S risks and the economy and financial system. ❖ The supervisor has mentioned the transmission channels between E&S risks and the economy and financial system in a publication, but no proper analyses has been released.
✖ Not met	❖ The supervisor has not published or announce any studies to analyse the transmission channels between E&S risks and the economy and financial system.

Leadership & internal organization

Indicator 1.8.8

Single result

The supervisor actively supports initiatives to address E&S data availability and quality issues, including through the promotion of open-source solutions.

Assessment result	Related findings
Fully met	❖ The supervisor actively supports initiatives to address E&S data availability and quality issues, including through the promotion of open-source solutions. This statement must be supported by a recommendation or concrete past actions.
Partially met	❖ The supervisor stated that it actively supports initiatives to address E&S data availability and quality issues, including through the promotion of open-source solutions, but no concrete actions or recommendation has been made or taken.
Not met	❖ The supervisor does not actively support initiatives to address E&S data availability and quality issues, including through the promotion of open-source solutions.

Leadership & internal organization

Indicator 1.8.9

Split result (C / E / S)

The supervisor cooperates with reinsurers (e.g. through joint working groups) to leverage their specific E&S expertise.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ The supervisor cooperates with reinsurers to leverage their specific E&S expertise (e.g. for economic losses linked to natural catastrophes) as part of a formal working group.
Partially met	❖ The supervisor has indicated the general will to cooperate with reinsurers to leverage their specific E&S expertise, but no concrete action has been taken.
✖ Not met	❖ The supervisor has not indicated the will to cooperate with reinsurers to leverage their specific E&S expertise.

Leadership & internal organization

Indicator 1.8.10

Single result

The supervisor has put in place initiatives on Just Transition[1], through for example, its supervisory expectation, strategy, study, or other forms of initiatives.

Assessment result	Related findings
✔ Fully met	❖ The supervisor has a clear expectations for financial institutions to embed Just Transition in their transition. Or; ❖ The supervisor has published a study on Just transition in the financial sector to see the impacts of the impacts of the transition to a net zero and nature positive economy on labour, social groups and local communities as well as the implications for the financial sectors. Or; ❖ The supervisor has an extensive and elaborated strategy on Just transition. Or; ❖ The supervisor has other tangible initiatives on Just Transition (e.g., Just transition fund, etc)
Partially met	❖ The supervisor mentioned Just Transition in their guidance/supervisory expectations but no clear expectations on how financial institutions should embed it in their transition journey. Or; ❖ The supervisor mentioned Just Transition briefly as part of their focus in their strategies / key speech / report, etc. Or;
✖ Not met	❖ The central bank has not done any study on Just Transition.

[1] According to ILO, A Just Transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.

WWF

Enabling environment

Assessment guide

Enabling environment

Indicator 3.1.1

Single result

A multi-stakeholder sustainable finance initiative is in place, involving representatives from the insurance and banking industry, regulatory and supervisory authorities, as well as from civil society.

Assessment result	Related findings
✔ Fully met	❖ A multi-stakeholder sustainable finance initiative is in place, involving representatives from the banking & insurance industry, regulatory and supervisory authorities, as well as from civil society and/or academia. *Note 1: ad-hoc reports / roadmaps published by third-parties or as part of specific initiatives typically do not count for this indicator. Only currently active initiatives are taken into account.* *Note 2: absent their direct involvement, formal support from regulatory and supervisory authorities can be considered as acceptable.*
Partially met	❖ A multi-stakeholder sustainable finance initiative is in place, but some of the listed stakeholders are absent (either banking & insurance industry, regulatory / supervisory authorities, or civil society/academia).
✖ Not met	❖ No multi-stakeholder sustainable finance initiative is in place.

Enabling environment

Indicator 3.1.2

Single result

The central bank, supervisor or banking/insurance association is supporting capacity building efforts for the financial industry, on sustainable banking and insurance practices and related aspects.

Assessment result	Related findings
Fully met	❖ The central bank, regulator / supervisor or banking / insurance association is supporting capacity building efforts for the banking / insurance industry, and there is evidence of such training having already taken place. ❖ The capacity building efforts cover environmental and social aspects holistically. ❖ The capacity building cover the financial sector as whole (min. banking and insurance industry).
Partially met	❖ The capacity building efforts relate to either environmental or social aspects, but not both. ❖ The central bank, regulator / supervisor or banking / insurance association is supporting capacity building efforts for the financial industry, or has publicly committed to doing so, but: ➢ There is no publicly available information about such training having taken place (such as information on the events themselves); ➢ The description of the training sessions does not specify the target audience (financial institutions). ❖ The capacity building efforts are for targeted type of financial institutions (e.g. either banking or insurance)
Not met	❖ There is no evidence of the central bank, regulator / supervisor or banking / insurance association supporting such capacity building efforts, and no mention of particular plans for doing so.

Enabling environment

Indicator 3.1.3

Split result (C / E / S)

A classification system for sustainable activities (taxonomy) is in place and has been developed following a science-based and multi-stakeholder process.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ A taxonomy for sustainable activities is in place and has been developed following a multi-stakeholder process and is considered to be science-based (by WWF). ❖ C/E: Taxonomy for green and/or nature positive/neutral economic activities ❖ S: Taxonomy for socially sustainable economic activities
Partially met	❖ A taxonomy for sustainable activities is in place but has not been developed following a multi-stakeholder process and is not considered to be science-based (by WWF). ❖ A draft taxonomy for sustainable activities has been prepared and released for public consultation.
Not met	❖ A plan to develop a taxonomy for sustainable activities has been announced, but no draft has been published yet. ❖ There is no plan to develop a taxonomy for sustainable activities.

Enabling environment

Indicator 3.1.4

Split result (C / E / S)

A classification system for unsustainable activities (taxonomy) is in place and has been developed following a science-based and multi-stakeholder process.

Assessment result	Related findings (for each C / E / S)
✓ Fully met	❖ A taxonomy for unsustainable activities is in place and has been developed following a multi-stakeholder process and is considered to be science-based (by WWF).
Partially met	❖ A taxonomy for unsustainable activities is in place but has not been developed following a multi-stakeholder process and is not considered to be science-based (by WWF). ❖ A draft taxonomy for unsustainable activities has been prepared and released for public consultation.
✗ Not met	❖ A plan to develop a taxonomy for unsustainable activities has been announced, but no draft has been published yet. ❖ There is no plan to develop a taxonomy for unsustainable activities.

Enabling environment

Indicator 3.1.5

Split result (C / E / S)

Non-financial corporates are required to report on current and planned activities according to internationally or nationally recognized sustainability reporting standards and definitions.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ Reporting is both on current and planned activities. ❖ International, for C, for example could be TCFD. ❖ For national, could be comparable reporting standards or the obligation to reporting on the alignment of current and planned activities against an official taxonomy (covering sustainable and/or unsustainable activities).
Partially met	❖ Non-official corporates are required to disclose information on either the alignment of their current activities or on their planned activities
✖ Not met	❖ No requirement to disclose

Enabling environment

Indicator 3.1.6

Split result (C / E / S)

Non-financial corporates are required to publish science-based transition plans.

Assessment result	Related findings (for each C / E / S)
✔ Fully met	❖ All non-financial corporates are required to publish transition plans on how they will achieve set strategies pertaining to climate, environmental and social goals.
Partially met	❖ It is not mandatory for non-financial corporates to publish transition plans but encouraged. ❖ The obligation to publish transition plans only covers a subset of non-financial corporates (e.g. listed companies, or companies pertaining to certain sectors). ❖ There is no mention of the need for the transition plans to be science-based.
✖ Not met	❖ There is no obligation or recommendation for non-financial corporates to publish transition plans.

Enabling environment

Indicator 3.1.7

Single result

A carbon pricing mechanism is being implemented in the country.

Assessment result	Related findings
✔ Fully met	❖ A carbon pricing mechanism is being implemented in the country (e.g. carbon tax, cap-and-trade scheme). *Note: There is no assessment of the level of the underlying carbon price*
Partially met	❖ There is a carbon pricing mechanism in place, but participation is voluntary. ❖ There is a carbon pricing mechanism in place, but coverage (e.g. geographical, sectoral) is limited ❖ A carbon pricing mechanism is being piloted.
✖ Not met	❖ No carbon pricing mechanism is in place.

Enabling environment

Indicator 3.1.8

Split result (C / E / S)

There is a national-level sustainability strategy, and financial institutions are encouraged to make and adhere to derived transition plans.

Assessment result	Related findings (for each C / E / S)
Fully met	❖ C: There is a national-level net-zero strategy, and financial institutions are encouraged to make and adhere to net-zero transition plans. ❖ E: nature positive, no nature loss-level strategy that insurers are encouraged to make and adhere to nature-related transition plans.
Partially met	❖ There is a national-level net-zero strategy but financial institutions have not been specifically encouraged to make and adhere to net-zero transition plans.
Not met	❖ There is no national-level net-zero strategy

Enabling environment

Indicator 3.1.9

Single result

Regulations or guidelines covering the issuance or provision of sustainable financial products are in place and are based on standards developed following a science-based and multi-stakeholder process.

Assessment result	Related findings
✔ Fully met	❖ Regulations or guidelines covering the issuance or provision of sustainable financial products are in place and are based on standards developed following a science-based and multi-stakeholder process.
Partially met	❖ Regulations or guidelines covering the issuance or provision of sustainable financial products are in place but are based on standards that were not developed following a multi-stakeholder process and that are not considered to be science-based (by WWF).
✖ Not met	❖ No such regulations or guidelines are in place.

Enabling environment

Indicator 3.1.10

Single result

Regulations or guidelines are in place for Small Medium Enterprise (SMEs) on integrating E&S risks into business operations

Assessment result	Related findings
✔ Fully met	❖ Relevant regulations or guidelines have been issued by the government or regulator or supervisor.
Partially met	❖ Draft regulations or guidelines have been issued for public consultation, but not implemented/finalised. ❖ Only relevant guidelines have been issued by an industry association.
✖ Not met	❖ No relevant regulations or guidelines have been issued.

Enabling environment

Indicator 3.1.11

Single result

The government has issued sovereign sustainable bonds in line with recognized best standards, pledging alignment and providing reporting according to existing official taxonomy[1]

Assessment result	Related findings
✔ Fully met	❖ Sovereign sustainable bonds, including green, social, sustainable and/or sustainability-linked bonds, have been issued based on internationally accepted principles and standards such as the Green Bond Principles (GBPs) purveyed by the International Capital Market Association (ICMA), the European Green Bond Standard, the Climate Bond Standard by the Climate Bonds Initiative (CBI) and the government provides verified reporting to demonstrate alignment with taxonomies that are in place.
Partially met	❖ Sovereign sustainable bonds have been issued but fail to demonstrate alignment with existing taxonomies[2] through verified reporting.
✖ Not met	❖ No sovereign sustainable bonds have been issued.

[1] Sovereign issuers seem to have assumed a leadership role in promoting best practices in green bonds in the past years. Indeed, recent evidence compiled by the Bank for International Settlement (BIS) in the study *Sovereigns and sustainable bonds: challenges and new options (2022)* suggests that the inaugural issue of sovereign green bonds tends to tighten standards for overall green issuance in that country, thus contributing to promote a favorable enabling environment. See also: *WWF impacts story #3: greening sovereign debt capital markets (2023)*
[2] Since the *2021 edition of the Green Bond Principle (GBP)*, heightened transparency for issuer-level sustainability strategies and commitments is explicitly recommended. If relevant, disclosure of information on the degree of alignment of projects with official or market-based taxonomies is explicitly encouraged, but not a mandatory feature.

Enabling environment

Indicator 3.1.12

Single result

Tax, regulatory or other incentives are in place for insurers to finance or insure certain industry sectors or to develop new and innovative insurance products, based on E&S considerations (for example supporting long-term investments in illiquid assets such as sustainable infrastructure or providing performance warranty for renewable energy solutions).

Assessment result	Related finding
✔ Fully met	❖ Tax, regulatory or other incentives are in place for insurers to finance or insure, certain industry sectors or to develop new and innovative insurance products, based on E&S considerations (for example supporting long-term investments in illiquid assets such as sustainable infrastructure or providing performance warranty for renewable energy solutions).
Partially met	❖ Such incentives have been announced but are not in-force yet ❖ Such incentives are in force but are limited to disclosure mechanisms only ❖ There are no such formal incentives, but this is strongly encouraged by public authorities
✖ Not met	❖ There is no tax, regulatory or other incentives in place for insurers to finance or insure certain industry sectors or to develop new and innovative insurance products, based on E&S considerations

Enabling environment

Indicator 3.1.13

Single result

National Public-Private Partnerships are in place to support the continued provision of insurance covering E&S risks (e.g. co-insurance pools).

Assessment result	Related findings
✔ Fully met	❖ National Public-Private Partnerships are in place to support the continued provision of insurance covering E&S risks (e.g. co-insurance pools).
Partially met	❖ National Public-Private Partnerships have been announced and are being implemented to support the continued provision of insurance covering E&S risks.
✖ Not met	❖ There is no National Public-Private Partnerships in place to support the continued provision of insurance covering E&S risks.

Enabling environment

Indicator 3.1.14

Single result

The country is part of regional disaster risk reduction facilities.

Assessment result	Related findings
✔ Fully met	❖ The country is part of regional disaster risk reduction facilities (e.g. CCRIF, SEADRIF).
Partially met	N / A
✖ Not met	❖ The country does not take part in regional disaster risk reduction facilities.
N/A	❖ There are no such regional disaster risk reduction initiatives in the region where the country is located.

Annex

Always environmentally harmful activities

	ALWAYS ENVIRONMENTALLY HARMFUL ECONOMIC ACTIVITIES		
	Always significantly harmful economic activities	Harmful economic activities that could be retrofitted to exit the harmful category	Geographical location of economic activity
DESCRIPTION	The EU Platform on Sustainable Finance, the European Commission's expert group, has just published a report proposing to set an 'extended EU taxonomy' including a category of environmentally harmful activities. Such activities include those that are always significantly harmful and which need to be decommissioned. Coal activities are mentioned explicitly in the law; the European Commission is in the process to assess how and when to develop this list. WWF is developing a project to issue criteria recommendations for this list by early 2023.	The EU Platform on Sustainable Finance, the European Commission's expert group, has just published a report proposing to set an 'extended EU taxonomy' including a category of environmentally harmful activities. Such activities include those that are currently harmful but can be retrofitted to exit the harmful category.	Biodiversity loss, and its recovery and restoration are highly location-specific. Certain economic activities such as mining are necessary for the ecological transformation of the energy system. However, mining in biodiversity hotspots is highly environmentally damaging and risks the overall stability of Earth's biodiversity. It is therefore important that companies do not undertake certain economic activities within specific regions of the Earth ("no go areas"). Companies thereby need to disclose asset-level data on the specific production areas to enable an assessment and decision-making process. For example, a financial actor investing in or insuring a company that mines for cobalt in a biodiversity-rich area increases its reputational, litigation, and transition risks.
INDICATORS	Report from the EU Platform on sustainable finance	Report from the EU Platform on sustainable finance. Significantly harmful activities that can be retrofitted: all activities in the EU taxonomy that do not meet the Do No Significant Harm criteria. List of activities with DNSH criteria	Natural World Heritage Sites
	By definition, all activities part within Harmful Economic Sub Sectors (see first column) are harmful.	Truck manufacturers	Protected Areas based on the Convention on Biological Diversity
	Additional to EU list: Logging of primary or old growth forests	Airplane manufacturers	Key Biodiversity Areas
	Additional to EU list: Deep-sea bottom trawling (fishing)	Car manufacturers	ENCORE: interactive map to explore geographical-specific risks of depleting natural capital stocks (avoid high depletion areas areas)
	Additional to EU list: Hunting of endangered IUCN RED List species	Steel manufacturing	ESG transparency assessments of commodity producers and traders
		Cement manufacturing	Using World Benchmark Alliance on retrofittable economic activities to guide engagement/discussions
		Buildings	

	ALWAYS ENVIRONMENTALLY HARMFUL COMPANIES (BROAD)			ALWAYS ENVIRONMENTALLY HARMFUL (SPECIFIC)		
	Companies on Urgewald's Global Coal Exit List from Urgewald	Companies Urgewald's Global Oil and Gas Exit List from Urgewald	Constituent companies of the Carbon Underground 200	Companies that are expanding their environmentally harmful activities	Thresholds for considering a company harmful	Exception: Harmful companies that can be exempted
DESCRIPTION	This list is a public database that identifies the largest coal expansionists producers and indicates the largest CO2-emitting companies, based on by focusing on their yearly real production and the associated emissions. The list consists of over 1,000 parent companies and around 1,800 subsidiaries operating along the thermal coal value chain (upstream, midstream, and downstream), representing 90% of the world's thermal coal production and the world's coal-fired capacity. Thereby iIt thus covers captures the physical climate risk part and is a proxy for future lock-in situations and thereby high transition risks.	This list is a public database that identifies the largest oil and gas expansionists producers and indicates the largest CO2-emitting companies by focusing on their yearly real production and the associated emissions. The list consists of 887 companies operating in the upstream and/ or midstream sectors of the oil and gas sector, capturing physical climate risk. The list also tracks the exploration and new oil and gas infrastructure capex, providing a proxy for future lock-in situations and high transition risks.	The Carbon Underground 200 identifies the top 100 coal and top 100 oil and gas publicly traded reserve holders globally. The companies are ranked by the potential carbon emissions content within their reported reserves. Due to the necessary transition of the economy, those reserves will become stranded assets. In contrast to the Global Oil and Gas Exit List from Urgewald, this list does not account for the effective emissions per year.	Some companies have harmful activities as a legacy but are not developing new ones (i.e. they have revenues from but no capex for harmful activities), and their exposure to harmful activities is decreasing over time. Others have capex for new harmful activities and their exposure to harmful activities could increase over time. This is a fundamental difference that should be taken into account: new harmful activities that need to repay their investment or could be stranded are far riskier financially than existing ones that may be near the end of their productive lifetime and can potentially be decommissioned soon.	The EU Taxonomy focuses on economic activities: it is possible for companies to use the taxonomy Do No Harm criteria to assess their total corporate exposure to environmentally harmful activities, by aggregating each activity not meeting the Do No Harm criteria (i.e. that is environmentally harmful) they have in their operations (or portfolio, for financial institutions). It is then necessary, in addition, to set 'high risk' thresholds for corporate exposure to harmful activities, to identify those companies that are most exposed and hence face the highest related financial risks. The thresholds have two critical features. Firstly, they must be dynamic (i.e. decrease over time), to reflect the growing financial risks related to corporate exposure to harmful activities. Secondly, they should be sector-specific (i.e tailored) in the sectors where climate and environmental science finds that pathways towards full sustainability (e.g. net-zero emissions) must be quicker than average (e.g. the power sector needs to be decarbonized quicker than the rest of the economy).	A growing number of companies are taking action to reduce their exposure to harmful activities. As a result, their related financial risks will decrease over time. It is proposed to remove companies from the list of high environmental risk companies if they comply with the three following complementary requirement listed below.

	ALWAYS ENVIRONMENTALLY HARMFUL ECONOMIC SUB SECTORS
DESCRIPTION	Historically, fossil fuels (oil, gas, and coal) are the driving force for climate change and, have also a significant influence on biodiversity loss. A number of economic sub-sectors have the historic responsibility for past emissions and still contribute a large part to today's emissions. High negative environmental impacts come with high physical, transition, and litigation risks for financial institutions. As the current economic system is still in large part dependent on fossil fuels, these economic sub-sectors thus represent a systemic risk for the financial industry.
INDICATORS	Historically, fossil fuels (oil, gas, and coal) are the driving force for climate change and, have also a significant influence on biodiversity loss. A number of economic sub-sectors have the historic responsibility for past emissions and still contribute a large part to today's emissions. High negative environmental impacts come with high physical, transition, and litigation risks for financial institutions. As the current economic system is still in large part dependent on fossil fuels, these economic sub-sectors thus represent a systemic risk for the financial industry.
	Oil & Gas Drilling (GICS Code: 10101010)
	Integrated Oil & Gas (GICS Code: 10102010)
	Oil & Gas Exploration & Production (GICS Code: 10102020)
	Oil & Gas Refining & Marketing (GICS Code: 10102030)
	Oil & Gas Storage & Transportation (GICS Code: 10102040)
	Coal & Consumable Fuels (GICS Code: 10102050)
	Fertilizers & Agricultural Chemicals (GICS Code: 15101030)
	Gas Utilities (GICS Code: 55102010)
	Electric Utilities (GICS Code: 55101010)
	Multi-Utilities (GICS Code: 55103010) in so far as it relates to electric and/or gas utilities (not water utilities)
	Independent Power Producers & Energy Traders (GICS Code: 55105010)
	Steel (GICS 15104050) in so far as it relates to metallurgical (coking) coal mining used for steel production (not steel production itself)

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