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BRAZILIAN
INSURANCE SECTOR
SUSTAINABILITY
REPORT





LEADING INDICATORS OF THE BRAZILIAN INSURANCE SECTOR SUSTAINABILITY REPORT

The Brazilian Insurance Sector Sustainability Report presents an overview of the integration of environmental, social, and governance (ESG) factors within the sector's operations. Its aim is to expand the horizons for analysis, highlighting ways in which insurance companies can address business challenges. It also provides reliable information about our operations to society.

In the 2022 edition, **45 insurance companies** have participated, accounting for **75% of the total pre-premium** earnings in the market that is represented by CNseg and supervised by Susep.

The indicators presented are organized according to the following guidelines and frameworks:

- ➔ Principles for Sustainable Insurance – PSI
- ➔ Sustainable Development Goals – SDG
- ➔ Task Force On Climate-Related Financial Disclosures– TCFD

This publication is a condensed version of the full report, which can be accessed at the CNseg portal, using the QR code:





PSI

PRINCIPLES FOR SUSTAINABLE INSURANCE

CNseg is a co-founder and supporter of the Principles for Sustainable Insurance (PSI), launched in 2012 by the United Nations Environment Programme Finance Initiative (UNEP FI), at the Rio+20 conference. The PSI provides the principal international framework for the insurance sector to address risk management and take advantage of opportunities in relation to ESG issues.

BECAUSE OF THAT COMMITMENT,

the subject of sustainability in insurance has permanent institutional backing from CNseg, which takes responsibility to promote the sustainable development of the insurance sector and raise awareness among relevant stakeholders regarding the importance of ESG factors.



PSI 1



EMBED IN OUR DECISION-
MAKING PROCESSES ESG
ISSUES RELEVANT TO OUR
INSURANCE BUSINESS

→ **93,5%**

include ESG issues in their
business strategy

93,1% through policies
(specific or otherwise)

82,8% through training

69,0% through new products
or services.

→ **55,0%**

include ESG issues in their risk
underwriting procedures

70,6% include ESG issues
in their general policies for
underwriting risk.

29,4% include ESG issues
in their risk underwriting
procedures by introducing a
specific policy.



➔ **64,5%** include ESG issues in their investment policies (their own or managed by a 3rd party)

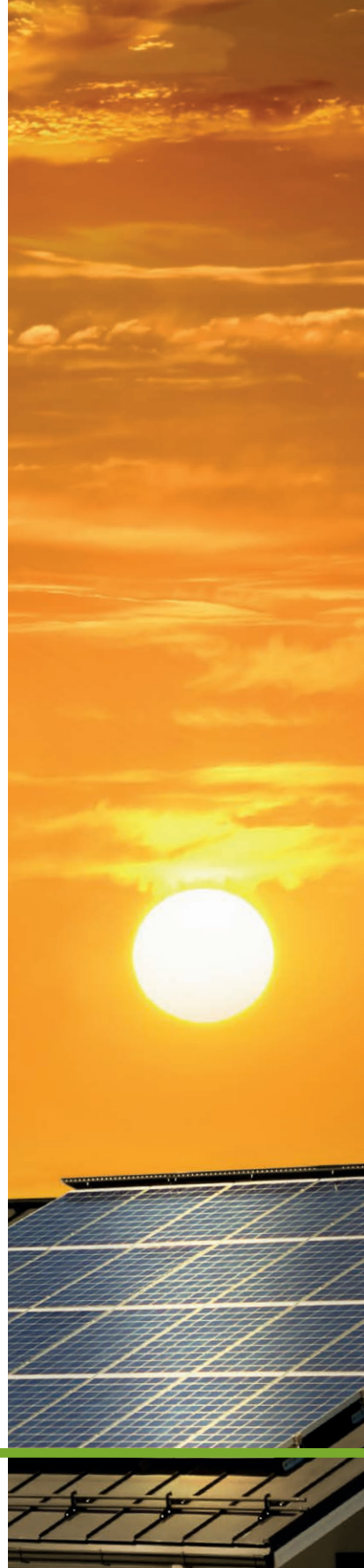
Of those that have their own resource management, **51,6%** have an ESG assessment methodology for investments already implemented.

➔ **93,5%** have a specific committee, section or commission to handle ESG/Sustainability issues

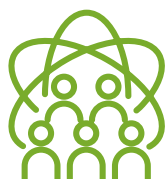
15,2% through a committee or body linked to the Board

48,5% through a body at a level that is higher than management and/or is in a section that is connected to the company's core business

21,2% through a body at management level in a section that is not connected to the company's core business.



PSI 2



ENGAGE WITH CLIENTS
AND BUSINESS PARTNERS
TO RAISE AWARENESS
ABOUT ESG ISSUES

OFFERING TRAINING ON ESG ISSUES:



79,3%

for professionals in
the commercial and
sales areas



75,9%

for professionals in
the claims area



74,2%

for analysts and
managers





30,0%

include ESG issues in a significant proportion of the senior management's performance goals.



74,2%

adopt structured training and qualification programs for brokers and commercial partners.

33,3% include ESG within these programs.



83,9%

consider ESG criteria when engaging suppliers and/or service providers.



81,8%

regularly conduct satisfaction surveys, to gauge the perceptions of policy holders regarding the company's image, products and services and customer service channels.

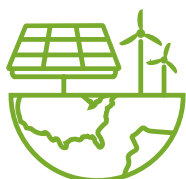


72,7%

seek out and evaluate the opinions of stakeholders regarding the information disclosed in published reports.



PSI 3



WORK WITH GOVERNMENTS,
REGULATORS AND OTHER
KEY STAKEHOLDERS TO
PROMOTE WIDESPREAD
ACTION ACROSS SOCIETY
REGARDING ESG ISSUES

→ **93,5%** have a formal structured relationship with the regulators

→ **93,1%** support or endorse externally developed environmental and social initiatives

→ **73,3%** adopt initiatives that promote education in Finance and/or in Insurance

→ **65,5%** engage in partnerships with educational institutions aimed at promoting education in Insurance and/or in Finance.



PSI 4



PUBLIC REPORTING AND DISCLOSURE OF THE SUSTAINABILITY PRACTICES WITHIN THE BRAZILIAN INSURANCE SECTOR

- ➔ **63,3%** state that they monitor and evaluate, using clear and objective criteria, the effectiveness of their sustainability action
- ➔ **51,6%** regularly publish and disseminate a report revealing how they integrate sustainability action into their value chain.



SDG

SUSTAINABLE DEVELOPMENT GOALS



The Sustainable Development Goals (SDG) guide national policies and international cooperation to end poverty, promote prosperity and well-being for all, protect the environment and address climate change.

**There are 17 Goals,
subdivided into 169 targets.**



**65.5% of the report's
participants endorse the SDG.**



THE 5 TOPICS THAT ARE OF GREATEST SIGNIFICANCE TO THE MARKET ARE DESCRIBED BELOW:

1st

ENSURE a healthy life and promote social well-being **(SDG 3)**.

PROMOTE inclusive and sustainable economic growth, including full employment and decent working conditions **(SDG 8)**;

2st

ACHIEVE gender equality and female empowerment **(SDG 5)**.

TAKE urgent steps to combat climate change and its effects **(SDG 13)**;

3st

ENSURE inclusive, equitable and quality education, promoting lifelong learning opportunities for all **(SDG 4)**;

4st

REDUCE inequality within and between countries **(SDG 10)**.

ENSURE sustainable patterns of production and consumption **(SDG 12)**;

5st

BUILD resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation **(SDG 9)**.

STRENGTHEN Strengthen the means for implementing and boosting the global partnership for sustainable development **(SDG 17)**.



TCFD

CLIMATE CHANGE AND THE TCFD



Set up by the Financial Stability Board, which monitors the global financial system, the Task Force On Climate-Related Financial Disclosures (TCFD) lists a series of recommendations for the financial and insurance sectors regarding the climate risks to which those sectors are exposed.

THE PURPOSE OF THESE RECOMMENDATIONS

is to assist in decision-making with regard to investment, credit or risk underwriting, based on information about the exposure of the financial system to climate risk.





WITH REGARD TO CLIMATE CHANGE:

93,3%

expect that it will affect their business strategy, especially in relation to products and services

80,0%

take it into consideration in their monitoring of corporate risk

66,7%

take it into consideration when developing products and services, in risk underwriting policies and in evaluating the exposure of their underwriting portfolios

36,7%

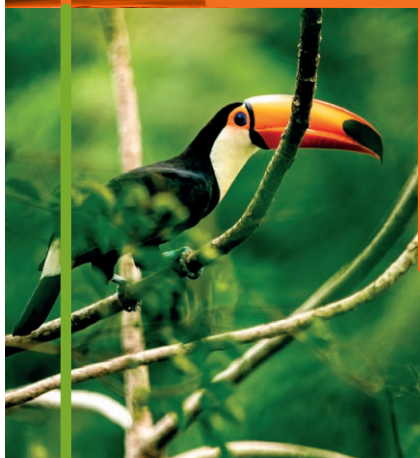
take it into consideration when appraising assets for investment of their own resources, technical reserves, pension funds and other financial resources of the company

HOW SOON DO COMPANIES EXPECT CLIMATE CHANGE TO BECOME FULLY INTEGRATED WITHIN THEIR GOVERNANCE, STRATEGY, RISK MANAGEMENT, TARGETS AND INDICATORS?

In up to 5 years, for **74,2%** of the participants, and between 5 and 10 years, for another **22,6%**.

INVOLVEMENT OF DIFFERENT HIERARCHICAL LEVELS WITH THE SUBJECT OF CLIMATE CHANGE

At **66,6%** of the companies, the Supervisory Board, the Executive Board or the Advisory Committee are the highest hierarchical levels dealing with climate issues.



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