



# ClimateWise

The insurance industry leadership group  
on climate change risk and opportunity

@ClimateWise



## The University of Cambridge Institute for Sustainability Leadership


The University of Cambridge Institute for Sustainability Leadership (CISL) is a globally influential Institute developing leadership and solutions for a sustainable economy. We believe the economy can be 'rewired', through focused collaboration between business, government and finance institutions, to deliver positive outcomes for people and environment. For over three decades we have built the leadership capacity and capabilities of individuals and organisations, and created industry-leading collaborations, to catalyse change and accelerate the path to a sustainable economy. Our interdisciplinary research engagement builds the evidence base for practical action.

## Rewiring the Economy

*Rewiring the Economy* is our ten-year plan to lay the foundations for a sustainable economy. The plan is built on ten interdependent tasks, delivered by business, government and finance leaders co-operatively over the next decade to create an economy that encourages sustainable business practices and delivers positive outcomes for people and societies.

[www.cisl.cam.ac.uk/about/rewiring-the-economy](http://www.cisl.cam.ac.uk/about/rewiring-the-economy)

CISL is particularly focused on supporting a just transition to a zero carbon economy and the role the financial system reform can play in that. In that context, CISL is pleased to convene ClimateWise, which exists to be the global insurance industry's leadership group to drive action on climate change risk.



# Welcome from ClimateWise Chair



**On behalf of our talented ClimateWise team and contributors to this key leadership platform, welcome to our community of dedicated industry partners, working to address a critical issue that faces us all.**

It's been well over ten years since ClimateWise was founded, but the need for us to remember the insurance industry's role as society's risk manager has never been more important. Climate change isn't a distant challenge. It is impacting our industry, our lives and our livelihoods now. We are reminded of this every time our industry responds to another tragic catastrophe, as climate-related disasters re-shape our understanding of 'normal'. To ensure we are delivering our all in the face of this trend, we need to redefine how we approach innovation and partnerships.

Since its inception, ClimateWise has had a crucial role in setting the standard for new approaches and ways of thinking to address climate change.

Our industry is at its best when we share ideas and work together – mutuality after all is historically at its heart. This is the spirit ClimateWise brings to practical and needed research that delivers value for all. As we align the respected ClimateWise Principles with the recommendations of the G20's Task Force on

Climate-related Financial Disclosures (TCFD), we're setting the standard to which the industry can measure its progress.

I doubt there has ever been a time when our industry has faced more change and transformation. This scale of the challenge demands developing new partnerships to harness opportunities to work together for a better future. We can increase the power of our voice by bringing new faces around the table. Diversity of thought has always been key to ClimateWise's success.

We welcome you to bring your ideas and capabilities to this thoughtful community to shape a better tomorrow for all.

A handwritten signature in black ink, appearing to read 'D Christian', with a long, sweeping underline.

**Dominic Christian, Chair of ClimateWise  
Global Chairman, Reinsurance Solutions at Aon**



# ClimateWise

ClimateWise is a global network of leading insurers, reinsurers, brokers and industry service providers. They share a commitment to lead their industry in responding to the risks and opportunities of climate change. It is a voluntary initiative, driven by its members and facilitated by the University of Cambridge Institute for Sustainability Leadership (CISL).

Members engage in two primary activities. First, they are annually independently reviewed on the integration of the seven ClimateWise Principles across their business activities. These include:

- leading in the identification, understanding and management of climate risk
- informing public policy
- incorporating climate-related issues into investments and strategies, and
- supporting climate awareness amongst clients and customers.

The ClimateWise Principles have been fully aligned with the TCFD recommendations and provide an insurance industry standard for climate-related disclosure.

Second, members actively participate in various research projects that explore how the industry can support society to transition to a zero carbon, climate-resilient future.



ClimateWise has been valuable in helping the industry to consider and disclose its climate-related risks and opportunities – both in its underwriting and investment decisions – as well as in promoting a culture of disclosure and awareness to climate risk in financial markets.

**Mark Carney, Governor of the Bank of England and Chairman of the G20 Financial Stability Board.**



# ClimateWise membership





# The ClimateWise Principles

**The ClimateWise Principles help the industry to identify emerging best practice, and inform external stakeholders including governments, regulators and credit rating agencies on how the insurance industry is responding to the risks and opportunities of climate change.**

Members are required to annually disclose their progress against the ClimateWise Principles which is independently reviewed to assess the overall integration of the Principles across their business activities. Each member is provided with a confidential ranking, allowing them to benchmark their progress against their ClimateWise peers. An independent, public review summarises the overall progress being made by the ClimateWise community.

The release of TCFD recommendations and the regulatory momentum around disclosure created an opportunity to align the ClimateWise Principles with TCFD recommendations to prepare and guide our members towards more effective climate-related financial disclosure.

From 2019, the TCFD aligned ClimateWise Principles provide firms from across the insurance industry with a specific, relevant set of questions, allowing them to track to their own TCFD progress and benchmark themselves against peers.

In addition the ClimateWise Principles retain their emphasis on leadership qualities, and focus on risks and opportunities in order to improve the insurance sector's ability to increase the resilience of society to climate change.

**Principle 1**  
Be accountable

**Principle 2**  
Incorporate climate-related issues into our strategies and investments

**Principle 3**  
Lead in the identification, understanding and management of climate risk

**Principle 4**  
Reduce the environmental impact of our business

**Principle 5**  
Inform public policy making

**Principle 6**  
Support climate awareness amongst our customers/clients

**Principle 7**  
Enhance reporting

# The Societal Resilience Programme

**The Societal Resilience Programme explores how the insurance industry can proactively respond to the climate-risk protection gap – the growing divide between total economic losses to climate risk versus a comparative decline in insured losses.**

ClimateWise explores how the insurance industry can leverage opportunities across both its underwriting and asset management activities to support other parts of the financial system, governments and society more broadly, to manage their physical exposure to climate risks.

The Societal Resilience Programme has three distinct, yet interconnected areas of focus; finance, regulation and resilient cities. This will help to narrow the climate-risk protection gap while developing new commercial opportunities for the industry.

## The Societal Resilience Programme

### Finance

Explores how the insurance industry, as an asset manager, can manage its financial assets in ways that can also reduce risks on the underwriting side of its business. It promotes the commercial opportunities associated with such strategies, the tools and standards required and where the industry can collaborate, with other stakeholders, to further this agenda.

### Regulation

Explores where the insurance industry can support global regulators to fully understand the nature of the physical, transition and liability risks climate change presents the insurance industry. It also identifies how the industry can support other parts of the financial system as it responds to the zero-carbon, climate-resilient transition.

### Resilient Cities

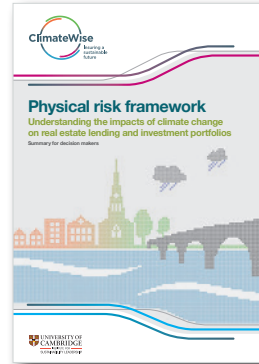
Explores which parts of the insurance industry's value chain can support cities to make better infrastructure and development decisions while creating new commercial risk transfer and risk management opportunities. The insurance industry has extensive capabilities that can enhance climate-risk resilience in cities that represent its most concentrated and exposed markets.

# Recent work



## The ClimateWise Principles annual review 2018

The annual review of the ClimateWise Principles highlights how ClimateWise members are responding to the risks and opportunities of climate change. It explores how the insurance industry is well placed to support other parts of the financial system as they embrace the TCFD, and helps to define the scenarios and support the measuring and reporting of impact.



## ClimateWise physical risk framework

The ClimateWise physical risk framework demonstrates the relevance of insurance industry modeling tools and expertise in understanding the longer-term climate impacts on real estate lending and investment portfolios. Crucially, the framework highlights the role of adaptation in managing these risks.

The framework provides an illustrative analysis from 12 real estate portfolios with a total market value in excess of £2 trillion both for 2C and 4C warming scenarios.

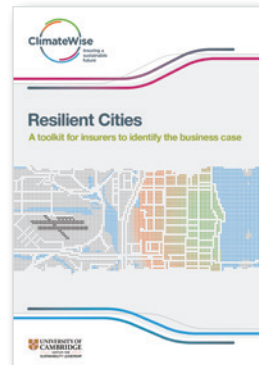


## ClimateWise transition risk framework

The ClimateWise transition risk framework supports investors and regulators to assess how the transition to a low-carbon economy will affect the financial performance of infrastructure investments – a significant asset class exposed to transition risk.

## Resilient Cities toolkit

This toolkit helps insurers identify commercial opportunities that can support cities respond to climate risks. The toolkit contains all the material necessary to hold internal workshops exploring underwriting, risk management and investment opportunities.



The framework provides an open source model and accompanying guide to support investors in understanding their exposure. The framework is a practical tool for Chief Investment Officers, asset managers and owners, regulators and the wider financial community.

# Overview of CISL

## The Cambridge Institute for Sustainability Leadership builds the strategic leadership capacity for individuals and organisations to tackle critical global challenges.

For nearly 30 years CISL has worked with business, government and finance leaders worldwide to shape their leadership journey. We have helped them to see and understand the wider context, and to locate their ambitions and successes, and those of their organisations, within a sustainable future for humanity.

Our executive and graduate programmes enhance the ability of leaders to develop strategic responses to sustainability challenges and build their capacity to translate new knowledge and awareness into practice. Our customised programmes and advisory services help business leaders to understand the critical sustainability trends and the material implications for their company now and in the future – and help them to frame a response. Our Business and Policy Leaders Groups, such as ClimateWise, supported by the breadth and depth of the University's research and by influential

practitioners and policymakers, help to catalyse innovative, collaborative action.

Our work has led to the creation of a leadership network made up of nearly almost 8,000 senior leaders and leading practitioners who represent business, the public sector and civil society in every industry and on every continent.

Underlying all our work is the constant enquiry as to what kind of leadership is needed – and how we can foster it – to transform the way we run our economies and societies within the limits of the natural world.





# Building leadership capacity through our executive education and graduate programmes

**Our executive and graduate programmes enhance the ability of leaders to develop strategic responses to sustainability challenges and build their capacity to translate new knowledge and awareness into practice.**

Our executive education courses enable executives at all levels to engage with leading experts drawn from extensive global network of academics, practitioners and educators. Our graduate study courses, regarded as some of the best in the world,

equip individuals with the ability to lead and influence change, whilst also gaining an academic award from the University of Cambridge.

## **Our executive education portfolio includes:**

### **The Prince of Wales's Business & Sustainability Programme**

Our series of three-day residential seminars, held around the world, have been delivered by CISL on behalf of The Prince of Wales since 1994, and have become a global benchmark for sustainability leadership education.

### **CISL online courses**

Our part-time online courses empower individuals and organisations to take the lead in tackling critical global challenges.

### **Customised programmes for senior leaders**

Through our customised workshops and seminars, we work with leaders to enable individual organisations, sectors or value chains to understand the specific challenges they face now and in the future – and then to frame a response.

### **Sustainability Leadership Laboratories**

Our two-day immersive workshops focus on pressing issues and emerging opportunities with real application to your organisation, and support your continued professional development.

### **Master of Studies in Sustainability Leadership**

## **We offer the following part-time, Master's-level courses for business professionals and managers:**

Provides a deeper understanding of the economic, social and environmental challenges and opportunities facing the world.

### **Master of Studies in Interdisciplinary Design for the Built Environment (IDBE)**


Offered in association with the Departments of Architecture and Engineering, this part-time Master's course is designed for those involved in the commissioning, design, construction and management of projects in the built environment.

### **Postgraduate Diploma in Sustainable Business**

A flexible and modular programme where topical and emergent leadership responses to sustainability in a business context are explored.

### **Postgraduate Certificate in Sustainable Business or Sustainable Value Chains**

The 10-month, part-time courses which help students integrate sustainability thinking into business actions and provides the skills required to establish sustainable value chains.



# Member benefits

- Association with a global insurance industry leadership group on climate change risk and opportunity
- Opportunities to participate in research and task groups exploring issues related to the industry and climate change
- Ongoing benchmarking of individual progress against industry best practice
- Access to CISL's broader business, policy and academic networks

## To join

For more information on how to join **ClimateWise** please contact us at:



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[www.cisl.cam.ac.uk/climatewise](http://www.cisl.cam.ac.uk/climatewise)



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[www.linkedin.com/groups/4377028](http://www.linkedin.com/groups/4377028)

ClimateWise members are already on the front foot with regards to implementing the TCFD recommendations. They have been voluntarily considering and disclosing their strategic response to climate change for a decade.

Mary Schapiro, Special Advisor to the Chair of the TCFD and former Chair of the U.S. Securities and Exchange Commission.

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