

RE THINK
RE WORK
RE TELL

Eureko Sigorta

Understanding Customers and Risks
Through Insurance Associated
Emissions Concept

April, 2023

Agenda

- Türkiye in a nutshell
- Facts and Figures on Eureka Sigorta
- Why Greenhouse Gases (GHG) are important
- Sustainability for Eureka Sigorta
- Insurance-associated emissions
- Eureka Sigorta's approach
- Methodology used
- Future activities

Türkiye in a nutshell

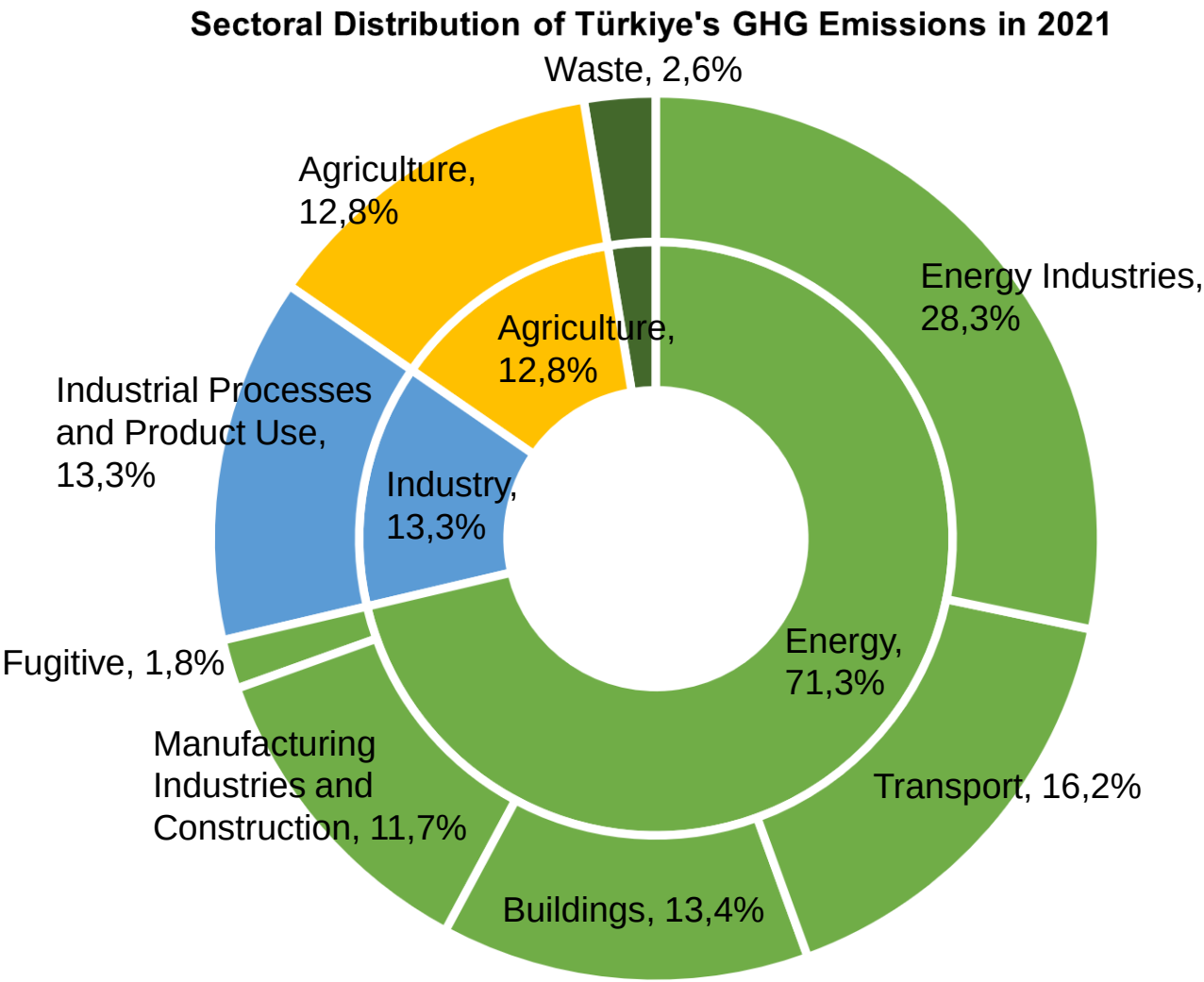
Carbon footprint of Türkiye in a nutshell

The greenhouse gas emissions in Türkiye are mainly due to energy production and consumption, followed by industrial processes and product use, agriculture and waste sector.

Türkiye ratified the Paris Agreement in 2021 and updated its reduction target for 2030 by increasing it from 21% to 41%. It also set a zero emissions target by 2053.

The publication of the Climate Law is awaited.

But in 2021, also saw the highest greenhouse gas emission increase ever recorded: According to TurkStat data, the total emissions increased 40 Mt CO2e in 2021.



Facts and Figures on Eureka Sigorta



We are one of the best for technical & financial performance in the insurance market

TOP 3 in

Loss Ratio

Financial Income

Technical Profit

Technical Profitability

Bancassurance



TOP 5 in

Combined Ratio

Fire

TOP 15 in

Casco

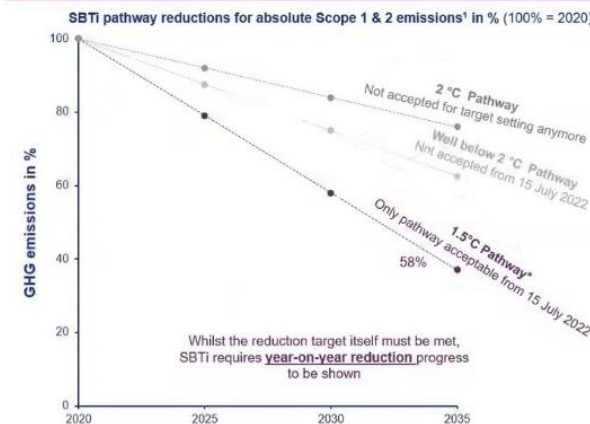
Marine and Engineering

Why Greenhouse Gases (GHG) are important

Why Greenhouse Gases (GHG) are important

- Greenhouse Gas (GHG) emissions must be halved by 2030 and brought to net-zero by 2050 to limit the warming to 1.5°C and minimize the most severe impacts of climate change
- Financial Institutions have a unique opportunity to **enable, support, and track decarbonization**
- Transforming to a 1.5°C aligned global economy will require **both near-term capability-building and long-term strategy** to secure a decarbonized future
- Pioneers may benefit from **increased profitability, industry recognition, and higher quality green portfolios** in the medium- and long-term

Science Based Target Setting Scope 1 & 2 for the Financial sector



Neutralization of residual emissions: SBTi currently accepts permanent removal and storage of carbon from the atmosphere towards achievement of Net-Zero targets up to 10%

Science Based Target Setting Scope 3 for the Financial sector

- **KEY REQUIREMENT:** In addition to Scope 1 & 2, SBTi **requires** setting a Scope 3 target for investment and lending activities for CO₂ emissions at minimum
- The **added value** to set a Scope 3 target is because the largest sources of a company's emissions are attributed to the investment activities for insurance companies
- Therefore, Insurance companies are requested to set targets for **Scope 3 – Category 15 (Investments)**. Other Scope 3 categories (1 to 14) are optional to include.
- For Listed equity and bonds, targets should cover **100% of total investment portfolio**
- There are different methods to set a Scope 3 target, and companies can choose which method (or combination) to adopt:
 1. **Sectoral Decarbonization Approach Targets:** physical emission reduction targets for business activities (i.e. investments)
 2. **Portfolio Coverage Targets:** engage with investees to set SBTi targets and cover 100% of investees by 2040
 3. **Portfolio Temperature Rating Targets:** align temperature score of portfolio companies to a minimum 2°C scenario covering 100% of investment portfolio

Sustainability for Eureka Sigorta



Sustainability is a strategic pillar for Eureka Sigorta since 2020

Providing sustained ‘peace-of-mind’ for better tomorrows

- 1. Create true customer value through best-in-class customer engagement*
- 2. Offer beyond insurance solutions to address real customer needs and be daily relevant*
- 3. Transition from a ‘face to face push’ to omni-channel pull’ model*

Become the leading digital insurance company in Turkey insurance market

To achieve above average market return on capital

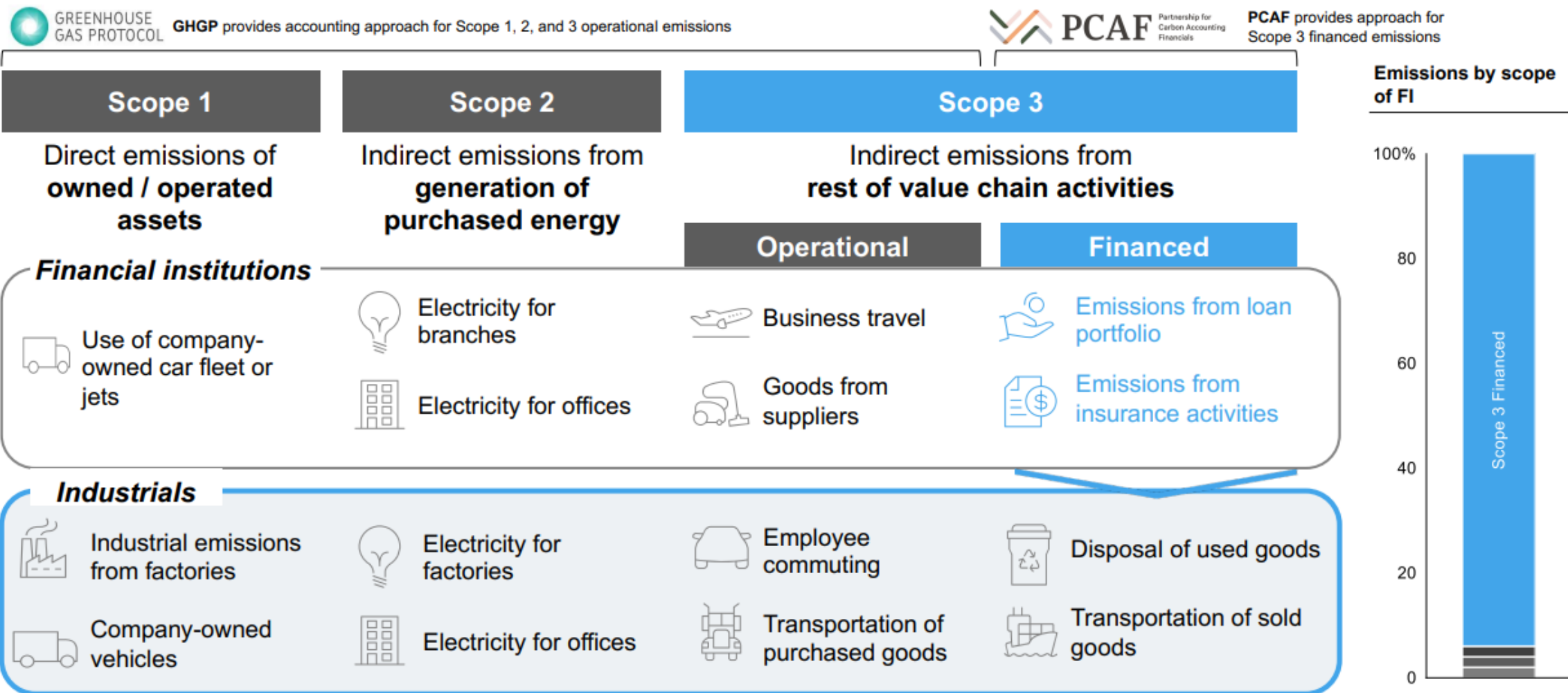
Be the best insurance company in bancassurance

Support Sustainability Development Goals (SDG)

Insurance-associated emissions



How carbon footprint of insured companies associated with insurance companies



Note: Examples are illustrative and not exhaustive of all categories within scopes

Eureko Sigorta's approach



Eureko Sigorta approach to customer emissions – Scope 3

Core Levers



Divest from certain entities within a sector

- Applicable to equity shares and bonds
- Redirect investments within the same sector
- From companies with high emissions intensity to companies with lower carbon intensity
- Leads to less investments related emissions attached to one sector (e.g. Oil & Gas)



Divest from certain sectors

- Applicable to equity shares and bonds
- Redirect investments from one sector to another
- Divest from high emissions intensity sectors to ones with lower carbon intensity
- Leads to less investments related emissions attached to overall portfolio

Supplementary Levers



Green investments

- Sustainable investment offerings – creating investment channels for clients to invest in green financial products
- Either via green bonds or equity shares of companies focusing on green activities/projects



Stakeholder engagement

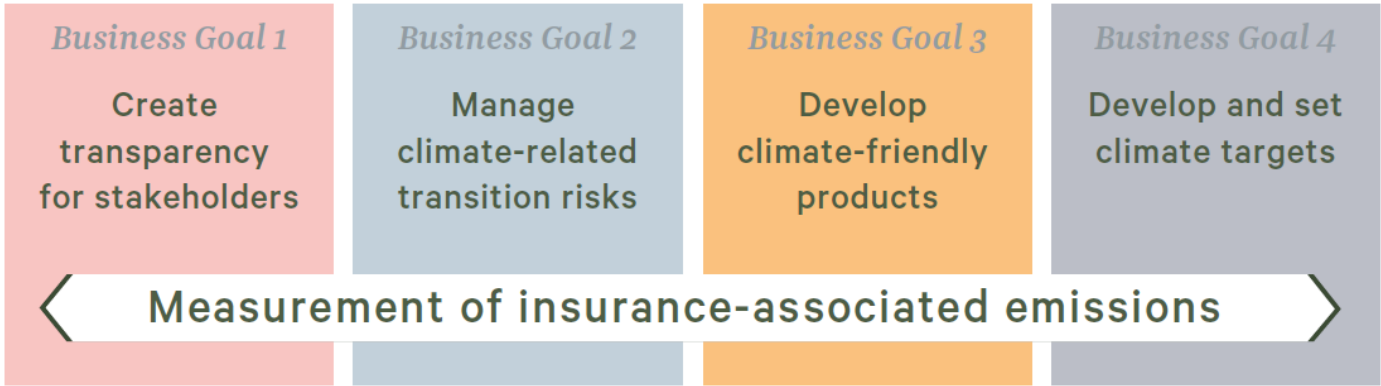
- For companies where can steer on strategic decision making (e.g. investees and clients)
- Entice issuer company to reduce GHG emissions
- Engage with companies to take concrete and tangible action (e.g. commit to SBTi)

Methodology used



PCAF methodology to insurance-associated emissions from customers

The Partnership for Carbon Accounting Financials (PCAF) guides insurance companies on measuring emissions associated with financial activities, as the starting point for financial institutions to manage risk, identify opportunities associated with greenhouse gas emissions and to begin their journey towards decarbonization.



The general approach to calculate insurance-associated emissions

Insurance-associated emissions

=

$$\sum_i \text{Attribution factor}_i \times \text{Emissions}_i$$

(with i = insured)

↓

Share of the emission to be associated with the re/insurer

How we approach our customers, aligned with PCAF

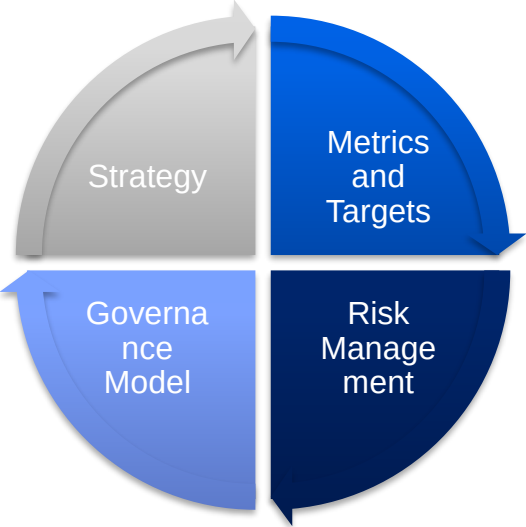
Our Approach • Sectorial plans to proactively address portfolio alignment and climate transition • Teams with focus on sustainability • Knowledge specialization • A sustainability expertise network	Energy	Renewables
	Oil & Gas	Alternative feedstocks and scope 1&2 emissions
	Automotive	Fleet decarbonization and infrastructure for electric vehicles
	Industry (Steel, Cement)	Electrification and hydrogen for industrial heating
	Real Estate	Energy efficiency / insulation and solar distributed generation
	Agriculture	Agricultural innovation and decarbonization of on-farm energy
	New Technologies	Hydrogen, batteries and CCUs (Carbon Capture, Use and Storage)
	Supply Chain	Supporting decarbonization of suppliers

Future activities

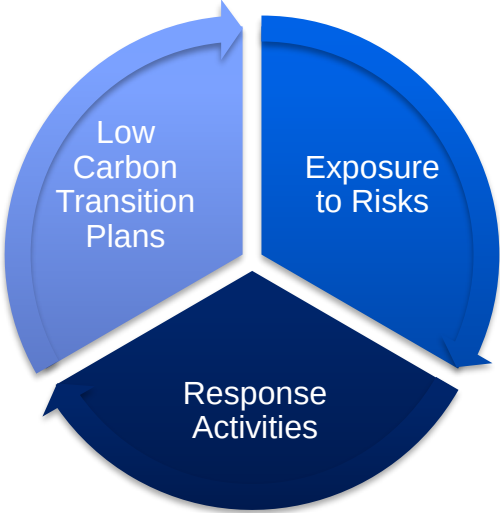
Future activities

- Aiming net zero by 2050, aligned with Achmea
- Understanding CO2 impact via tools to assess clients sustainable transitions
- Consulting customers on upcoming challenges and regulation
- Creating an ecosystem for enabling better practices

Climate Change Awareness



Carbon Transition Assessment



Thank You

