

Sustainability-Linked (Re)Insurance.

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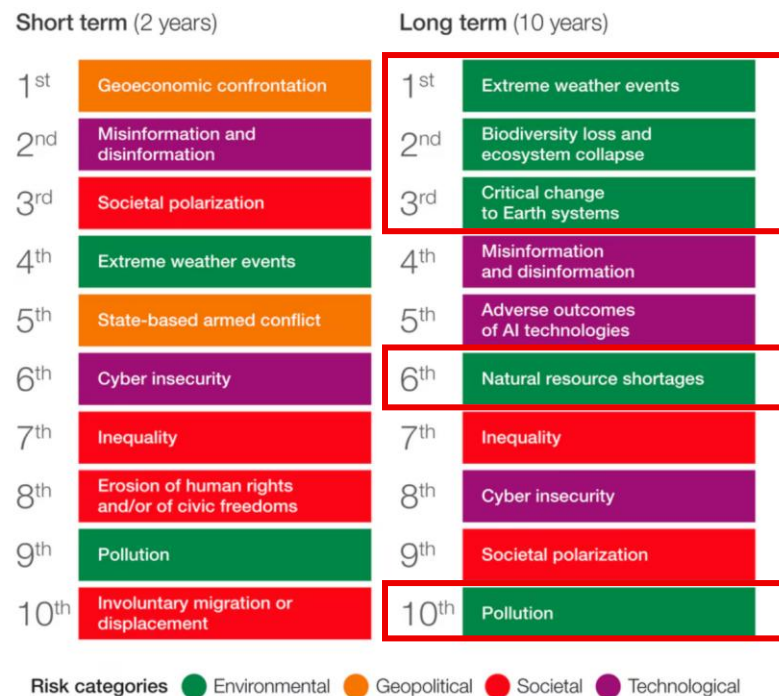
Which emerging risks carry the greatest severity?

Insurance companies should prepare for an overrepresentation of environmental risks in their portfolio.

Global risks ranked by severity



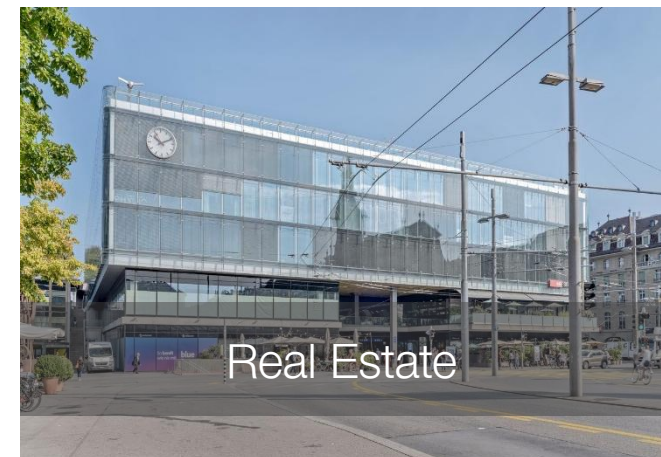
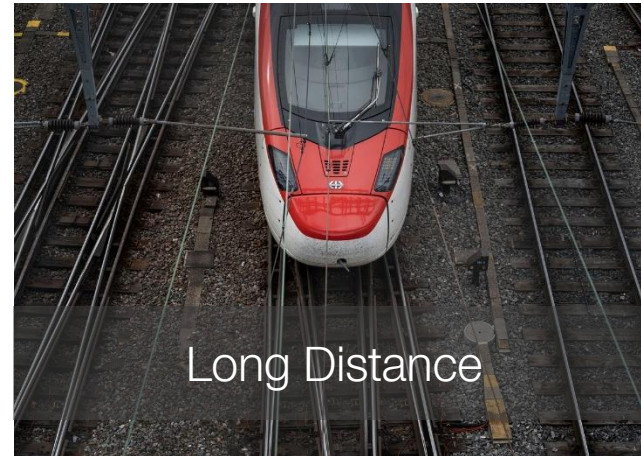
Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period.



Source: World Economic Forum Global Risks Perception Survey 2025-2026.

The business segments of the integrated railway.

SBB is active across the entire railway-sector value chain.



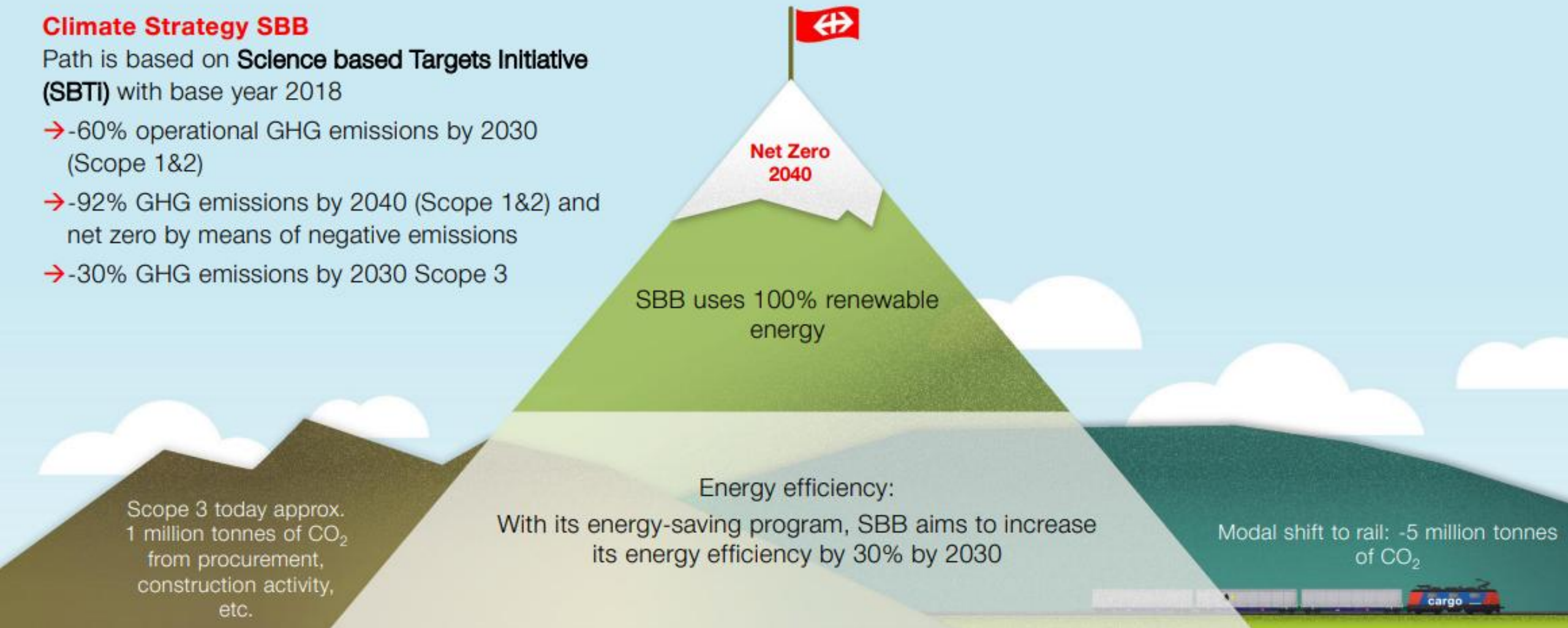
SBB's climate strategy is based on greenhouse gas savings.

More sustainable through energy efficiency and shifting to renewable energies.

Climate Strategy SBB

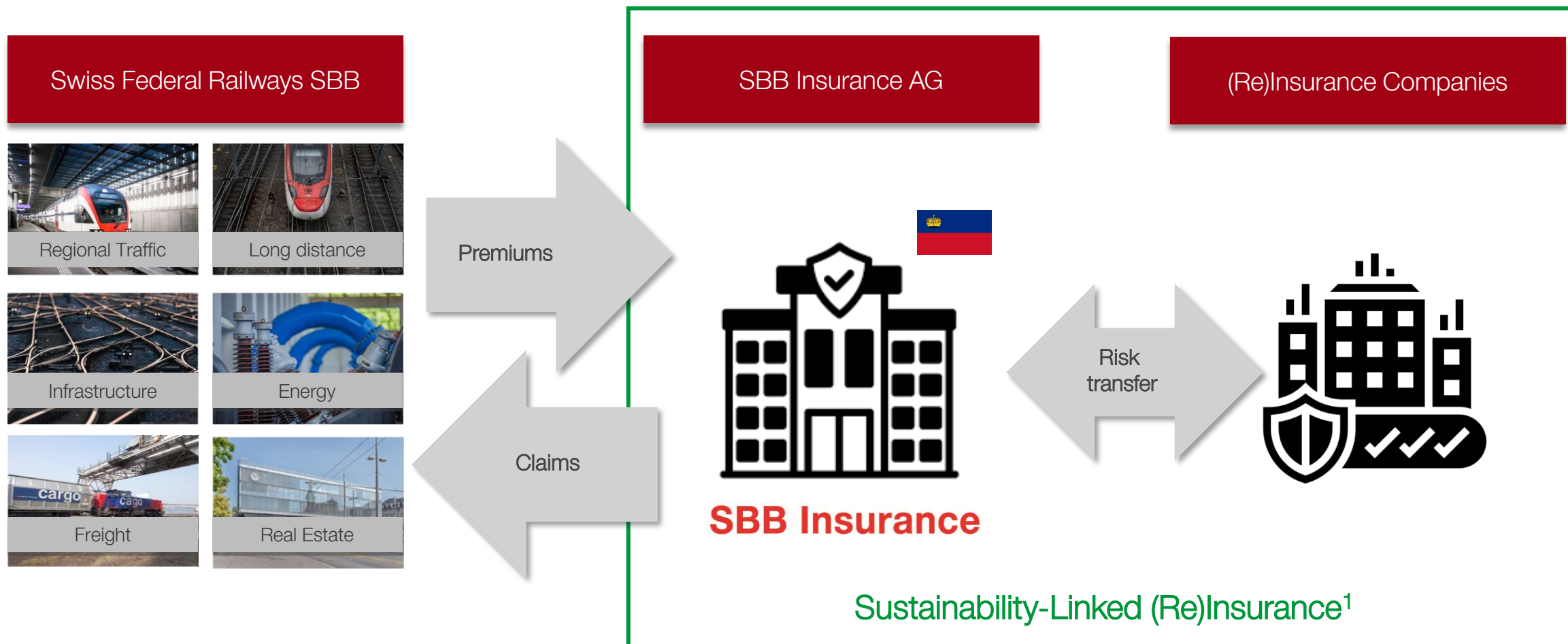
Path is based on **Science based Targets Initiative (SBTi)** with base year 2018

- -60% operational GHG emissions by 2030 (Scope 1&2)
- -92% GHG emissions by 2040 (Scope 1&2) and net zero by means of negative emissions
- -30% GHG emissions by 2030 Scope 3



SBB Insurance - the captive of Swiss Federal Railways SBB.

Introduced Sustainability-Linked Insurance into its reinsurance program in 2025 to strengthen long-term relationships with partners.



¹ Lines of Business: Property & Liability

We make insurance contracts sustainable.

Achieving impact through the integration of sustainability goals.

Ordinary Insurance Contract

Parameter	Value
Risk Premiums	1'000'000 CHF
Underwriting Adjustments	-50'000 CHF
Technical Price	950'000 CHF
Actual Price	950'000 CHF

Sustainable Insurance Contract

Parameter	Value
Risk Premiums	1'000'000 CHF
Underwriting Adjustments	-50'000 CHF
Technical Price	950'000 CHF
Achievement of Sustainability Performance Targets (SPT) based on 5% of the insurance premium	[+/- 50'000] CHF
Actual Price	[900'000 – 1'000'000] CHF

Principles for a sustainable insurance solution.

The five core components for implementation.

1. **Selection of the key performance indicators (KPIs)**
 - Greenhouse gas emissions in tonnes CO₂e (Scope 1 and 2)¹
2. **Calibration of sustainability targets (Sustainability Performance Targets)**
 - Based on the reduction path of the SBB climate strategy according to the Science-Based Targets Initiative
3. **Insurance characteristics**
 - Embedding a payoff matrix for the sustainability component into existing insurance contracts
4. **Reporting**
 - Annual report and sustainability report of SBB and annual report of SBB Insurance AG
5. **Verification**
 - Audited by the external auditor, the annual report and sustainability report of SBB

¹ Direct greenhouse gas emissions in tonnes of CO₂e and indirect greenhouse gas emissions from purchased electricity, transmission and distribution losses and purchased district heating in tonnes of CO₂e
Read full article here: [A five-step guide on how to integrate sustainability into your insurance program](#)

Only a small contract adjustment is needed.

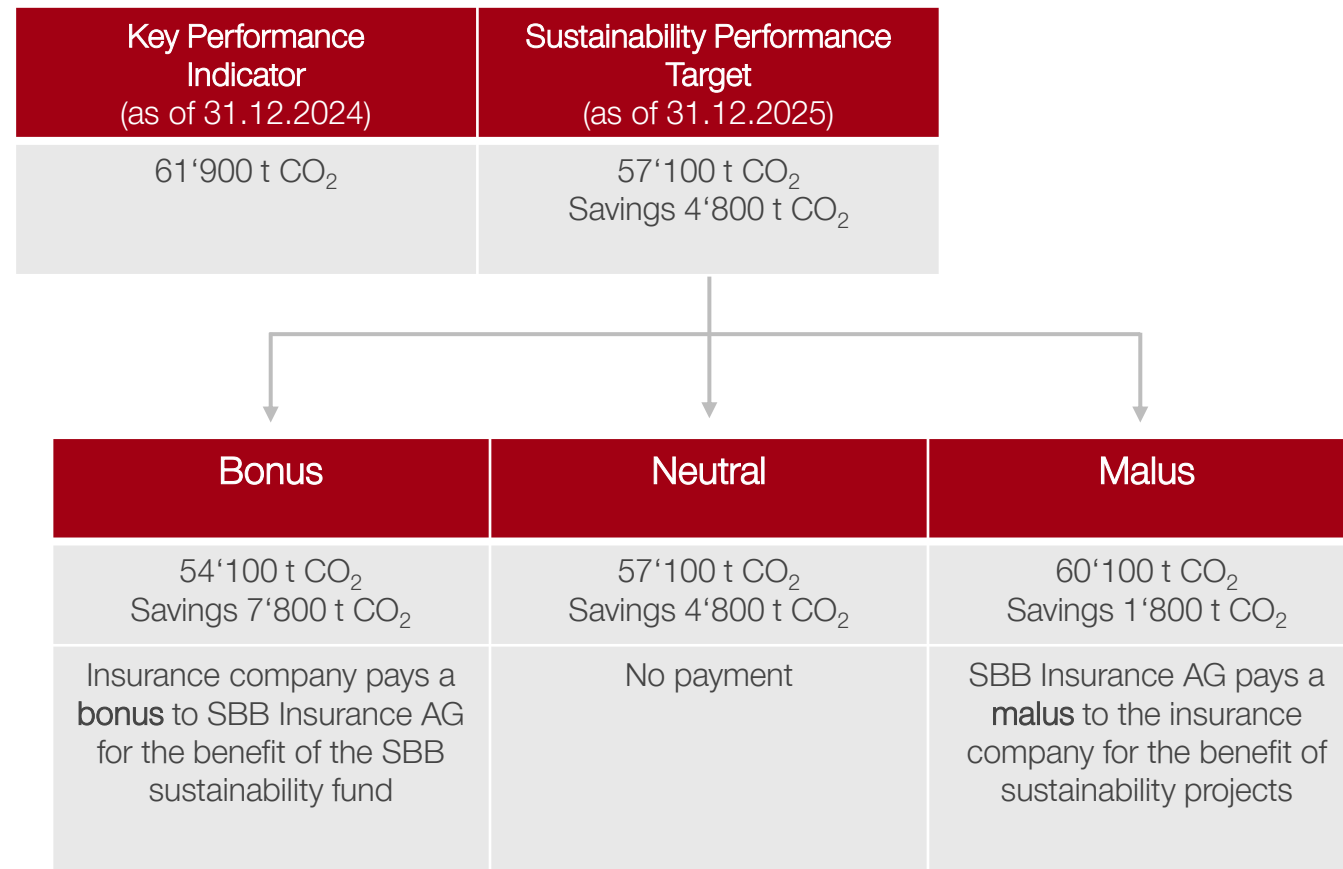
Contractual wording for the special agreement of a sustainability component.

SPECIAL AGREEMENT VALID FROM 1.1.20xx TO 31.12.20xx	With Sustainability-Linked Insurance, the parties agree on a sustainability component in the insurance contract. The annual net premium is to be supplemented by a bonus/malus component linked to the achievement of sustainability goals (Sustainability Performance Targets). The corresponding Key Performance Indicator (KPI) for the sustainability goals is based on the reduction of CO2 emissions (Scope 1 and 2) of [Party A]. The calculation basis for the CO2 values is the sustainability report of [Party A] for the most recently completed financial year. The bonus/malus component is defined as [1-5] % of the annual net premium. The payment of the bonus/malus component is calculated as follows: annual net premium [xxx] multiplied by bonus/malus component [1-5] % multiplied by the degree of goal achievement -100% to +100%. Any bonus payment for [Party A] will be used for sustainability projects or to fund a sustainability fund. Any malus payment to the insuring party must also be used for sustainability projects. The degree of goal achievement for the reduction target for the year [20xx] is regulated as follows: - Reduction target for operational greenhouse gas emissions Scope 1 and 2 of [Party A] in the financial year [20xx]: [x'000] t CO2 - Maximum bonus of 100% applies to a reduction of [x'000] t CO2 - Maximum malus of -100% applies to a reduction of [x'000] t CO2 The greenhouse gas reduction target of [Party A] for Scope 1 and 2 aligns with at least the decarbonisation pathway of the Science Based Targets initiative (SBTi) and may exceed it. Under the Sustainability-Linked Reinsurance Programme, the annual reduction—calculated as the difference between actual emissions realized and the prior year's emissions—is subject to an additional ambition of [X]%. The greenhouse gas inventory of [Party A] is verified annually by an external auditor; the verification report will be published together with the annual sustainability report.
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	If the established reduction target is precisely achieved, [Party A] owes the previously agreed net premium for [20xx]. If the reduction target is not achieved, [Party A] owes the insurer a malus corresponding to the net premium for [20xx]. If the reduction target is exceeded, the insurer will provide [Party A] with a bonus corresponding to the net premium for [20xx]. The bonus/malus component is limited to a degree of goal achievement of +/-100%. The degree of goal achievement is based on the following table, which will be interpolated. The goal achievement will be rounded to the nearest whole percentage point. <table border="1"> <thead> <tr> <th>Effective Savings (in t CO₂e)</th><th>Degree of Achievement (in %)</th></tr> </thead> <tbody> <tr><td>[x'000] or less</td><td>-100%</td></tr> <tr><td>[x'000]</td><td>-75%</td></tr> <tr><td>[x'000]</td><td>-50%</td></tr> <tr><td>[x'000]</td><td>-25%</td></tr> <tr><td>[x'000]</td><td>0%</td></tr> <tr><td>[x'000]</td><td>+25%</td></tr> <tr><td>[x'000]</td><td>+50%</td></tr> <tr><td>[x'000]</td><td>+75%</td></tr> <tr><td>[x'000] or more</td><td>+100%</td></tr> </tbody> </table> The payment of the bonus/malus component will be reimbursed retroactively for the past insurance year within 60 days after the announcement of the sustainability report. If Party A falls into arrears solely by failing to pay a malus surcharge, the insurer shall not be entitled to terminate the contract or to withhold benefits on that basis. The outstanding malus amount will be recovered through the normal dunning and debt-collection process. If the insurance contract is terminated before the end of the insurance period, the premium will be settled pro rata temporis, taking into account the current bonus/malus rate. All other contractual terms remain unchanged.	Effective Savings (in t CO ₂ e)	Degree of Achievement (in %)	[x'000] or less	-100%	[x'000]	-75%	[x'000]	-50%	[x'000]	-25%	[x'000]	0%	[x'000]	+25%	[x'000]	+50%	[x'000]	+75%	[x'000] or more	+100%
Effective Savings (in t CO ₂ e)	Degree of Achievement (in %)																				
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Ambitious targets with a balanced incentive mechanism.

A bonus–malus system designed to support sustainability.



What is in it for us?

Win-win situation for a sustainable future in the insurance sector.

(Re)Insurance Company

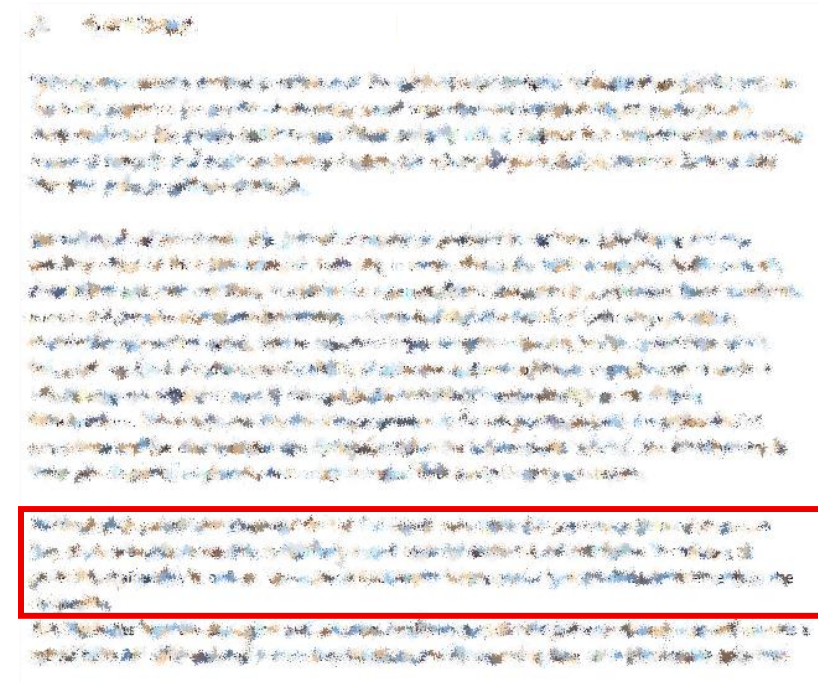
- Addresses insurers' and reinsurers' **climate objectives** within their underwriting portfolios.
- Strengthens relationships with portfolio companies **beyond pure risk considerations**.
- Drives **innovation** at the intersection of insurance and sustainability, **creating a competitive advantage**.
- Improvement of the **insurance risk profile** of SBB

SBB and SBB Insurance

- Strengthens insurers' commitment to the group insurance programme.
- Advances SBB's innovation and sustainability **agenda**, reinforcing its distinct position in mobility.
- Deepens management commitment to risk and sustainability.

Expert Opinion: Improvement of the insurance risk profile.

More than half of SBB's sustainability initiatives have a positive impact on SBB's risks.



What we have learnt so far.

The pilot project has achieved its objectives in many respects.



15

Reinsurance companies have agreed to participate for the 2026 program.



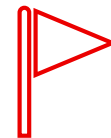
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Public presentations, articles and podcasts for stakeholders in the sector to promote our solution.



1st

Winner at the European Risk Management Awards 2025 – **Insurance Company Innovation of the Year.**

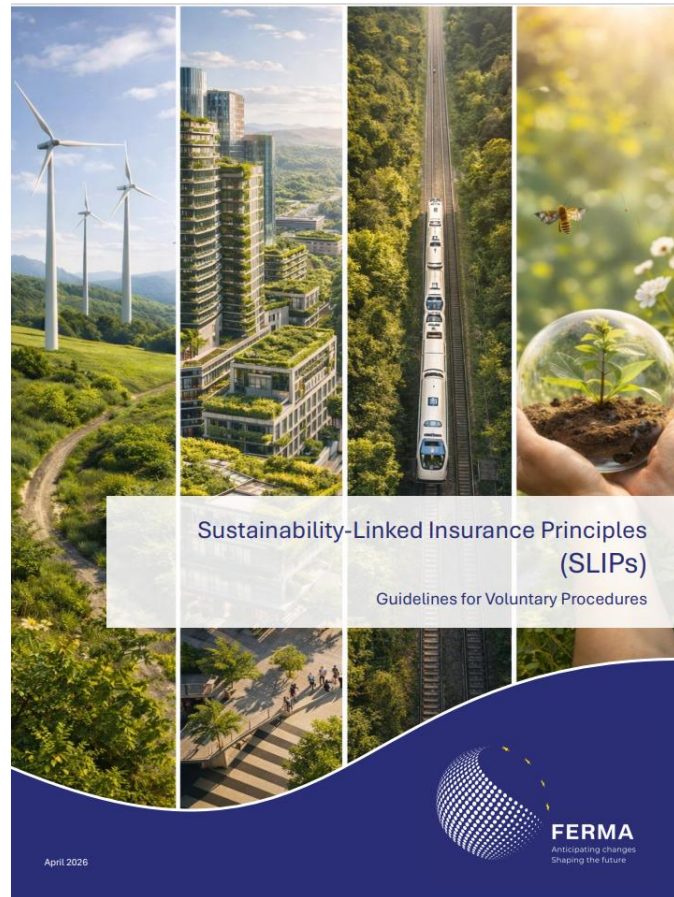


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Corporate followers that are closely looking into the concept for their own insurance program.

Sustainability-Linked Insurance Principles (SLIPs).

Guidelines for Voluntary Procedures.



Definition of Sustainability-Linked Insurance (SLI)

SLI refers to **insurance arrangements** in which the contractual terms, pricing mechanisms, and/or other material characteristics of insurance coverage are **explicitly** contingent upon the insured's achievement of one or more predefined sustainability performance targets (SPTs).

Market feedback has been largely positive — recommendations for scaling the solution

- ⊕ SLI is **gaining momentum**; key to building trust and driving real impact; Interesting guidelines; real shift because they **move sustainability into the economics of risk**, i.e. sustainability performance move now inside the insurance contract, not just sit in a separate report
- ⊖ **Isolated** success: lack of institutional process; **need to changes in the pricing architecture of the insurance sector**; practical application **may not be evident to many companies**

Solutions:

1. Test **multi-year contract templates** and **adjust pricing rules** to allow for resilience-related adjustments.
2. Define **minimum standards for data and analysis**, introduce **third-party audits** and establish a **shared data platform for transparent attribution**.
3. Set up a **cross-sector working group on standardization**: using our rail-sector experience and analyses to identify other industries that could benefit from SLI contracts.



Appendix



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