



Corporate responsibility reporting in the Insurance sector

**Key findings from the KPMG
Survey of Corporate Responsibility
Reporting 2015**

July 2016



About this research

This briefing contains key findings on the Insurance sector from the KPMG Survey of Corporate Responsibility Reporting 2015 (published November 2015). The research is based on two samples:

- The G250: the world’s 250 largest companies by revenue as defined by the Fortune 500 2014 listing.¹ Insurance companies account for 8 percent of this sample (21 companies).
- The N100: the largest 100 companies by revenue in each of 45 countries – a total of 4500 companies worldwide. Insurance companies make up approximately 4 percent of this sample (186 companies).

Download the full report at www.kpmg.com/crreporting

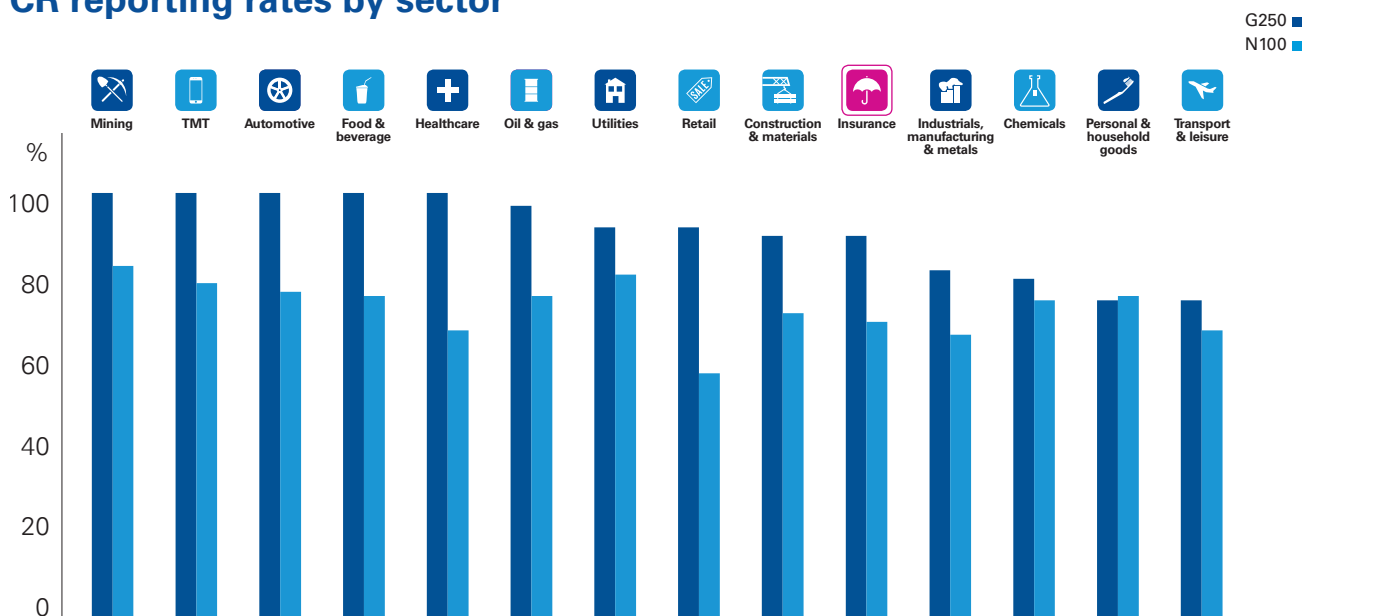
CR reporting rates in line with global average

The rate of reporting on corporate responsibility (CR) in the Insurance sector is broadly in line with the global average for G250 and N100 companies. This suggests that CR reporting is established as standard business practice in this sector.

Insurance companies are more likely to publish CR information in their annual financial report than companies in many other sectors. Almost three quarters (71 percent) of the largest companies do this - above the global average (65 percent).

| Sample | Insurance reporting rate 2015 | Global average reporting rate 2015 |
|--------|-------------------------------|------------------------------------|
| G250 | 90% | 92% |
| N100 | 70% | 73% |

CR reporting rates by sector



Base: 250 G250 companies and 4,500 N100 companies
Source: KPMG Survey of Corporate Responsibility Reporting 2015

Large insurance companies are among the least likely to seek assurance

Less than half (42 percent) of the world’s largest insurance companies seek third party assurance for their non-financial information. This is the lowest average of all sectors researched and more than 20 percentage points below the global cross-sector average (63 percent). The Insurance sector could do more to assure stakeholders that their non-financial information is accurate and credible. Assurance of non-financial information is likely to become even more important for insurance companies as investors increasingly scrutinize the potential impact of extreme weather and climate-related risk on insurance portfolios.

¹ <http://fortune.com/global500/2014/>

Quality of reporting is below average

Most insurance companies are publishing data on their CR and sustainability performance, but how does the quality of their reporting measure up against the other sectors?

KPMG analyzed the quality of CR reporting among the G250 against a framework of 7 quality criteria (see breakout box). Researchers awarded each company a reporting quality score out of a maximum of 100.

The quality of reporting by insurance companies is below the global cross-sector average. The Insurance sector average score is just 52 out of a possible 100 whereas the global cross-sector average score is 57 out of 100.

KPMG's quality assessment criteria for CR reporting

- 1 Stakeholder engagement**
The report should explain how the company identifies and engages its stakeholders and how their views inform CR strategy.
- 2 Materiality**
The report should demonstrate a clear, on-going process to identify the issues that are most significant to the company and its stakeholders.
- 3 Risk, opportunity and strategy**
The report should identify environmental and social risks and opportunities, and explain the company's strategic response.
- 4 Targets and indicators**
The report should declare time-bound and measurable targets.
- 5 Transparency and balance**
The report should be open about the CR challenges the company faces, as well as its achievements, and should communicate both effectively.
- 6 Suppliers and value chain**
The report should show how the company's CR strategy and targets address the material social and environmental impacts of its suppliers, products and services.
- 7 Corporate responsibility governance**
The report should detail how CR is governed within the organization, who has responsibility for it and how CR performance is linked to remuneration.

Overall CR quality reporting score



Base: 230 G250 companies that report on CR
Source: KPMG Survey of Corporate Responsibility Reporting 2015

The quality of CR reporting in the Insurance sector is below average across all criteria researched. Areas of particular weakness include: targets and indicators, suppliers and the value chain and governance of CR.

1 in 5 insurance companies does not identify any risks to its business from social or environmental trends, or discuss sustainability issues that are material to the business. In addition, 2 in 5 insurance companies (42 percent) do not report any CR targets, which is the lowest rate of target setting across all sectors studied.

Reporting on CR governance weak in Insurance sector

The research suggests insurance companies could improve reporting on CR governance significantly. While 63 percent of companies identify the person ultimately responsible for CR within the company, less than half (47 percent) identify the person or function with day-to-day responsibility. This is one of the lowest results across all sectors researched.

In addition, insurance companies could focus more on discussing the financial impact of sustainability risks to the business – currently less than a third (32 percent) do so. This is an issue of increasing importance as investors look for better quality information on how sustainability risks and opportunities will affect the companies they invest in. The recently launched Financial Stability Board Task Force on Climate-related Financial Disclosures is just one example of high profile initiatives in this area.²

² <http://www.fsb-tcfd.org/>

Insurance companies can improve carbon reporting

Companies are under increasing pressure to cut their carbon emissions, as the global economy shifts towards a low-carbon, and ultimately zero-carbon, model.

With this in mind, KPMG has analyzed the carbon information published by the world's 250 largest companies (G250) in their CR and annual financial reports, using the following 3 principles:

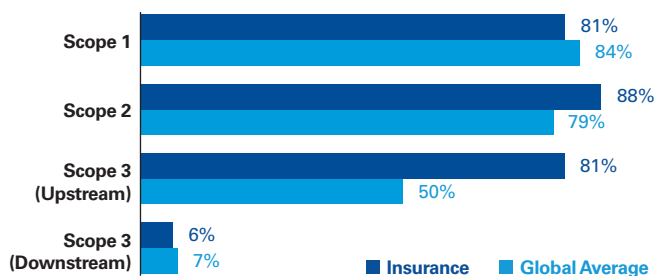
- 1 Reporting should be clear about whether the company sees carbon as a material issue and, if so, what data is covered and why. Carbon data should also be assured to ensure accuracy.
- 2 Where carbon is seen as material, reporting should show that the company has set clear targets to reduce its carbon emissions and how it is performing against those targets.
- 3 Reporting should communicate carbon data clearly and explain how carbon reduction helps the business.

Only around three quarters (76 percent) of the largest insurance companies report on carbon. This is lower than the global average (82 percent) and most other sectors researched. All those that do not report on carbon are based in either Japan, China or the US indicating that carbon reporting is not yet seen as a priority by insurance companies in these countries.

The quality of carbon reporting in the Insurance sector is in line with the global average. The average quality score for insurance companies is 50 out of a possible 100, compared to a global average of 51 out of 100.

Insurance companies perform significantly better than average when it comes to reporting on carbon emissions in their supply chain (Scope 3 upstream). 4 out of 5 (81 percent) of insurance companies do this compared with the global cross-sector average of 50 percent.

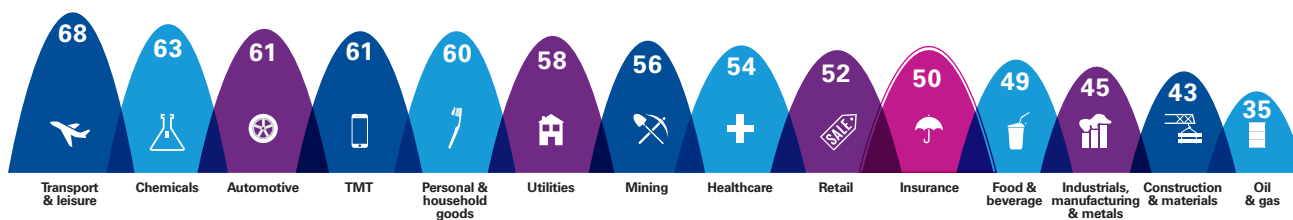
Scope of emissions reported



Base: 205 G250 companies that report on carbon
Source: KPMG Survey of Corporate Responsibility Reporting 2015

One area where Insurance lags other sectors is target setting. Less than half (48 percent) of carbon reporters in the Insurance sector set targets for reducing carbon emissions. In addition, of those that do set targets, only 10 percent provide a clear rationale for why those targets were chosen.

Insurance companies could improve quality of carbon reporting (scores out of 100)



Base: 205 G250 companies
Source: KPMG Survey of Corporate Responsibility Reporting 2015

KPMG member firms can provide you with a bespoke assessment of the quality of your corporate responsibility reporting and a benchmarking report that compares your reporting with sector or country peers, and the global cross-sector average.

For further information, contact your local KPMG member firm professional listed on page 6 of this briefing.

About the KPMG Survey of Corporate Responsibility Reporting 2015

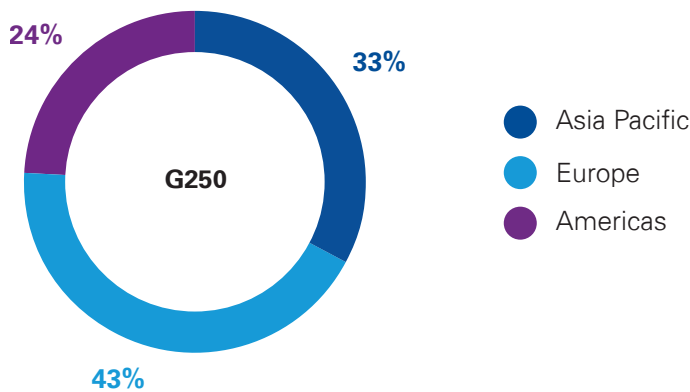
KPMG has been tracking corporate responsibility (CR) reporting trends for 22 years and [The KPMG Survey of Corporate Responsibility Reporting 2015](#) is the ninth edition. It is one of the largest surveys of CR reporting trends globally.



Definition of the Insurance sector

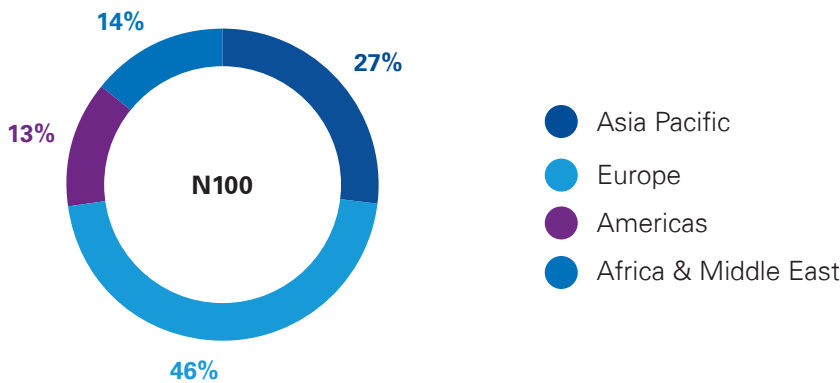
In the KPMG Survey of Corporate Responsibility Survey 2015, the Insurance sector was classified in line with the International Classification Benchmark (ICB) system and includes Life Insurance and Non-life Insurance companies.

G250 insurance companies by region



Base: 21 G250 insurance companies
Source: KPMG Survey of Corporate Responsibility Reporting 2015

N100 insurance companies by region



Base: 186 N100 insurance companies
Source: KPMG Survey of Corporate Responsibility Reporting 2015

Download the full report from kpmg.com/crreporting

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