

Sustainability-Linked Insurance.

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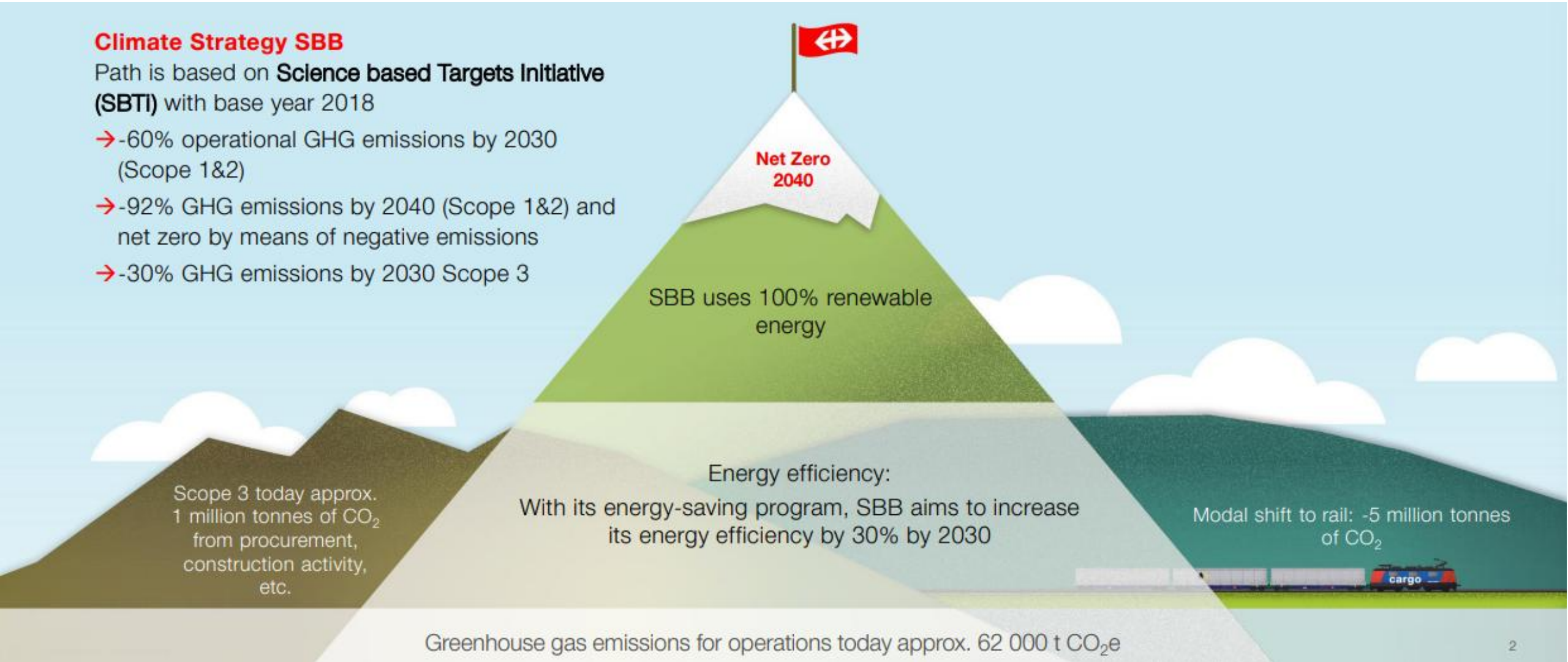
SBB's climate strategy is based on greenhouse gas savings.

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

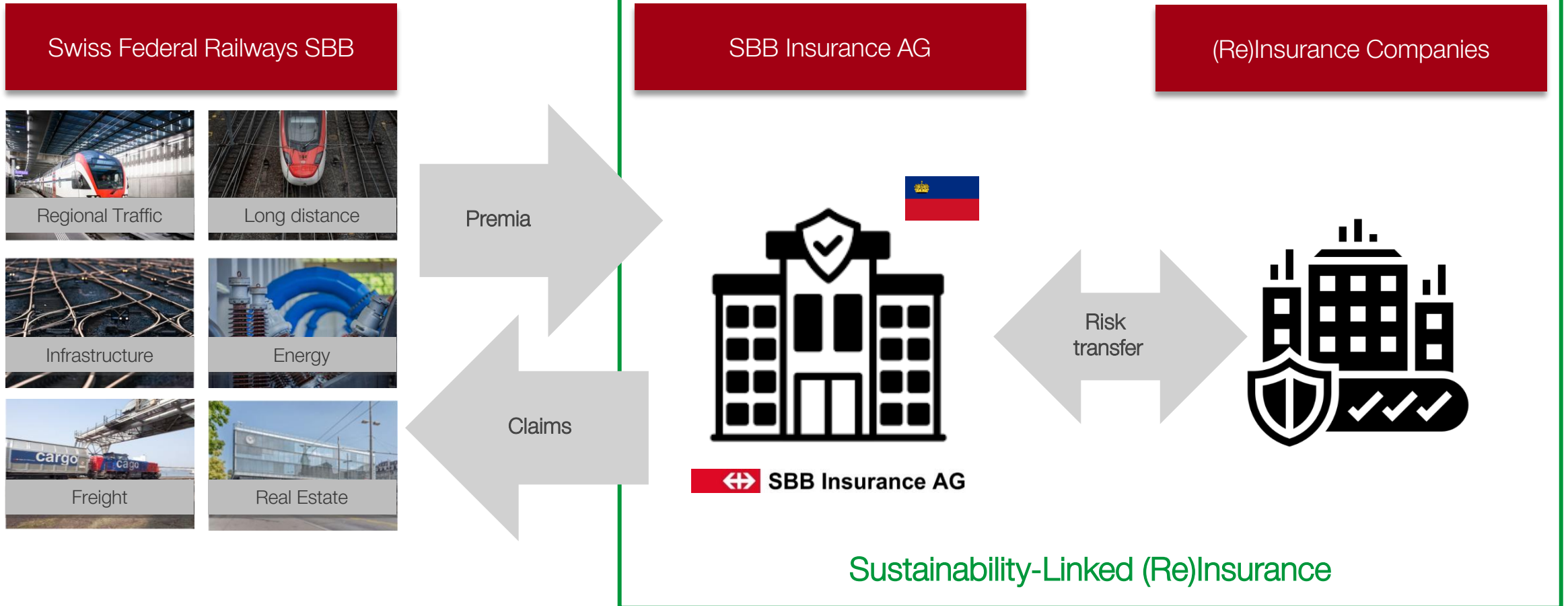
- -60% operational GHG emissions by 2030 (Scope 1&2)
- -92% GHG emissions by 2040 (Scope 1&2) and net zero by means of negative emissions
- -30% GHG emissions by 2030 Scope 3





SBB Insurance AG, captive of Swiss Federal Railways SBB.

Direct insurance entity for SBB's six different segments and over 20 portfolio companies.





We make insurance contracts sustainable.

Achieving impact through the integration of sustainability goals.

Ordinary Reinsurance Contract

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

Sustainable Reinsurance Contract

Parameter	Value
Risk Premia	1'000'000 CHF
Underwriting Adjustments	-50'000 CHF
Technical Price	950'000 CHF
Achievement of Sustainability Performance Targets (SPT)	[+/- 50'000] CHF
Actual Price	[900'000 – 1'000'000] CHF



Principles for a sustainable reinsurance solution (1/2).

The five core components for implementation.





Principles for a sustainable reinsurance solution (2/2).

The five core components for implementation.

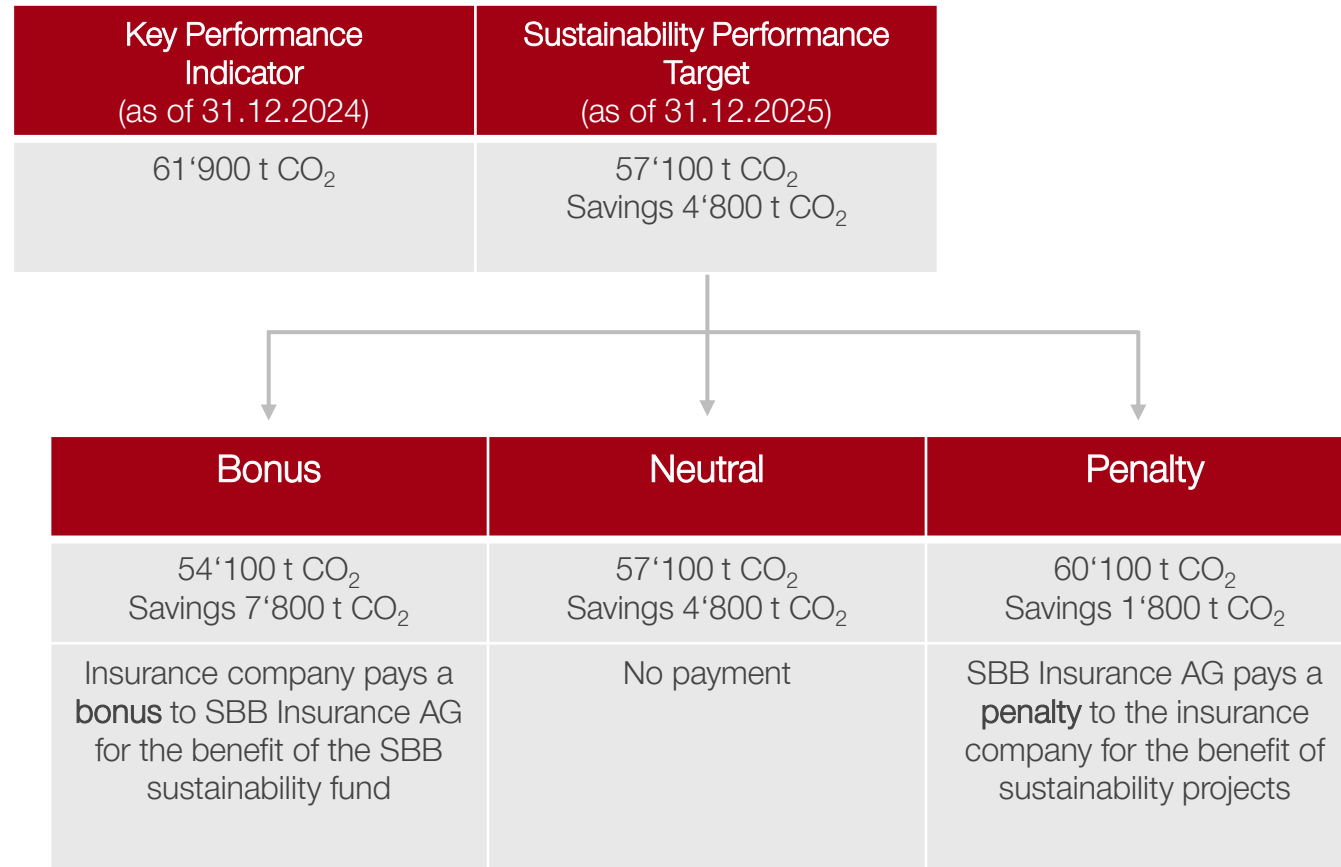
1. **Selection of the key performance indicators (KPIs)**
 - Greenhouse gas emissions in tonnes CO₂e (Scope 1 and 2)^A
2. **Calibration of sustainability targets (Sustainability Performance Targets)**
 - Based on the reduction path of the SBB climate strategy according to the Science-Based Targets Initiative
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

^A 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



Calculation bases are recognized and audited.

CO₂ emissions as a measurable performance indicator (KPI).





Only a small contract adjustment is needed.

Contractual wording for the special agreement of a sustainability component.

<p>SPECIAL AGREEMENT VALID FROM 1.1.20xx – 31.12.20xx</p>	<p>With a “Sustainability-Linked Insurance” the parties agree on a sustainability component in the insurance contract.</p> <p>The annual net premium is to be supplemented by a bonus/penalty component that is linked to the achievement of Sustainability Performance Targets (SPT).</p> <p>The relevant Key Performance Indicator (KPI) for the SPT is measured by the reduction of CO₂ emissions (Scope 1 and 2) of [Party A]. The basis for calculating the CO₂ values is the sustainability report of [Party A] for the respective completed financial year.</p> <p>The bonus/penalty component is defined as [1–5] % of the annual net premium.</p> <p>The payment of the bonus/penalty component is calculated as follows: annual net premium [xxx] times the bonus/penalty component [1–5] % times target achievement rate -100% to +100%.</p> <p>Any bonus payment by [Party A] will be used to fund sustainability projects. Any penalty payment in favour of the insurer [shall/must] also be used for sustainability projects.</p> <p>The target achievement rate for the reduction target for the year [20xx] is regulated as follows:</p> <ul style="list-style-type: none"> 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 at a reduction of [x'000] t CO₂ Maximum penalty of -100% applies at a reduction of [x'000] t CO₂ <p>If the specified reduction target is achieved exactly, [Party A] owes the already agreed net premium [20xx]. If the reduction target is not met, [Party A] owes the insurer a penalty on the net premium [20xx] accordingly. If the reduction target is exceeded, the insurer pays [Party A] a bonus on the net premium [20xx] accordingly.</p>
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<p>The bonus/penalty component is limited to +/-100% based on the target achievement rate. The target achievement rate is based on the table below and is interpolated. Achievement of the target is rounded to the nearest whole percentage point.</p>	
Actual Savings (in t CO ₂ e)	Target achievement rate (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%
<p>Payment of the bonus/penalty component will be made within 60 days after publication of the sustainability report, retroactive for the concluded insurance year.</p> <p>All other contractual provisions remain unchanged.</p>	

What is in it for us?

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

(Re)Insurance Company

- Underwriting portfolio with **effectively measurable sustainability** impact thanks to CO₂ reduction (no compensation, only savings)
- **Positive impact** on the climate thanks to the ambitious climate targets of the insured
- Pioneer in **innovative insurance solutions** in the field of sustainability
- Improvement of the **insurance risk profile** of SBB

SBB / SBB Insurance AG

- Enhance the attractiveness of SBB for all stakeholders where "**sustainability**" matters
- **Strengthen the commitment** to SBB sustainability goals thanks to financial incentives
- **Innovative insurance solution** of SBB's own direct insurance company
- Continue SBB's pioneering role as a leader in **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.

1. Management Summary

This report examines the effects of selected climate protection and sustainability measures already implemented and planned by Swiss Federal Railways (SBB) with regard to SBB's actuarial risk. The aim of the analysis within the framework of the Sustainability-Linked Reinsurance Programme (SLR) is to provide existing and potential reinsurance partners with a sound and comprehensible basis for assessing the relationship between sustainability measures and their possible impact on the risk profile. The evaluation is conducted in an open-ended manner based on a combination of academic and practice-oriented studies, historical claims data from SBB Insurance Ltd and a simplified risk model.

The analysis concludes that SBB's climate protection measures have the potential to deliver a double benefit: On the one hand, they demonstrably reduce CO₂ emissions and thus improve SBB's sustainability balance sheet; on the other hand, they have a stabilising or risk-reducing effect on key risks such as business interruption, fire, staff accidents, derailments and train collisions. The analysis considers not only the probability of individual damage events occurring, but also the potential extent of the damage. The nearly 250 scientific studies and practical reports examined can be taken as evidence that modern energy systems, digitalised control technology and improved maintenance cycles enable structural improvements in the risk profile.

It should be particularly emphasised that climate protection measures do not act in isolation, but make a significant contribution to strengthening the overall risk system: the susceptibility of technical systems to failure is reduced, cascade effects between different types of damage are reduced, and the resilience of the railway infrastructure and its operation is increased. For the reinsurers involved in the insurance programme, this means that the risk profile of SBB is undergoing a structural improvement, as both the frequency and the extent of damage caused by potential major events are significantly reduced. It should be emphasised that these effects are not purely theoretical in nature, but can be empirically proven on the basis of historical data and international scientific and practice-oriented studies.

Of particular interest to the reinsurance partners participating in the insurance programme is that the report provides a comprehensible basis for assessing risk reduction. Instead of general sustainability promises, the present analysis documents concrete, quantifiable improvements in the risk profile of SBB. The report thus highlights not only the ecological but also the actuarial relevance of climate protection measures and provides a reliable basis for differentiated premium structuring and the assessment of long-term partnership potential within the framework of SBB's insurance programme.

9. Summary

This report provides a detailed description of the risk landscape of Swiss Federal Railways (SBB) and, on this basis, examines the impact of selected climate protection and sustainability measures already implemented or planned by SBB in terms of their actuarial risk. In addition to a comprehensive literature review of scientific and practice-oriented studies, this is based in particular on historical damage data from SBB and a simplified risk model.

The results show that the climate protection measures analysed at SBB have a stabilising and risk-reducing effect on their insurance risk, including in terms of business interruption, fire, staff accidents, derailments and train collisions. In addition to a demonstrable reduction in CO₂ emissions, these measures, such as the introduction of modern energy systems and digitalised control technology as well as improved maintenance cycles, lead to structural improvements in the risk profile. In concrete terms, this is reflected in the reduced susceptibility of technical systems to failure, the reduction of cascade effects between different types of damage, and increased operational safety of the railway infrastructure. This results in a structural improvement in the risk profile, as both the probability of occurrence and the extent of damage from potential major incidents are reduced. The effectiveness of these effects can be empirically proven by historical data and international studies.

The findings are particularly relevant for the reinsurers participating in the insurance programme, as they provide a comprehensible, empirically sound basis for assessing risk reduction. In contrast to general sustainability promises, the analysis documents concrete and quantifiable improvements in the risk profile.

This highlights both the ecological and actuarial significance of climate protection measures and creates a robust basis for differentiated premium calculations and for assessing long-term partnership potential.



What we learnt so far.

The pilot project has achieved its objectives in many respects.



15

Insurance companies have agreed to participate for the 2026 program.



5

Public update presentations for professionals and stakeholders in the field.



1st

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



8

Articles and podcasts in media to promote our solution.



Quo Vadis?

What is the status on scaling the product in the insurance sector.







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