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Innovation and Insights

An ESG Strategy Development Framework

For Insurers and Reinsurers

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An ESG Strategy Development Framework For Insurers and Reinsurers

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About Us

Impact Actuarial

Maximizing social impact with actuarial excellence

Impact Actuarial is a specialized actuarial consultancy dedicated to maximizing the social impact of insurance and creating a world with universal access to financial protection. Founded in 2021 by Arpita Das, its establishment was driven by a singular mission: to harness the power of actuarial science for social impact. Impact Actuarial, works with development agencies, regulatory bodies, training firms, social entrepreneurs and other like-minded stakeholders in the Environmental, Social, and Governance-Sustainable Development Goals (ESG-SDG) space. It provides curated advisory, education, and innovation services characterized by actuarial excellence. Impact Actuarial comprises a team of mission-driven consultants united by the vision to bridge the gap between insurance, actuarial science, and international humanitarian goals.

Arpita Das, FSA, FSAI

Founder and Director

Arpita Das is Founder and Director of Impact Actuarial, based in Dublin, Ireland, with 16+ years of experience in insurance and sustainable development. Prior to establishing Impact Actuarial in 2021, Arpita was Senior Actuary at Allianz Partners and CVP & Actuary at New York Life Insurance. Arpita has been a long-time leader within the actuarial profession, with past roles including being a member of the Board of Directors of the Society of Actuaries (SOA) and Actuaries Without Borders. She currently serves on the IAA Inclusive Insurance Forum and the UNDP-Milliman GAIN Regulatory Working Group.

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Executive Summary

Environmental, social, and governance (ESG) considerations are becoming more prominent in the regulatory, operational, and strategic priorities for insurers and reinsurers. Global and regional frameworks, including the Principles for Sustainable Insurance (PSI) and IFRS S1 and S2, consistently reference ESG strategy as a prerequisite for alignment. However, current frameworks typically assume a coherent ESG strategy is in place, offering limited guidance on how such a strategy can be developed.

This white paper introduces an ESG Strategy Development Framework developed by Impact Actuarial, a structured approach designed to support insurers and reinsurers in developing an organization-wide ESG strategy. To our knowledge this framework is the first of its kind.

The framework has been developed based on global best practices, aligned with strategic requirements embedded in leading ESG frameworks. It is designed to allow for flexibility, enabling insurers and reinsurers to adapt its application to their specific contexts. Its accompanying implementation guidance has been refined through insights gained via technical assistance delivered to selected members of the Nairobi Declaration on Sustainable Insurance (NDSI).

The six steps of the Impact Actuarial ESG Strategy Development Framework are as follows:

1. Identify ESG Risks and Opportunities
2. Evaluate Current Operations
3. Set Risk Appetite and Prioritize ESG Actions
4. Develop Overall ESG Strategy
5. Cascade Strategy to Functional Areas
6. Identify Roles and Responsibilities

This framework aims to provide insurers with a practical structure for strategy development, implementation, and governance, while facilitating alignment with wider ESG standards as well as organizational priorities.

I. Introduction

The role of insurers and reinsurers in addressing sustainability-related risks and opportunities continues to evolve. As Environmental, Social, and Governance (ESG) factors become embedded in regulatory frameworks, disclosure requirements, and stakeholder expectations, insurers are being called upon to integrate ESG considerations into their business models, governance, and strategic planning processes.

In response, a growing body of ESG frameworks is emerging, from principles-based guidelines to detailed reporting standards. While these frameworks offer clarity on what insurers should disclose or align with, they generally assume that a coherent ESG strategy is in place. In practice, however, many insurers and reinsurers lack formalized processes for ESG strategy development. As a result, ESG efforts may be fragmented, compliance-driven, and disconnected from broader business strategy.

This white paper introduces the Impact Actuarial ESG Strategy Development Framework, a six-step process developed for the insurance sector to address this gap. The framework provides a structured approach to ESG strategy development that supports cross-functional integration, and reflects both global standards and local operating realities. It is based on a synthesis of the strategy-related requirements within leading ESG frameworks, with flexibility for the integration of business-specific contexts. Its implementation guidance has been refined and field-tested with selected members of the NDSI.

The sections of this paper are organized as follows. The next section provides a review of the ESG framework landscape from an insurance perspective. This is followed by an examination of how these frameworks refer, explicitly or implicitly, to ESG strategy as a requirement. The core of the paper then introduces and explains the six-step ESG Strategy Development Framework, outlining its structure with illustrative examples. The paper concludes with reflections on ESG strategy as an evolving process.

2. Landscape Study: ESG Frameworks for Insurers and Reinsurers

Insurers today navigate a complex ESG landscape shaped by multiple frameworks that guide their operations, investments, risk management, compliance, and societal impact. This section provides a systematic review of current frameworks as relevant to insurance industry practitioners.

ESG frameworks¹ are detailed in the sections below, organized by the following categories: ESG Principles, ESG Integration, and ESG Reporting.

ESG Principles

The UN Global Compact, launched in 2000, was one of the first ESG principles frameworks articulated for organizations. It offers ten principles in the areas of human rights, labor, environment, and anti-corruption that organizations across all sectors can publicly commit to. According to their website, the UN Global Compact has 20,000+ participants across 160+ countries (UN Global Compact, n.d.).

In 2012, UNEP FI introduced the term *sustainable insurance* which is the foundational concept underlying ESG principles as specifically applicable for insurers and reinsurers. It is defined as a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring both risks and opportunities associated with environmental, social and governance (ESG) issues (UNEP FI 2012).

Associated with the above definition are the Principles for Sustainable Insurance (PSI) also launched by UNEP FI in 2012, providing a global framework for insurers and reinsurers to embed ESG considerations into their core business operations and to collaborate with stakeholders in promoting long-term resilience (UNEP FI 2012). As of 2025, the PSI has over 170 signatories committed to incorporating ESG issues into their business and operations.

Alongside the PSI, the Principles for Responsible Investment (PRI) were also established by UNEP FI, in 2006, applicable to insurance companies in their capacity as asset owners and managers. The PRI seek to incorporate ESG factors into investment and ownership decisions. As of 2024, the PRI signatory assets under management have exceeded US\$128 trillion (Principles for Responsible Investment 2025).

Expanding upon the opportunities element of sustainable insurance, the Sustainable Development Goals (SDGs) offer a global framework of seventeen goals towards achieving peace and prosperity for people and the planet by 2030 (UN Department of Economic and Social Affairs 2025).

Finally, Morgan Stanley Capital International (MSCI) ESG Ratings are a widely used ESG rating framework covering 17,000+ issuers. While the PSI, PRI, and SDGs provide

¹ The ESG landscape is evolving rapidly with frequent developments and updates. The frameworks presented in this section reflect this landscape as of June 2025.

overarching principles on ESG, they do not explicitly define ESG issues. ESG rating agencies, including MSCI, offer detailed classification of ESG data points, facilitating the interpretation and operationalization of ESG principles (MSCI 2024).

With the exception of the PSI, all frameworks are cross-sector and not limited to insurance. The table below summarizes these frameworks through an insurance lens.

Table I. ESG Principles Frameworks

Framework	Description	Relevance to Insurers	ESG Implications
UN Global Compact (2000)	Ten principles on human rights, labour, environment, and anti-corruption for corporations.	Provides insurers with a principles-based approach to embedding sustainability considerations.	Globally recognized framework, regarded as one of the first initiatives on ESG principles for corporations.
Principles of Sustainable Insurance (2012)	Four insurance-specific principles on integration of ESG across the following areas: (i) internal decision making, (ii) clients and business partners, (iii) governments, regulators, other stakeholders, and (iv) public disclosures	Provides insurers with a sector-specific framework on approaching ESG issues by stakeholder groups across business activities and operations, including underwriting, investment, and risk management.	Globally recognized framework for ESG integration across a growing network of insurance signatories, in line with other international commitments such as the Paris Agreement and SDGs.
Principles of Responsible Investment (2006)	Six principles on ESG integration into investment practice across the following areas: (i) investment decision making, (ii) investment ownership, (iii) disclosure requirements for portfolio entities, (iv) industry acceptance, (v) industry cooperation, (vi) reporting	Provides insurers in their role as investors and asset managers with a functional and stakeholder-based approach for ESG integration in investment strategy, stewardship, and wider industry engagement.	Globally recognized framework for ESG integration across a growing network of investment signatories, in line with other international commitments such as the Paris Agreement and SDGs.
SDGs (2015)	Global framework of 17 goals and 169 targets adopted by UN members as <i>a shared blueprint for peace and prosperity for people and the planet, now and into the future.</i>	Provides insurers with a broad framework for aligning activities with global priorities on poverty, health, climate, and resilience.	Globally recognized framework specifically on ESG opportunities that cuts across all sectors, i.e., is not limited to the insurance sector.
MSCI ESG Ratings (2024) ¹	ESG benchmarking framework that defines 1,000+ specific datapoints across 33 key ESG issues, used as a basis for industry-adjusted scoring.	Provides insurers with specific listing of ESG issues, facilitating the operationalization of ESG integration.	Allows for consistent benchmarking across the insurance sector on ESG issues through detailed articulation of ESG data points and issues.

¹Selected here as a widely used ESG rating agency; other ESG rating agencies are available.

ESG Integration

There are two insurance industry-specific guides available on ESG integration, both published by UNEP FI and building upon the PSI. These guides seek to enable insurers and reinsurers to translate high-level commitments to ESG principles into practical integration across insurance functions, including underwriting, risk management, asset management, governance, and reporting.

The first guide for the insurance sector, PSI ESG Guide for Non-Life Insurance, was published in 2020 and focuses on integrating ESG within commercial and Property & Casualty (P&C) risk assessment and underwriting. It offers eight action areas for managing ESG issues and ESG risk heat maps by economic sector and insurance lines of business (UNEP FI 2020).

The second guide for the insurance sector, PSI ESG Underwriting Guide for Life & Health, was published in 2022 and applies the PSI to Life & Health (L&H) underwriting. It offers seven action areas for managing ESG issues and ESG risk heat maps by L&H-specific underwriting risks (UNEP FI 2022).

Key elements of the two guides are summarized in the following table.

Table 2. ESG Integration Frameworks

Framework	Description	Relevance to Insurers	ESG Implications
PSI Non-Life ESG Guide (2020)	<p>Provides eight action areas for P&C ESG risk assessment and underwriting, including risk appetite, integration, roles and responsibilities, escalation, analysis, decision-making, and reporting.</p> <p>Supported by risk heat maps listing specific ESG factors, risk mitigation and best practices, and impact by economic sector and insurance lines of business.</p>	Allows insurers to systematically embed ESG considerations into risk assessment, underwriting practices, due diligence, and disclosures.	Provides insurance-specific guidance on ESG integration for P&C and L&H insurance practices, supporting consistent industry implementation practices.
PSI Life & Health ESG Guide (2022)	<p>Provides seven action areas for L&H ESG risk assessment and underwriting, including risk appetite, integration, roles and responsibilities, escalation, analysis, decision-making, and reporting.</p> <p>Supported by risk heat maps listing specific ESG factors, risk mitigation and good practice, and its impact on four key L&H underwriting risks: mortality, longevity, morbidity, and hospitalization.</p>		

ESG Reporting

Global

The International Sustainability Standards Board (ISSB) has established a global baseline for ESG reporting through its two flagship International Financial Reporting Standards (IFRS) sustainability standards S1 and S2 (IFRS Foundation 2023). There is a general trend of convergence of regulatory reporting requirements on sustainability towards ISSB.

IFRS S1 sets general principles for disclosing of all sustainability-related risks and opportunities that could impact enterprise value, across environmental, social, and governance topics. It requires integration with financial reporting and seeks to ensure ESG disclosures are decision-useful from an investor lens.

IFRS S2 focuses specifically on climate-related risks and opportunities, supplementing IFRS S1. It fully incorporates the Task Force on Climate-related Financial Disclosures (TCFD) framework, now sunset by the Financial Stability Board (FSB), and mandates disclosures on four pillars: governance, strategy, risk management, and climate metrics (Task Force on Climate-related Financial Disclosures 2023). The standard also requires climate scenario analysis. For insurers, physical and transition risks across underwriting, investments, and operations are particularly relevant for S2.

The ISSB also incorporates the Sustainability Accounting Standards Board (SASB) standards, which provide financially material ESG metrics across 77 industries, including insurance (SASB 2017). SASB insurance disclosures include the following areas: catastrophe exposure, underwriting processes, capital adequacy, customer disclosures, and ESG integration in product design. While SASB originated as an independent standard, it is now formally part of the IFRS Foundation, reflecting an overall global trend towards convergence of ESG standards.

To expand coverage to nature-related risks, the ISSB is in partnership with the Taskforce on Nature-related Financial Disclosures (TNFD), formalized as of 2025 (IFRS Foundation 2025). TNFD's framework, released in 2023, mirrors the TCFD structure with four pillars of governance, strategy, risk management, and metrics, but focuses on companies' dependencies and impacts on ecosystems, biodiversity and wider nature-related risks. TNFD guidance has begun supporting the ISSB's Biodiversity, Ecosystems and Ecosystem Services (BEES) project with further collaboration expected (The Taskforce on Nature-related Financial Disclosures 2025).

Finally, the Global Reporting Initiative (GRI) is the world's most widely adopted sustainability reporting framework with a focus on wider stakeholder impact and double materiality i.e. how sustainability issues affect a company as well as how a company affects people and the planet (GRI 2023). Unlike IFRS, which is highly relevant for insurance regulatory reporting, GRI is the leading framework for organizations seeking to demonstrate accountability to stakeholders such as governments, civil society, and development partners. The ISSB and GRI signed a Memorandum of Understanding (MoU) in 2022, partnering towards meeting both investor and wider stakeholder reporting needs effectively (Global Reporting Initiative 2024).

Together, the above-mentioned frameworks form the foundation of the global ESG reporting ecosystem. These frameworks are trending towards convergence through the ISSB, with integration the key concept of double materiality introduced by the GRI. These frameworks are summarized from through an insurer lens in the table below.

Table 3. Global ESG Reporting Frameworks

Framework	Description	Relevance to Insurers	ESG Implications
IFRS S1 (ISSB)	General sustainability disclosure standard covering all material ESG (climate, nature, social, governance) risks and opportunities that could impact enterprise value.	Provides insurers with a global baseline for reporting ESG risks across underwriting, investments, and operations.	Anchors ESG disclosures in financial reporting, enhancing consistency and comparability across insurers and jurisdictions.
IFRS S2 (ISSB)	Climate-focused standard aligned with TCFD, covering governance, strategy, risk management, and metrics, applicable to climate-related risks and opportunities.	Requires insurers to disclose climate risks and opportunities across business activities, including scenario analysis.	Embeds climate risk into core disclosures and supports global alignment in financial reporting.
TCFD (now incorporated into IFRS S2)	Framework for climate-related financial disclosures, with four pillars of governance, strategy, risk management, and metrics.	Widely adopted by insurers as a foundational climate risk framework; now incorporated into IFRS S2.	Provided a baseline framework for climate risk transparency, leading into IFRS S2.
SASB Standards (now incorporated into the IFRS Foundation)	Sector-specific ESG topics and metrics across 77 industries, including insurance.	Provides insurers with industry-specific disclosure metrics, including on catastrophe exposure, underwriting processes, and capital adequacy.	Enables consistency in financial reporting and decision-usefulness of disclosures for investors in the insurance sector.
TNFD (partnership with ISSB)	Framework for assessing and disclosing nature-related risks, opportunities, dependencies, and impacts.	Assists insurers in identifying and disclosing risks linked to biodiversity, ecosystems, and wider nature-related issues.	Expands ESG disclosure scope to nature-related risks and supports future integration into global financial reporting standards.
GRI (MoU with ISSB)	Stakeholder-driven sustainability reporting framework focused on double materiality.	Provide insurers with a framework on the principle of double materiality which is commonly applied across the industry.	Most widely used reporting framework with double materiality being a foundational sustainability concept across sectors.

Regional

Jurisdictions worldwide are developing ESG reporting standards largely aligned with the above-described global frameworks. Unlike the global frameworks, all of which are voluntary, regional frameworks comprise both voluntary and mandatory reporting requirements. An illustrative list of examples is provided below.

Europe (EU). The European Union (EU) is widely seen as the frontrunner in the establishment of regional sustainability standards. Its Corporate Sustainability Reporting Directive (CSRD), applicable to large enterprises, is set to begin in 2026. CSRD requires audited ESG disclosures aligned with the European Sustainability Reporting Standards (ESRS), which in turn are aligned with IFRS S1 and S2 (Directorate-General for Financial Stability, Financial Services and Capital Markets Union 2025). The EU's Sustainable Finance Disclosure Regulation (SFDR) complements CSRD by requiring financial market participants to integrate ESG considerations into investments.

North America (US). At the federal level in the United States (US), the Securities and Exchange Commission (SEC) finalized a climate disclosure rule applicable to domestic public companies in 2024 largely aligned with IFRS S2, requiring disclosures on material climate-related risks, governance, risk management, as well as Scope 1 and 2 emissions (Securities and Exchange Commission 2024). Implementation was expected for 2026, but is currently on pause pending legal review. At the state level, California has enacted two climate disclosure laws, SB 253 on emissions and SB 261 in line with IFRS S2 (Skadden 2024).

Latin America (Brazil, Chile, Mexico). Brazil's securities regulator (CVM) issued Resolution 193 mandating ISSB-aligned sustainability disclosures for listed companies starting in 2026 (Corporate Disclosures 2023). Chile's Financial Market Commission (CMF) has mandated the adoption of ISSB disclosures, with Rule 461 establishing a phased-in implementation of TCFD and SASB disclosures starting in 2027 (IFRS Sustainability 2025). In Mexico, the Financial Reporting and Sustainability Standards Board (CINIF) published standards (NIS) in 2024, aligned with the ISSB and SDGs, requiring reporting from 2026 (The National Law Review 2025).

Africa (Nigeria, Kenya, PARC). Nigeria's Financial Reporting Council (FRC) published a national roadmap for the adoption of ISSB-aligned sustainability reporting with mandatory reporting from 2028 (Financial Reporting Council of Nigeria 2024). Kenya's Institute of Certified Public Accountants (ICPAK) has announced a phased roadmap for ISSB-aligned sustainability reporting, with mandatory reporting for large public-interest entities from 2027 (IFRS Sustainability 2025). The Pan-African Resources Reporting Code (PARC), endorsed by the African Union, offers voluntary ESG guidance for the extractives sector, relevant to insurers with exposure to mining and energy (African Minerals Development Centre 2023).

Middle East (UAE, Saudi Arabia, IRI). The UAE Securities and Commodities Authority (SCA) issued Decision No. 3/RM/2020 requiring public joint companies listed on the Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) to publish annual sustainability reports (Securities & Commodities Authority 2020). In Saudi Arabia, the Stock Exchange (Tadawul) issued ESG disclosure guidelines in 2021 (Saudi Times 2025), and the Capital Market Authority (CMA) issued requirements on sustainable finance instruments, with alignment to ISSB expected by 2026 (Saudi Exchange 2025). The Islamic

Reporting Initiative (IRI) offers a voluntary ESG framework applicable to 50+ member countries of the Organization of Islamic Cooperation (OIC), in the Middle East and beyond (Islamic Reporting Initiative 2023).

Asia-Pacific (China, South Korea, Japan). China's Ministry of Finance (MOF) finalized its Basic Guidelines for Corporate Sustainability Disclosure aligned with the ISSB and is working towards a unified national sustainability system in 2030 (IFRS Sustainability 2025). South Korea's Korea Sustainability Standards Board (KSSB) has developed ISSB-equivalent standards comprising two mandatory components, KSSB 1 and KSSB 2, and one voluntary, KSSB 101, intended for phased adoption from 2026 (IFRS Sustainability 2025). Japan's Financial Services Agency (FSA) issued ISSB-aligned disclosure standards in March 2025 through the Sustainability Standards Board of Japan (SSBJ) (IFRS Sustainability 2025).

Table 4. Regional ESG Reporting Frameworks

Region	Frameworks (Adoption Year)	Relevance to Insurers	ESG Implications
Europe (EU)	CSRD / ESRS (2026); SFDR (2021)	Mandatory for large EU insurers and non-EU insurers operating in EU (CSRD / ESRS); mandatory for financial market participants and asset managers, including insurers in these roles (SFDR).	Widely regarded as a frontrunner across regional frameworks.
North America (US)	SEC Climate Disclosure (2026, paused); California SB 253 / 261 (2026)	Mandatory for SEC-registered insurers (SEC); mandatory for large insurers (California).	Individual states may align with global norms while federal disclosures are paused.
Latin America (Brazil, Chile, Mexico)	Brazil CVM Resolution 193 (2026); Chile CMF Rule 461 (2027); Mexico CINIF NIS (2026)	Mandatory for public insurers (Brazil); mandatory for listed and non-listed publicly accountable insurers (Chile); mandatory for insurers using national financial reporting standards (Mexico).	Convergence of mandatory requirements with ISSB.
Africa (Nigeria, Kenya, PARC)	Nigeria FRC (2028); Kenya ICPAK (2027); PARC Minerals and Energy Standard (voluntary)	Mandatory for all listed insurers (Nigeria); mandatory for public-interest and/or large insurers (Kenya); voluntary for insurers with sector-specific exposure (PARC).	Convergence of mandatory requirements with ISSB; voluntary ESG guidance for specific sectors.
Middle East (UAE, Saudi Arabia, IRI)	UAE SCA (2020); Saudi Arabia CMA Sustainable Finance Instruments Disclosures (2026); IRI (voluntary)	Mandatory for public joint-stock insurers listed in ADX and DFM (UAE); mandatory for CMA exchange-listed insurers (Saudi Arabia); voluntary for insurers in OIC countries (IRI).	Convergence of mandatory requirements with ISSB; voluntary ESG guidance via Islamic Reporting Initiative.
Asia-Pacific (China, South Korea, Japan)	China MOF (2030); Korea KSSB (2026); Japan SSBJ (2027)	Applicable to all listed insurers (China, Korea); covered entities to be defined (Japan).	Convergence of requirements with ISSB; scope, timelines to be further defined.

3. ESG Strategy Requirements for Existing Frameworks

In this section, we define and examine the requirements for ESG strategy vis-a-vis existing frameworks.

ESG strategy refers to the systematic integration of environmental, social, and governance considerations into a company's core business operations, governance structures, policies, and decision-making processes, aligned with long-term value creation and strategic objectives.

ESG strategy requirements are summarized below for the frameworks outlined in the previous section.

Table 5. ESG Strategy Requirements by Framework

Category	Framework	ESG Strategy Requirement
ESG Principles	PSI	Explicit: Principle 1 on internal decision making calls for the establishment of company strategy and the integration of ESG issues into operations.
	PRI	Implicit: Principles 1, 2, and 3 call on ESG integration into investment analysis, decision-making, ownership policies, and disclosures.
	SDGs / MSCI	Implicit: Setting and achievement of KPIs and targets towards SDGs and ESG ratings requires short and long-term alignment across functions.
ESG Integration	PSI Non-Life / Life & Health Guides	Implicit: Both guides outline actions on the establishment of risk appetite, definition of roles and responsibilities, escalation processes, analysis, decision-making, and reporting on ESG risks.
ESG Reporting	IFRS S1	Explicit: Strategy is one of the four core content areas where disclosure of material sustainability risks and opportunities is outlined.
	IFRS S2	Explicit: Strategy is one of the four core content areas where disclosure of material climate-related risks and opportunities is outlined.
	TCFD	Explicit: Strategy is one of the four key pillars on which TCFD recommendations for climate-related disclosures are structured.
	SASB	Implicit: Provides insurance-specific ESG disclosure topics, technical protocols, and metrics requiring close alignment across functions.
	TNFD	Explicit: Strategy is one of the four key pillars on which TNFD recommendations for nature-related disclosures are structured.
	GRI	Explicit: GRI 2 on General Disclosures outlines 'strategy, policies, and practices' as one of five recommended areas of disclosure.
	Regional	Explicit: While there is significant variation, current overall trend is towards convergence with IFRS, which in turn has explicit strategy requirements.

While all frameworks require an ESG strategy, there is limited guidance on the formulation of this strategy, thus creating a gap within insurance organizations.

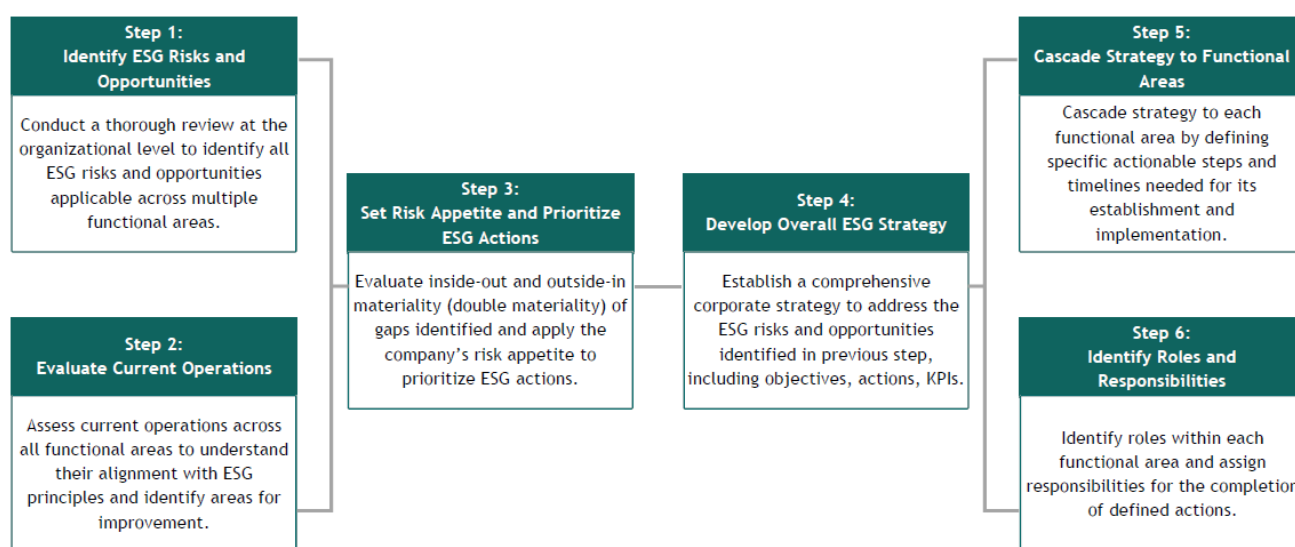
4. Impact Actuarial ESG Strategy Development Framework

ESG frameworks consistently assume organizations have a coherent ESG strategy but offer limited guidance on how such a strategy can be developed. This section introduces the Impact Actuarial ESG Strategy Development Framework, a structured, six-step approach designed to help insurers and reinsurers address this gap as they move from high-level ESG commitments towards organizational action and impact.

The framework was developed in direct response to the strategic requirements outlined across frameworks such as the Principles for Sustainable Insurance (PSI), IFRS S1 and S2, GRI, PRI, and TNFD. While aligned with global standards, it is also designed to allow for flexibility and the incorporation of business-specific context. The accompanying implementation guidance, presented in this section, reflects insights gained from application among selected members of the NDSI.

Steps of the Impact Actuarial ESG Strategy Development Framework are outlined in the figure below and are further detailed in the following subsections.

Figure I. Impact Actuarial ESG Strategy Development Framework



Step 1: Identify ESG Risks and Opportunities may be executed concurrently with Step 2: Evaluate Current Operations. Steps 1 and 2 then serve as inputs into Step 3: Set Risk Appetite and Prioritize ESG Actions. This in turn informs Step 4: Develop Overall ESG Strategy. The development of an overall corporate ESG strategy is then followed by two concurrent steps to set a strong foundation for implementation Step 5: Cascade Strategy to Functional Areas and Step 6: Identify Roles and Responsibilities.

Step I: Identify ESG Risks and Opportunities

Conduct a thorough review at the organizational level to identify all ESG risks and opportunities applicable across multiple functional areas.

Figure 2. Illustrative example for Step 1: Identify ESG Risks and Opportunities showing a list of considerations that impact multiple functional areas within an insurance organization.

Common Considerations Across Functional Areas					
Functional Area	Environmental	Functional Area	Social	Functional Area	Governance
Underwriting	<ul style="list-style-type: none"> Environmental risk assessment in policies Green product development Climate-related exclusions Natural disaster coverage 	Customer Related	<ul style="list-style-type: none"> Fair pricing Product transparency Claims fairness Privacy protection 	Risk Management	<ul style="list-style-type: none"> Underwriting governance Investment oversight Claims management Emerging risks
Investments	<ul style="list-style-type: none"> Green investment criteria Environmental screening Climate risk in portfolio Green bonds allocation 	Financial	<ul style="list-style-type: none"> Microinsurance Accessibility Vulnerable groups Financial literacy 	Compliance	<ul style="list-style-type: none"> Insurance regulations ESG requirements Market conduct Consumer protection
Operations	<ul style="list-style-type: none"> Sustainable claims processing Green building practices Digital transformation Supply chain environmental standards 	Stakeholder Engagement	<ul style="list-style-type: none"> Customer feedback Agent/broker relations Community partnerships Industry collaboration 	Product Governance	<ul style="list-style-type: none"> Product development Pricing fairness Distribution oversight Claims handling

This is an organization-level step, seeking to identify risks and opportunities that apply across multiple functional areas rather than those that affect individual areas. Successful implementation may thus involve early engagement of key stakeholders across the organization to facilitate alignment and collaboration.

The following lenses may be applied to fully capture all relevant ESG factors:

- Double materiality, i.e., consideration of both how ESG factors impact the business and how the business impacts the environment and society.
- Existing frameworks on ESG principles, integration, and reporting, including PSI, ISSB Standards (IFRS S1 & S2).

This step is distinct from a full materiality assessment in that the focus is only on the identification of risks and opportunities, with the prioritization element arising in Step 3.

Step 2: Evaluate Current Operations

Assess current operations across all functional areas to understand their alignment with ESG frameworks and identify areas for improvement.

This step may be done concurrently with Step 1 and helps narrow down areas of focus with the ESG Strategy.

Both metrics and survey-based approaches, illustrated in the figures below, can be used for this step.

Figure 3(a). Illustrative example for Step 2: Evaluate Current Operations of a metrics-based approach.

Current Operations / Internal Process		Industry Benchmark / Internal Target
Does the company publish a sustainability report (yes/no)?	Yes	Yes
% of AUM that are ESG-linked e.g., green bonds, impact funds	2%	5-10%
% of insurance coverage for environmental risks	18%	15%
% of insurance coverage for underserved and vulnerable populations	6%	6-15%
% of staff with ESG training	40%	16-30%

Figure 3(b). Illustrative example for Step 2: Evaluate Current Operations of a survey-based approach to assess current level of alignment with Principles of Sustainable Insurance (PSI).

		Target	Company
<ul style="list-style-type: none"> PSI 1: How does your company assess the ESG risks associated with its investment portfolio? PSI 2: How does the company promote ESG concepts among clients, business partners and the insurance industry? PSI 3: How does the company collaborate with Governments, regulators and other stakeholders on ESG related issues? PSI 4: How does the company disclose sustainability of business operations? 	PSI 1: ESG principles in internal decision making	48	32
	PSI 2: ESG principles in client and business partnerships	3	1
	PSI 3: ESG principles in collaboration with external stakeholders	3	2
	PSI 4: Accountability and Transparency	5	0

Global and regional ESG frameworks may be used as the basis for evaluation, or ambition-setting, in this step.

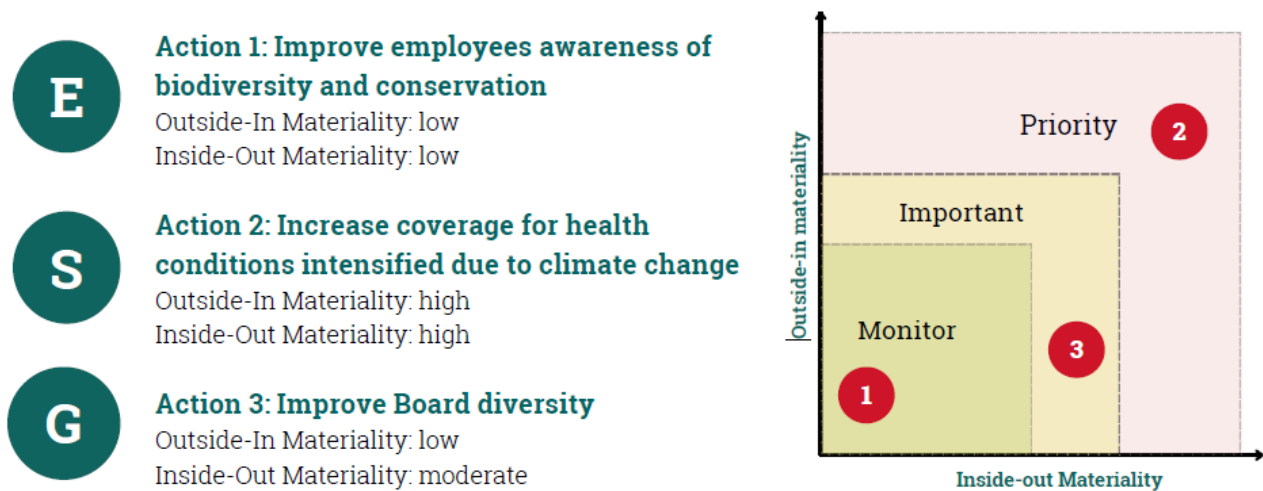
In addition to external frameworks, organizations may also define internal targets in the basis for evaluation. Internal targets can be based on applicable regulations, industry benchmarks, such as percentage of sustainability-linked assets and liabilities, or strategic ambitions such as being a regional sustainability leader. Internal targets can complement external frameworks which typically provide principles and areas for consideration, rather than defined thresholds.

Step 3: Set Risk Appetite and Prioritize ESG Actions

Evaluate both inside-out and outside-in materiality (double materiality) of gaps identified and apply the company's risk appetite to prioritize ESG actions.

This step helps distill the risks, opportunities, and gaps identified in Step 1 and Step 2 towards establishing priorities for the overall corporate ESG strategy.

Figure 4. Illustrative example for Step 3: Set Risk Appetite using a double-materiality approach.



Risks and opportunities identified in Step 1 are evaluated in Step 3 from a double-materiality perspective, based on how impactful they are inside-out and outside-in, and categorized into priority levels determined by the company's risk appetite.

Combined with the identification of risks and opportunities in Step 1, the prioritization element in Step 3 completes a full materiality assessment for the organization.

Step 4: Develop Overall ESG Strategy

Establish a comprehensive corporate strategy to address the ESG risks and opportunities identified, and prioritized in the previous steps and include objectives, actions and KPIs.

Overall strategy is now developed based on the risk appetite and priorities set in Step 3.

Figure 5. Illustrative example for Step 4: Develop Overall ESG Strategy typically comprising ESG objectives, activities, and KPIs at the corporate level.

	ESG Assessment PSI Alignment	Objective	Activities	KPIs
E	PSI 1	Develop and implement a comprehensive approach to identify, assess, and manage climate-related risks and opportunities across underwriting, investments, and operations decision-making	<ul style="list-style-type: none"> - Climate risk assessment at policy issue - Climate scenario analysis framework - Integrate climate risks into underwriting guidelines 	<ul style="list-style-type: none"> - % of portfolio analyzed for climate risks - Scope 1, 2, 3 emissions (tCO2e) - Number of climate-related products - Value of green investments - Climate risk exposure reduction YoY
S	PSI 2	Ensure fair treatment of customers through transparent products, inclusive services, and responsible business practices while promoting financial resilience.	<ul style="list-style-type: none"> - Incorporate S factors into product development - Implement programs for underserved markets - Flexible payment options 	<ul style="list-style-type: none"> - Client satisfaction score - Claims settlement time - Number of microinsurance policies - Customer complaint resolution rate - Financial literacy program reach
G	PSI 3 and 4	Establish robust governance structures to oversee ESG strategy implementation, ensure accountability, and maintain transparency in reporting and stakeholder communication.	<ul style="list-style-type: none"> - Enhanced regulatory disclosures towards appropriate transparency and accountability - Establish ESG board committee - Define board oversight process 	<ul style="list-style-type: none"> - Board diversity metrics - ESG committee meeting frequency - Policy implementation rate - ESG disclosure score - Stakeholder engagement events

Step 5: Cascade Strategy to Functional Areas

Cascade strategy to each functional area by defining specific actionable steps and timelines needed for its establishment and implementation.

Figure 6. Illustrative example for Step 5: Cascade Strategy to Functional Areas.

	Activity	Finance	Actuarial	UW / Claims	Product / Distribution	Risk Mgmt	Investment	Legal / Compliance	IT	Operations	HR	Marketing / Comms
E	Climate risk assessment at policy issue		x	x	x	x		x	x			
S	Incorporate S factors into product development		x	x	x	x		x	x	x		x
G	Enhanced regulatory disclosures	x	x	x		x	x	x	x			

Simple policy design that is easily understood, with limited documentation required for policy issue and claim reporting

Detailed explanation of policy conditions, exclusions and claims reporting processes to avoid mis-selling

Monitor performance of any premium subsidies and other features included in the product to promote resilience

Establish databases and reports to support monitoring the risk exposures, management reporting and regulatory compliance

Step 6: Identify Roles and Responsibilities

Identify roles within each functional area and assign responsibilities for the completion of defined actions.

Figure 7. Illustrative example for Step 6: Identify Roles and Responsibilities.

Activity	Responsible Persons
Climate risk assessment at policy issue	Process Management: Chief Underwriting Officer (Underwriting), Chief Actuary (Actuarial) Process Lead: Underwriting Manager Supporting Roles: Underwriter, Business Analyst (IT)
Incorporate S factors into product development	Process Management: Product Development Committee Lead Process Lead: Chief Actuary (Actuarial), Head of Business Development (Product), Head of Marketing (Marketing) Supporting Roles: Sustainability Analyst (Corporate)
Enhanced regulatory disclosures	Process Management: Chief Executive Officer, Chief Actuary, Head of IT Process Lead: ESG Reporting Manager, Appointed Actuary, Data Manager (IT) Supporting Roles: Compliance Officer, Actuarial Analyst (Actuarial), Business Analyst (IT)

Figure 8. Illustrative example for final result of Step 4, 5, and 6 outlining overall ESG strategy objectives and specific activities and KPIs by functional area, roles, and responsibilities.

Objective	Activities	Timeline	KPIs	KPI Targets	Functional Areas	Roles and Responsibilities
E: Incorporate ESG principles in Investment Policy	Include ESG-linked investments in portfolio	Q3 2026	Allocation to ESG-linked investments	2%	Investment Mgmt Risk Mgmt	Process Management: Chief Investment Officer, CRO Process Lead: Portfolio Manager, ALM Head Support: Investment / Actuarial Analysts
S: Improve claims handling	Faster claim payments	Q3 2026	Average claims payment time	15% Reduction	Claims IT Sales	Process Management: Head of Sales, Head of Claims Department, Head of IT Process Lead: Sales Channel Managers, Claims Team Managers, Systems Manager Support: Sales channel representatives, claims processors, systems developers
	Transparency in claim decisions and amts paid	Q4 2025	No. of customer complaints	15% Reduction		
G: Support ESG reporting related regulations in Africa	Influence public policy and regulation through partnerships	Q4 2025	No. of ESG-related industry forums the company was represented at	4	Sustainability Actuarial Risk Mgmt Finance	Process Management: Chief Sustainability Officer, Chief Actuary, CRO, CFO Process Lead: Finance, Risk, Actuarial Managers Support: Sustainability Officers, Finance, Risk / Actuarial Analysts

5. Conclusion

While frameworks such as IFRS S1 and S2, GRI, and TNFD require or imply the existence of a defined ESG strategy, they typically focus on alignment and disclosure rather than offering specific guidance on how such a strategy can be formulated and operationalized.

The Impact Actuarial ESG Strategy Development Framework offers a practical, six-step process to support insurers in translating ESG expectations into a coherent organizational strategy. The framework aligns with international ESG requirements and has been accompanied by implementation guidance refined through industry applications.

As the ESG landscape continues to evolve, the development of an ESG strategy should be treated as an iterative process - one that reflects both external standards and internal priorities. This framework is intended to assist insurers in advancing their ESG integration efforts in a structured, transparent, and accountable manner, contributing to improved alignment with global practices and long-term resilience.

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