

**AAE**ACTUARIAL
ASSOCIATION
OF EUROPE

ADVISING • ACHIEVING • ENGAGING

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AAE Own Sustainability Project: Stage 1

Identification of areas that will be assessed as part of the association's sustainability

A. Introduction

As an organisation, the AAE is actively involved in public discussions, consultations, and publishes regularly on the topic of sustainability, especially within the areas of pensions, insurance, and risk management. The AAE consistently emphasises the importance of sustainability and we believe that it is imperative to reflect this principle within our own organisation. Consequently, the AAE has initiated a project to assess its own sustainability as an organisation.

B. Volunteers for the Project

The work on the project is carried out by members of the Sustainability and Climate-Related Risks Working group with support from AAE staff (the "group"), as follows:

- Jerome Crugnola-Humbert, Chair of SCrR
- Gabor Borza
- Marcin Zwara
- Conor O'Byrne
- Stephanos Hadjistyllis, AAE Senior Actuary

C. Project Overview and Two-Stage Process

This project will be executed in two stages:

- Stage 1: Identification of the shortlist of topics to be assessed and approval from the Board of Directors. This stage involves no recommendations.

The process to arrive at this shortlist included meetings and brainstorming sessions within the group, interviews with six board directors, and informal consultation with other associations.

Initially a long list of topics was formulated which was then filtered down to a short-list, based on the assessment provided by the table below (i.e. only non-material and hard to solve topics have been discarded):

The Actuarial Association of Europe (AAE) was established in 1978 under the name Groupe Consultatif to represent actuarial associations in Europe. Its primary purpose is to provide advice and opinions to the various organisations of the European Union - the Commission, the Council of Ministers, the European Parliament, the European Supervisors and their committees – on actuarial issues in European legislation. The AAE currently has 38 member associations in 37 European countries, representing nearly 30,000 actuaries. Advice and comments provided by the AAE on behalf of the European actuarial profession are totally independent of industry interests.

The Actuarial Association of Europe is registered in the EU Transparency Register under number 550855911144-54

Sustainability topics	Non-material	Material
Easy to improve	Address whenever possible	Address immediately
Hard to solve	Ignore	Make concrete proposals

- Stage 2: Following approval of the short-list of topics presented below, the group will develop a paper with recommendations for each topic identified in Stage 1.

Board approval is required at the end of Stage 1 before proceeding to Stage 2.

D. Proposed topics for assessment in Stage 2

Based on the feedback and discussions, the following short-list of topics is proposed for assessment and review under Stage 2 (the order below is arbitrary):

1. **Decarbonization of own operations:**
 - a. Travel: Prepare an estimate of AAE's carbon footprint from traveling and identify opportunities for reduction, offsetting or removal which can be further considered in the context an AAE travel policy.
 - b. Overall: Prepare a first estimate of our overall carbon footprint of AAE operations as an organisation (including travel – see above –, suppliers, financed emissions, electricity usage, WFH etc.)
2. **Venue Sustainability for Physical Meetings / Conferences (beyond decarbonization):**
Based on existing best practices (e.g. from the Irish member association), prepare recommendations that could be adopted as a policy for the selection of venues for AAE physical meetings based on factors such as location characteristics, and own sustainability policies of the venue.
3. **Diversity & Inclusion**: Gather statistics on diversity at the AAE (staff, board, committee chairs and members) e.g. gender, age, geographical origin. Review current practice and identify any potential biases or areas for development.
4. **Governance:**
 - a. General Governance: Evaluate the existing governance structure and policies to ensure they align with governance-related sustainability principles.
 - b. Sustainability-specific: Re-evaluate the position of the SCrR in the AAE organisation. Its current status as sub-group does signal low priority/low maturity of the topic to the outside.
5. **Reporting & Communication:**
 - a. Reporting: Consider any external reporting requirements or voluntary commitment for the AAE under relevant sustainability reporting standards.
 - b. Communication: Choose reference framework(s) such as the UN Sustainable Development Goals (SDG) or the EU Corporate Sustainability Reporting Directive (CSRD) to map our actions.
6. **AAE Assets and Investments**: Explore the adoption of an investment policy for the AAE with consideration for ESG factors. No specific investment or asset allocation recommendations will be made. Focus will be placed on whether the existing practice can be reinforced with ESG considerations, such as for instance doing business with bank with a high ESG rating.

7. **AAE Engagement Activities (“Scope 3+”)**: Consider the activities of the AAE in the area of sustainability and provide recommendations in relation to long-term planning of sustainability-related work, in the areas listed (but not limited to) the below:
- Educational material and publications on sustainability, Organisation of webinars and conferences.
 - Establish a formal work programme with priority topics (like the IAA did) e.g. nature, social (longevity, intergenerational fairness) etc.
 - Engagement with Stakeholders to enhance representation and influence in European sustainability discussions.
 - Sustainability in everything we do/publish: Make sure that we systematically check for every AAE publication whether ESG topics are potentially relevant (not just publications originating from the SCrR).

The table below sets out our initial assessment of the materiality (internal/external) of each topic and the relative difficulty of addressing it:

Topic	Material for us as an organisation?	Material for our external impact on the world?	Easy to address?
1. Decarbonization of own operations	Medium	Low	Medium
2. Venue sustainability for physical meetings	Low	Low	Easy
3. Diversity & Inclusion	Medium	Low	Medium
4. Governance	Medium	Low	Medium
5. Reporting & Communication	Medium	Low	Medium
6. AAE Assets and Investments	Low	Low	Easy
7. AAE Engagement Activities	Medium	High	Hard(er)

E. Request for Approval

The Board of Directors are kindly requested to review the shortlisted topics identified in Stage 1 as listed in Section D of this memo and to provide their feedback and/or approval. Upon approval and finalisation of the shortlisted topics, the group will begin drafting the detailed paper with specific recommendations for the identified topics.