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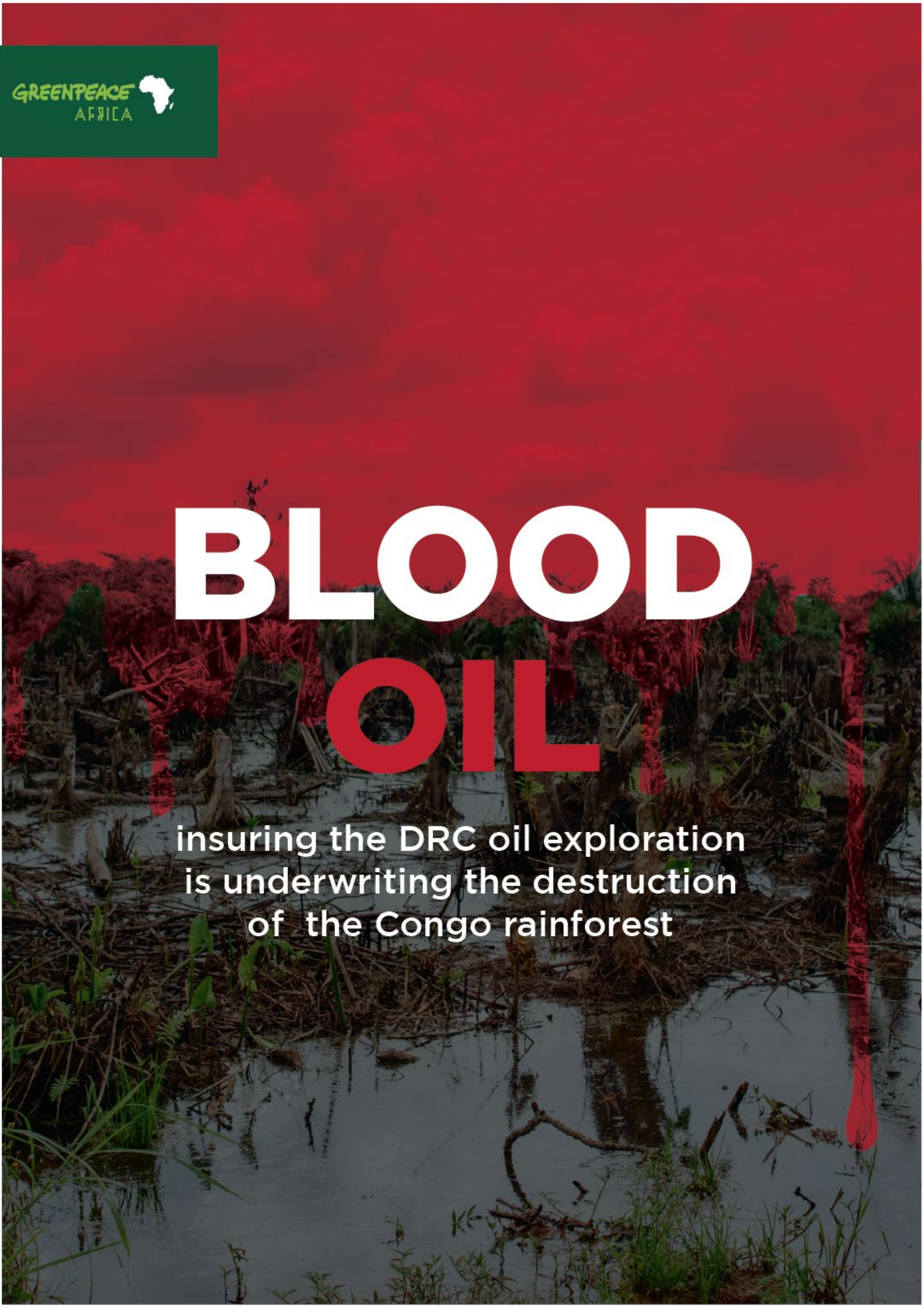

BLOOD OIL

insuring the DRC oil exploration is underwriting the destruction of the Congo rainforest

Blood oil

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Publication date:
8 September 2023

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Executive Summary

In July 2022, the Democratic Republic of Congo (DRC) opened an auction for the exploration rights for 30 oil and gas blocks.

This report highlights the explicit commitments and general environment, social and governance (ESG) policies of the insurance and reinsurance industry relating to the DRC oil auction, showing that the insurance and reinsurance for the oil blocks on offer is deemed to be expensive due to the shrinking property and casualty primary insurance available to the oil and gas companies, due especially to decreasing reinsurance capacity. DRC oil exploration and extraction has been either directly excluded by or fallen within the general re/insurance company restrictions of seven of the 20 biggest fossil fuel non-life insurance companies globally - including four out of the top five property and casualty insurance companies. When it comes to the exclusion of facultative reinsurance, four reinsurance companies which have jointly collected over 40% of non-life gross written premiums globally in 2021[1] have withdrawn their reinsurance capacity[2]. The Congolese Hydrocarbons Ministry and any oil and gas company planning to bid for exploration rights should see this as a clear warning against advancing with the auction.

All insurance and reinsurance companies should consider the risks that this auction poses to human rights, nature and biodiversity, and climate, as well as the political and security concerns highlighted in this report. The sector must fully align with the Paris Agreement and basic human rights standards and make its policies public and explicit about this.

1 Own calculation based on information from Hannover Re August 2023 presentation: Hannover Re: the somewhat different reinsurer (hannover-re.com)

2 Based on their policies and answers to correspondence from Greenpeace Africa detailed later in the report.

13 of the oil blocks overlap protected areas and national parks, including the UNESCO Heritage Site, the Virunga National Park, contrary to the promises of Hydrocarbons Minister, Didier Budimbu. These biodiversity hotspots are home to elephants, gorillas, bonobos, zebras, Allen's swamp monkey and the African dwarf crocodile[3]. Three of the blocks overlap with one million hectares of peatlands and all in all the oil concessions overlap 11.2 million hectares of rainforest.

"If destroyed by the construction of roads, pipelines and other infrastructure needed to extract the oil... up to 6 billion tonnes of CO_2 could be released, equivalent to 14 years' worth of current UK greenhouse gas emissions," says Simon Lewis, Professor of Global Change Science at University College London and the University of Leeds.

3 https://www.greenpeace.org/static/planet4-africa-stateless/2022/09/38e752f8-oil-blocks-report-english-v1.2.pdf

This has led Prof. Lewis to call the DRC auction "the worst place in the world to drill for oil". Lewis further claims there may not be substantial oil deposits beneath the Congo forests and if there are, getting the oil from extremely remote areas to global markets may not be economically viable. He is convinced that even if exploration reveals no commercial-scale oil fields, it will seriously damage the rainforest's biodiversity. Oil exploration for multiple blocks would require cutting thousands of kilometres of corridors for the transportation of survey equipment, opening the forests to hunters and illegal loggers. "Once accessible and degraded," Lewis writes, "the rainforests would most likely succumb to rampant deforestation, increasing carbon emissions."

Most importantly, the DRC oil auction lacks the Free, Prior and Informed Consent of Indigenous Peoples and local communities inhabiting the areas for which exploration rights are being auctioned. Since the auction was announced Greenpeace Africa's forest campaigners have visited eight of the oil blocks. They found that local communities "were all shocked about the prospective auction of their lands to oil companies," and subsequent visits one year later revealed a swell of growing opposition to the auction.

A petition launched by Greenpeace Africa, Rainforest Foundation UK, Rainforest Rescue, 350.org and Congolese civil society groups Youth Movement for the Protection of the Environment MJPE-RDC, Association des Jeunes Visionnaires RDC, AICED (Support for Community Initiatives for Environmental Conservation and Sustainable Development) and Réseau CREF RDC, together with Extinction Rebellion as well as the University of Goma, DRC, calls on the DRC government to stop the development of new oil fields.

Greenpeace organisations in the countries where the headquarters of major oil and gas producing companies are based have written to warn them not to bid for oil and gas blocks in the DRC. So far, Big Oil companies like Total, Eni, Shell and others have confirmed to Greenpeace, as well as to journalists from The Economist, Financial Times and Bloomberg that they will not participate in the auction.
Destroying tropical forests and exploring for new oil and gas as the climate catastrophe unfolds is something no insurance nor reinsurance company should be associated with. Doing so in areas where Indigenous Peoples and local communities are not informed and have not given their free and prior consent makes it clearly untenable.

The DRC is ranked the world's 10th most vulnerable country and the world's 189th country when it comes to preparedness for the impacts of climate change, according to the ND-GAIN Index in 2020. The intensity of heat waves, drought and rainfall is expected to increase. More extreme weather events, such as intense rainfall after prolonged dry spells, are likely to lead to erosion and flash flooding, **damaged roads and infrastructure**, wiped out crops, and will put additional lives at risk.[4]

Greenpeace Africa wrote letters to most of the biggest US and European-based insurance and reinsurance companies, urging them not to underwrite oil and gas development through this auction. So far, some of the biggest insurance and reinsurance companies in the world - namely Generali, Hannover Re, Talanx and Zurich - have made public commitments[5] not to provide underwriting and/or facultative reinsurance for the oil exploration and extraction. A number of other insurance and reinsurance companies have either no business in the country or policies that restrict their possibility of providing underwriting and/or facultative reinsurance for any greenfield oil exploration and extraction lacking Free Prior Informed Consent from the local communities and indigenous peoples and located in some of the Earth's most pristine ecosystems.

4 DEMOCRATIC REPUBLIC OF THE CONGO 2023 IFRC network country plan
5 Available upon request.

This report provides an overview of the pledges made by key insurance and reinsurance companies regarding their potential future involvement in DRC oil exploration and extraction, together with an analysis of the policies of other major primary insurers and reinsurance companies restricting provision of insurance and/or facultative reinsurance for greenfield oil exploration and extraction.

This report makes it clear that if the leading insurance and reinsurance companies follow their specific commitments to Greenpeace Africa, as well as their general ESG policies, then companies bidding for the DR Congo oil blocks would struggle to find coverage for their environmentally and socially destructive business plans or would find them significantly more expensive.

Insurance and reinsurance companies named in this report.

Oil auction in the DRC

On the 28th of July 2022, the DRC launched an auction of 30 oil and gas blocks, covering a gigantic 277,954 square kilometres, an area larger than the whole of Ghana or the United Kingdom. Three of these overlap peatlands and according to Greenprece Africa's analysis at least 13 overlap protected areas and national parks, including Virunga National Park, a UNESCO World Heritage Site.

The Congo Rainforest is second only to the Amazon Rainforest in terms of its size and is now considered to be the world's largest carbon sink. It contains the largest tropical peatlands in the world that store around thirty billion tons of carbon. The Congo basin covers 530 million hectares (1.3 billion acres) in central Africa and represents 70% of the continent's forested land[6]. It hosts over a thousand bird species and more primates than any other place worldwide, including the great apes: gorillas, chimpanzees and bonobos[7].

Local communities have lived in the Congo Basin for more than 50,000 years. Today, 75 million people from over 150 distinct ethnic groups depend on the health of the forest that covers much of the Congo Basin peatland complex[8].

Known as the Cuvette Centrale, this complex is the world's largest tropical peatland and is the size of the whole country of Ghana, straddling the Democratic Republic of the Congo and the Republic of the Congo.

Peatland soils are known as 'carbon sinks' because packed into them are immense stores of carbon that get released into the atmosphere when the ecosystem is disturbed[9]. Exploiting these lands for oil through this DRC land auction risks not only eliminating an essential tool for absorbing carbon emissions, but also risks the drying up of the peat and releasing already stored carbon into the atmosphere.

6 https://www.greenpeace.org/africa/en/blogs/53683/how-drcs-land-auction-to-big-oil-threatens-africas-biggest-carbon-sink/
7 *Ibidem*
8 *Ibidem*
9 *Ibidem*

Such a situation would be catastrophic to the continent, as these rainforests and peatlands are responsible for a huge percentage of the regulation of Africa's climate. Furthermore, the Intergovernmental Panel on Climate Change (IPCC) has noted that carbon rich ecosystems such as forests are "irrecoverable through restoration by 2050" and the immediate protection of such ecosystems offers the highest total and per hectare mitigation benefit of any action in the Agriculture, Forestry and Other Land Use (AFOLU) sector.[10] In addition, both IPCC and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) have recognised and recommended the simultaneous protection of species and carbon rich ecosystems as an important approach to maximise both biodiversity and climate benefits.[11] Ensuring forest ecosystems stay intact is critical, as naturally evolved patterns of biodiversity are the most stable and resilient. Within their system limits, intact forests possess natural resistance and resilience to threats that are increasing with climate change such as pests, disease, drought, and fire. Sacrificing peatlands and rainforests for oil would be a death-blow to the Paris Agreement.

The DRC comprises more than 60 per cent of the Congo basin, representing 10% of the world's tropical forests, making it the second most important country in the tropics for rainforest protection after Brazil.

Overall, the DRC's forests contain a total of 23.3 Gigatons of carbon (GtCO2e)[12]. In addition, it stores up to 30 Gigatons of carbon (GtCO2e) in peatlands in the Cuvette Centrale region equivalent to three years' global emissions from fossil fuels.

10 "Agriculture, Forestry and Other Land Uses (AFOLU)," IPCC, 2022, https://www.ipcc.ch/report/ar6/wg3/downloads/report/ IPCC_AR6_WGIII_Chapter07.pdf
11 "IPBES-IPCC Co-sponsored workshop: Biodiversity and climate change," IPBES and IPCC, 10 June 2021, https://ipbes.net/ sites/default/files/2021-06/2021_IPCC-IPBES_scientific_outcome_20210612.pdf
12 https://www.greenpeace.org/static/planet4-africa-stateless/2022/09/38e752f8-oil-blocks-report-english-v1.2.pdf

Forests are central to the biodiversity of the DRC. The Food and Agriculture Organization (FAO) estimates that over 90% of people living in poverty depend on forests for part of their livelihoods, and studies have shown that the presence of Indigenous Peoples simultaneously protects biodiversity and prevents deforestation. Recent trends show that the "lands of Indigenous Peoples are becoming islands of biological and cultural diversity surrounded by areas in which nature has further deteriorated."[13] Compellingly, Indigenous communities have been found to be more effective than protected areas in protecting biodiversity and ecosystems.

Protecting both primary and vulnerable secondary forests is critical to fighting climate change and conserving biodiversity. Deforestation in the Congo Basin is approaching a climate tipping point, in which the loss of Africa's rainforests is already triggering food and water crises, as well as exacerbating climate change[14]. This is concerning as the Congo Basin represents one of the world's largest remaining tropical forest ecosystems.

Free Prior and Informed Consent (FPIC)

As evidenced in a **report released by Greenpeace Africa** together with 350.org Africa, Rainforest Rescue, and the Congolese NGOs Dynamique Pole, Innovation pour le développement et la protection de l'environnement (IDPE), Youth Movement for the Protection of the Environment (MJPE) and Réseau des éducateurs du développement durable (REDD), the giant oil and gas auction launched in July 2022 by the Democratic Republic of Congo was done without the knowledge – much less consent – of local communities, who are now actively resisting it.

During the first two field missions to dozens of communities in four prospective oil blocks covering about 100,000 square kilometres, equal to about 1,000 times the size of Paris, Greenpeace Africa evidenced that none of the villages visited in Equateur and Tshuapa provinces, where oil blocks 22, 4 and 4b are located, have clean drinking water – all of them relying instead on five local rivers. The report estimates that more than one million people in the zone could be impacted by oil pollution and ensuing waterborne diseases. Pollution would also threaten food security in this poor region, where the capital city Mbandaka and other towns and villages rely on agricultural produce from the communities at risk.

In Haut Lomami province, 21 communities were visited across the designated Upemba oil block, overlapping much of Upemba National Park. At least 150,000 local fishermen, as well as thousands of farmers growing rice and other crops, currently live in relative comfort, earning up to one million Congolese francs (USD 500) per month. Their livelihoods would be devastated by oil exploration and drilling

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Upon learning of plans to explore and drill for oil, the local population expressed fear of disease, famine, and pollution, as well as displacement from villages established on their ancestral lands: "The government project is not the model of economic activity compatible with our environment. It is harmful to us who live here and everything around us. We breathe fresh air, we live in a healthy environment – why destroy all this and our fish?" asked a local community leader.

Locals also fear becoming "slaves" and the emergence of new social conflicts, once oil exploration begins: "As our ancestors experienced, the creation of Upemba Park disrupted our way of life with restrictions on access and activities. We are not ready to welcome an oil company," said another community member.

13 "IPBES-IPCC Co-sponsored workshop: Biodiversity and climate change," IPBES and IPCC, 10 June 2021, https://ipbes.net/ sites/default/files/2021-06/2021_IPCC-IPBES_scientific_outcome_20210612.pdf

14 Bergen, M., "Congo Basin Deforestation Threatens Food and Water Supplies Throughout Africa," World Resources Institute, 9 July 2019, https://www.wri.org/insights/congo-basin-deforestation-threatens-food-and-water-supplies-throughout-africa

In subsequent field trips to the same designated oil blocks, some chiefs have clearly stated that if corporations enter their area, they would have to kill them and their people before any extraction begins. Other field trips to areas where French-UK company Perenco is interested in obtaining exploration rights, have revealed even more overwhelming opposition to oil and gas exploration and exploitation.

Financial institutions considering supporting oil development in DRC, including insurance and reinsurance companies that have still not publicly committed to not providing underwriting and/or facultative reinsurance for the DRC oil development, will find ample evidence in this report that their own basic standards would be violated if they provided insurance or facultative reinsurance to the companies which will be selected in the ongoing oil blocks auction in the DRC, namely the need to obtain the Free, Prior and Informed Consent (FPIC) of potentially affected communities[15].

In Tanganyika province, Greenpeace Africa visited two blocks, for which expressions of interest are due in September and October 2023. None of the local NGOs in the countryside expressed awareness of the auction. Some members of the fishing cooperatives in the town of Kalemie had got wind of it – they feared that benefits would go to local and national elites."If the government insists on exploiting oil in Tanganyika to destroy our lives, our gods will make this oil disappear and nothing will happen." said one of the community members.

Concerns over illegality and corruption

Aside from being a climate, biodiversity, health and rule-of-law catastrophe in the making, the legal mandate for authorising the auction of 30 oil and gas blocks by the government remains unclear and dubious. The 2022 report by international and Congolese NGOs indicates that nearly half of the blocks appear to be being auctioned without following the official tendering procedure. The auction may also be non-compliant with the DRC's 2011 Environment law, 2014 Nature Conservation law and 2015 Hydrocarbons law. A subsequent press release by the NGO coalition called for the immediate cancellation of the massive oil and gas auction in the DRC following news of a secret deal between Oil Minister Didier Budimbu, Nigerian gambling tycoon Chukwuma Ayodeji Ojuroye, and US consultancy GeoSigmoid, adding to the concerns detailed above about human rights, climate, and biodiversity.

The report also draws attention to suspicion of risks of increased corruption and rent-seeking at the national level expressed by the national civil society organisations: "The haste to deliver all oil and gas blocks might be an attempt to monopolise financial resources in the twilight of this government in the pre-election period," said Bantu Lukambo, director of IDPE. "Civil society will resist feeding networks of corruption at the expense of Congolese people in this sensitive period."

15 The Congolese law on the protection of the environment states: "any project or any activity likely to have an impact on the environment is subject to a prior public inquiry. This inquiry aims in particular to inform the general public and the local population in particular on the project or activity". (See article 24, environmental protection act 2011)

Political instability of the DRC

2023 is a year of parliamentary and presidential elections in the DRC planned for December 20th, 2023 and with little sign of political agreement about the future of oil exploration and extraction in the country. Opposition Leader Katumbi told Bloomberg in January 2023 that he would scrap oil drilling in the rainforest if he got elected.

Risk of violent conflict

When it comes to the risk of a major civil unrest, the Early Warning Project's statistical model estimates that there is a 4.3%, or approximately 1 in 23, chance of a new mass killing beginning in DRC in 2022 or 2023. Democratic Republic of Congo ranks 18th highest-risk among 162 countries. The DRC government's "state of siege" in the east, declared in May 2021, has not prevented an increase of civilian fatalities.

In addition, the recent resurgence of the 23 March Movement (M23), a rebel group with ties to neighbouring Rwanda, has reportedly led to a sharp rise in violence, mass displacement, and increasing regional tensions in the Great Lakes region. The Early Warning Project already judges there is an ongoing nonstate-led mass killing in the northeast, where more than 100 armed groups are active and well over 2,000 civilians were killed in recent years[16]. It is important to remember that this risk assessment relates to the possibility of a new and distinct nonstate-led or state-led episode beginning, not to the ongoing episode continuing or increasing.

16 https://earlywarningproject.ushmm.org/countries/democratic-republic-of-congo#:~:text=According%20to%20our%20model%2C%20the%20factors%20accounting%20most%20for%20the,multitude%20of%20armed%20nonstate%20groups)

According to the Early Warning Project model, the factors accounting most for the DRC's relatively high-risk estimate are its large population, high infant mortality rate, history of mass killing, and presence of conflict-related battle deaths (armed conflict between the Government of the DRC and a multitude of armed nonstate groups). Similar analysis of the fragile security and human rights situation is reported by Human Rights Watch in its DRC county analysis of 2022 events.

The CIA factbook observes that: "The DRC, particularly in the East, continues to experience violence perpetrated by more than 100 armed groups active in the region, including the March 23 rebel group, the ISIS-affiliated Allied Democratic Forces, the Democratic Forces for the Liberation of Rwanda, and assorted local militias known as Mai Mai militias. The UN Organization Stabilization Mission in the DRC (MONUSCO) has operated in the region since 1999 and is the largest and most expensive UN peacekeeping mission in the world."

Finally, the United Nations has warned that security in Eastern DR Congo, where several oil blocks are designated, continues to worsen. The conflict continues to "fuel a long-standing humanitarian crisis often ignored by the international community," in which an "estimated 6.3 million people have been displaced within the country and since March 2022, more than 2.8 million have fled their homes in Ituri, North Kivu and South Kivu provinces due to insecurity. Currently, around 28 per cent of the population of North Kivu and 39 per cent of Ituri's regular population are displaced."

In addition to security and humanitarian challenges in the east, the UN Security Council was told in June this year, "pockets of instability have resurfaced in the west and south of the country," including in provinces such as Tshopo, where oil blocks are designated[17].

17 https://news.un.org/en/story/2023/06/1138107

Financial institutions' response to country political risk:

According to French export credit agency COFACE[18] DRC country risk assessment level stands at D (one up from their lowest ranking of E). The main weaknesses indicated by COFACE include:

- Weak infrastructure **(transport, energy**, telecommunications)
- Precarious security and humanitarian situation, with numerous armed militias in the east of the country
- Risk of a new Ebola outbreak
- Extremely dependent on commodity prices
- **Poor governance**

Similarly the March 2022 IFC DRC Country Private Sector Diagnosis report concludes that: "Strong factors of fragility remain. Drivers of fragility include a lack of diversification of sources of fiscal and foreign exchange revenue, a reliance on extractives, and strongly favoured elite and vested interests; a dysfunctional governance system that has led to a lack of trust and cohesion at every level of society; and a political settlement based on violence resulting in enduring security concerns, even in the capital."

Unsurprisingly, sector leader in trade credit insurance, Allianz, considers DRC as a country with the highest risk (D4)[19] in all categories (economic risk, business environment risk, political risk and commercial risk) except for financing risk.

No new oil possible to avoid climate chaos

Exploration and extraction of new oil projects is contradictory to reaching the 1.5°C target of the Paris Agreement. The International Energy Agency (IEA), United Nations Environment Programme (UNEP), United Nations Intergovernmental Panel on Climate Change (IPCC) and many others have shown that each new oil field increases the risk of making large parts of Earth uninhabitable for humans and causing ecological devastation. In its updated roadmap to Net Zero Emissions by 2050, IEA concludes there can be no new investments in oil, gas and coal from 2021. On the same note, UNEP demonstrates that between now and 2030 global production of oil and gas must decline by 4% and 3% per year respectively. UNEP urges governments to implement initiatives to "end fossil fuel production and to end financing of fossil fuel infrastructure"[20].

In its 6th Assessment Report of March 2023, the IPCC emphasised that we have a final chance to limit global warming to 1.5°C if we act quickly and decisively. The Panel confirmed the International Energy Agency's findings that we cannot afford any fossil fuel expansion - and must wind down existing assets rapidly - if we are to achieve that goal.

18 Coface is the world's 8th and Europe's 2nd largest export credit agency according to the size of total assets

19 https://www.allianz-trade.com/content/dam/onemarketing/aztrade/allianz-trade_com/en_gl/erd/map/country-map/2022/QXP_RISK_MAP_Q4_2022.pdf

20 Ensuring Disaster https://www.greenpeace.org/sweden/artiklar/klimat/ensuring-disaster/

Insurance and reinsurance industry - accomplices in climate crime?

In order for the DRC oil exploration and extraction to go ahead, one financial sector is absolutely crucial - insurance. The DRC has neither a domestic insurance nor reinsurance industry able to cover the multiple risks inherent in oil exploration and extraction in a country with underdeveloped transport and energy infrastructure. It needs to rely on the provision of insurance and reinsurance services by some of the world's biggest insurance and reinsurance companies, as it is very unlikely that oil exploration and extraction in the DRC can go forward without insurance cover. As AXA CEO Thomas Buberl stated in November 2021, "if you don't have the insurance, you will have no financing — whether it's private, public, from an insurer, from an asset manager, whatever."[21]

Insurance companies play a crucial role in facilitating the ongoing quest to establish new oil and gas projects, in spite of warnings from experts and scientists. Without insurance, most new fossil fuel projects could not proceed. By supplying insurance and reinsurance for new gas and oil projects, insurance companies, syndicates and brokers are making themselves accomplices and partners in climate crimes. While there are many insurance companies in the oil and gas insurance market, it is highly concentrated and dominated by a small number of very large companies. Many have backed away from insuring new coal projects, but when it comes to oil and gas the momentum to shift away from fossil fuels is only starting in the insurance industry.

21 AXA accelerates its commitment to fight climate change | AXA

According to Insure Our Future, as of August 2023, the number of insurance companies excluding tar sands from their coverage has risen from 22 to 25, and the number of restrictions on conventional oil and gas has increased from 13 to 17 in the last year[22]. The scope and quality of these restrictions are uneven. While industry heavyweights such as Allianz, Munich Re and Swiss Re have adopted significant exclusions, other insurers, including AIG, Lloyd's of London and AXA continue to insure new oil and gas projects in defiance of climate science and evidence[23]. Insurance companies are, as a rule, very aware of risks and contingencies and want to minimise their exposure. This may be done by only accepting a small part of the liability, setting a limit in the contracts and by, in turn, insuring themselves. Insurance companies purchase reinsurance from other insurance companies to insulate themselves (at least in part) from the risk of a major claims event. With reinsurance, the company passes on some part of its own insurance liabilities to other insurance companies. Generally there are many insurers and reinsurers, which are in turn reinsured and in the end there are many companies involved through a complex web. Some major oil companies are insured by companies they own, known as "captive" insurance companies. These are wholly owned subsidiaries formed to provide insurance for their parent companies or related entities, but still need reinsurance[24].

No new oil and gas project in DRC could be realised if the insurance and reinsurance industry honoured the Paris Agreement and followed the recommendations of IEA, UNEP and IPCC by refusing to underwrite insurance and reinsurance policies.

Given the profound negative climate, biodiversity and human rights impacts that exploration of greenfield oil in the DRC would entail, the insurance and reinsurance industries need to decide which side of history they want to see themselves on. If insurance companies take climate science and their own stated policies seriously, they will refrain from getting involved in the DRC oil 'carbon bomb'.

With all the risks involved and the years needed to get the oil from the DRC to the world markets, it represents a clear litmus test for the insurance and reinsurance industry, which both has a responsibility and a long-term self-interest to end cover for new coal, oil and gas projects and phase out support for ongoing fossil fuel operations.

Any insurance and reinsurance company opting for short-term profit at the expense of the world's climate, biodiversity and local communities inhabiting DRC forests and peatlands will be considered an accomplice in crime with the companies deciding to bid for exploration and extraction rights.

Insurance and reinsurance companies must communicate transparently

In the case of any operation with potentially devastating environmental and human rights impacts and especially for oil exploration and extraction in remote areas with underdeveloped infrastructure, transparency is crucial since it allows civil society, citizens and relevant local authorities to ensure that the oil and gas operators can withstand even major accidents and have sufficient resources to cover the potential damage to the environment and livelihoods. Accordingly, Greenpeace urges the DRC government to improve the transparency and public availability of information about the insurance of existing and future oil and gas exploration and extraction activities in the country - independently of the outcomes of the ongoing oil auction in the DRC which we oppose.

Without adequate insurance, the public risks paying for the damage when accidents related to operations occur. Therefore the public has the right to know how oil companies are insured. Transparency is also vital to holding the finance sector, including the insurance sub-sector, accountable to the projects they are enabling.

22 Insure Our Future website: https://global.insure-our-future.com/ consulted on Aug 28, 2023
23 Ibidem.
24 Ensuring Disaster https://www.greenpeace.org/sweden/artiklar/klimat/ensuring-disaster/

Commitments of primary insurance companies not to provide underwriting to DRC oil exploration and extraction

Greenpeace Africa, supported by Greenpeace European Money for Change campaign and other national Greenpeace organisations requested public statements from 13 European and U.S. based primary insurance companies from among the biggest 30 globally, the Lloyd's of London management, and five of the biggest European reinsurance companies[25], that they would not sign new underwriting contracts or offer underwriting and/or facultative reinsurance contracts nor provide investment support for exploration, production or transportation projects of firms awarded exploration concessions in DRC's July tendering.

Greenpeace Africa provided an in depth description of the biodiversity impacts, climate crisis implications and human rights concerns that would be related to the potential future exploration and extraction of oil in the DRC.

Italian-based **Generali** was the first to respond in early August 2022 confirming that: "*As clearly stated by our Technical Note on Climate Change, recently updated and extended,* ***we exclude from our underwriting activity all the upstream oil & gas sector and the potential new projects in the Democratic Republic of Congo are not an exception***.[26]"

In December 2022, a response **on behalf of the Talanx Primary Insurance Group** (incl. Industrial Lines, Retail Germany, and Retail International segments) confirmed that: "*At Talanx Primary Insurance Group, we integrate ESG screening, referrals and assessments into our underwriting process with special attention to fossil fuels. These criteria are reviewed on a regular basis. Based on our strict ESG guidelines,* ***we have no intention to provide coverage for any specific project policy for the mentioned oil and gas blocks in the DRC.***[27]" Talanx Primary Insurance Groups includes HDI and HDI Global two other leading non-life primary insurance brands[28].

25 Correspondence available upon request.
26 Answer available upon request.
27 Answer available upon request.
28 https://www.talanx.com/en/talanx-group/brands

In February 2023, during a face to face meeting with Greenpeace Spain, the Spanish reinsurance company **MAPFRE** confirmed that the company did not have any business operations in Africa and that they were not engaged in talks with any company in DRC. MAPFRE representatives also confirmed that they would not be a leader of any reinsurance consortium to provide reinsurance cover for the DRC oil exploration and extraction. The company however has stopped short of making a public commitment to prevent its future engagement in the DRC and thus its participation cannot be ruled out.

At the end of April 2023, after a lengthy exchange and a virtual meeting with Greenpeace Switzerland staff and European Greenpeace Money for Change campaign finance campaigner staff, **Zurich Insurance Group** made the following commitment: "***Zurich can confirm that it has no intention of providing specific project policy insurance coverage for the mentioned oil and gas blocks in the Democratic Republic of the Congo (DRC).***[29]"

Primary insurance companies with policies restricting possibility of underwriting exploration and extraction of oil in the DRC

Some of the primary insurance companies that were approached refrained from making a commitment specific to the DRC, pointing to their already existing policies covering greenfield oil underwriting restrictions.

Such was the case of one of the biggest European and global primary insurance companies, German insurance company **Allianz**, which in late December 2022 confirmed that while it generally did not comment about specific companies or projects, Greenpeace "*correctly states that the Allianz Statement on Oil and Gas Business Models commits* ***Allianz to no longer provide insurance coverage or investments into projects related to "exploration and development of new oil and new gas fields" as of January 1, 2023.***[30]"

29 Answer available upon request.
30 Answer available upon request.

Greenpeace Africa, with support from a German-based member of the Insure Our Future coalition, urgewald, continued to question Allianz whether provision of company level insurance was still possible for companies actively bidding for some of the oil blocks in the DRC, as in the case of French-UK company Perenco. Until the publication of this report, Greenpeace Africa has not been able to obtain such a public commitment from Allianz.

A similar attitude has been shown by Europe's biggest primary insurer, **AXA**, which told Greenpeace France in April 2023 that: "*AXA does not comment on specific projects or clients.*[31]" Such a response is deeply troubling given that it was AXA that famously said: *"A '4°C' world was not insurable"* and that its own research paper from October 2012 concluded that: *"A warming limited to the lower bound of 2 to 3°C would only be achieved if global greenhouse gas emissions peak in the early 2020s and then drop rapidly thereafter."*[32] In its latest report the IPCC is clear: the choices and actions implemented in this decade will have impacts now and for thousands of years into the future. Current policies have us headed for warming of almost 3°C. Every year that we delay emissions cuts, we are making our task to limit warming to 1.5°C more difficult.

Although AXA updated its energy policy as recently as July 2023, conventional oil restrictions on underwriting will only become effective **from 1 January 2024** for upstream oil greenfield exploration and development projects. Only from then will **AXA stop providing new stand-alone site-specific insurance policies for upstream greenfield oil and gas exploration or upstream development projects licensed after 31 December 2021**. Underwriting restrictions will apply to all lines of business for stand-alone insurance policies and facultative reinsurance (except for employee benefits and treaty reinsurance).

This translates to the possibility of companies such as Perenco approaching AXA over the next four months with a request for new stand-alone site-specific insurance policy for upstream oil exploration in the DRC if it secures the required licence by then. For this reason, Greenpeace Africa urges AXA to make a clear commitment not to provide any stand-alone site-specific insurance nor facultative reinsurance for the DRC oil exploration as of September 2023.

Already, as part of its Natural World Heritage Sites policy from January 2024, *"AXA commits to protect Natural World Heritage Sites by ensuring it does not support, through insurance underwriting, businesses in sensitive sectors (among them **oil & gas, mining)** that are developing activities incompatible with the preservation of ecosystems in these vital sites*." Greenpeace Africa requests all commitments undertaken by AXA regarding DRC oil exploration and extraction to also include **Chaucer Syndicate 1084** - given that since April 2016, **AXA has been working in partnership** with **Lloyd's of London insurer, Chaucer Holdings[33]**, providing speciality insurance in Africa. **Chaucer Syndicate 1084** includes coverage of among others **Political Risk, Political Violence and Terrorism, Energy, Construction, Property, Liability** business risks[34].

Another oil and gas insurance major, **Chubb,** published its New Climate and Conservation-Focused Underwriting Standards for Oil and Gas Extraction in March 2023,[35] announcing that: "*it will **not provide insurance coverage for oil and gas projects in government-protected conservation areas in the World Database on Protected Areas that do not allow for sustainable use***." It went on to explain in more detail that: *"Chubb will not underwrite oil and gas extraction projects in protected areas designated by state, provincial or national governments. Chubb's policy applies to conservation areas covered by International Union for the Conservation of Nature (IUCN) management categories I-V*

31 Answer available upon request.
32 https://axa-prod.s3.amazonaws.com/www-axa-com%2F2f0a3f6a-6e53-4d48-a121-a7f3877f4ea2_axa-paper_climate-risks-va.pdf p. 10.

33 https://en.wikipedia.org/wiki/Axa#cite_note-AXA_SA-51
34 Ibidem
35 https://news.chubb.com/2023-03-22-Chubb-Announces-New-Climate-and-Conservation-Focused-Underwriting-Standards-for-Oil-and-Gas-Extraction

in the World Database on Protected Areas, which includes nature reserves, wilderness areas, national parks and monuments, habitat or species management areas, and protected landscapes and seascapes." However, while such a restriction is better than none, it does not actually cover all the areas where oil exploration and extraction is planned in the DRC and is limited to insurance coverage on the project level.

Finally, **AXIS Capital Holdings** Limited, in its Human Rights Policy[36], was the first insurance company to clarify that: "*We expect insurers to respect and observe the right to Free, Prior and Informed Consent ("FPIC") in accordance with the United Nations Declaration on the Rights of Indigenous Peoples, and **it is our policy to not provide insurance coverage on projects undertaken on indigenous territories without FPIC**.*" Given the lack of documented FPIC by indigenous communities in territories which Greenpeace Africa visited during its field missions in the DRC over the last two years,[37] It is hoped that it should be safe to assume Axis Capital Holdings will stick to its commitments and refrain from offering insurance and reinsurance cover to companies bidding for oil exploration where indigenous communities are opposed to it and refuse their FPIC for oil exploration.

Based on 2021 data by the market intelligence company, Insuramore, the Insure Our Future campaign estimates the combined market share of the above-mentioned primary insurers[38] to be 16.3%.

Given that [most of the global expansion of oil and gas exploration and production is insured via company-wide property insurance policies,] Greenpeace Africa additionally requests Allianz, Axa, Axis Capital, Chubb, MAPFRE, Talanx Insurance Group and Zurich as well as all those who have not made any commitments so far, to publicly commit not to provide any company-wide property insurance policy for oil exploration and extraction in the DRC.

36 Accessible here: https://www.axiscapital.com/latam/who-we-are/corporate-citizenship

37 https://www.greenpeace.org/static/planet4-africa-stateless/2022/09/38e752f8-oil-blocks-report-english-v1.2.pdf

38 Namely Allianz, Axa, Axis Capital, Chubb, Generali, MAPFRE, Talanx Insurance Group including HDI and HDI Global, Zurich.

Commitments and from the reinsurance sector

According to the recent Hannover Re report,[39] reinsurance has a character of a specialty market with a share of 8% of the overall insurance market. According to the reinsurer, of the total approx. €356 billion gross written premiums in 2021 of top 50 global reinsurance groups, almost €117.5 billion (33%) was collected by the biggest three reinsurance companies - all based in Europe.[40]

Concentration is even higher in the global non-life reinsurance market, heavily dominated by a handful of large companies. The five biggest European reinsurance companies - Munich Re, Swiss Re, Hannover Re, SCOR and Lloyd's of London – had over 47% of the global share of gross written premiums. In the property and casualty reinsurance market, the top 10 reinsurers accounted for 64% of gross written premiums globally out of the €199 billion overall gross written premiums in 2021.[41]

By early December 2022, Greenpeace Africa had obtained explicit commitments regarding DRC oil exploration and extraction from the third biggest global reinsurance company **Hannover Re**: "*We double-checked with the Head of our Facultative Division and can confirm that they **will not cover the mentioned oil and gas blocks in DRC due to ESG expectations and exclusions."***

Although the biggest global reinsurance company, **Munich Re,** at the end of 2022 declined to make a direct statement regarding its potential DRC oil involvement, the company's oil and gas investment/underwriting guidelines from October 2022[42] specify that: "*as of 1 April 2023, **Munich Re will no longer invest in or insure contracts/projects exclusively covering the planning, financing, construction or operation of new oil and gas fields, whereas at 31 December 2022 no prior production has taken place**.*" The guidelines also clarify that: "***This applies***

39 Hannover Re: the somewhat different reinsurer (hannover-re.com), consulted August 2023.

40 Ibidem, p. 7.

41 Ibidem. p. 9

42 https://www.munichre.com/en/company/media-relations/statements/2022/new-oil-and-gas-investment-underwriting-guidelines.html

***to** direct illiquid investments, **our primary, facultative and direct (re)insurance business**. The same applies where such risks are contained or bundled in one cover together with other risks (e.g., existing oil or gas fields), when the cover is mainly designed to protect one or more of such new risks*."

Similarly avoiding public statements on DRC oil exploration[43], the second biggest reinsurance company globally, **Swiss Re,** referred Greenpeace Africa to its **oil and gas policy**, which states that: "*We will **no longer re/insure** or directly invest in **new oil** and gas **field projects that will receive the go-ahead (in the form of a final investment decision) from their parent companies after 2022**. Exceptions will apply to projects of companies aligned with net-zero emissions by 2050, as defined by the Science Based Targets initiative (SBTi) or a comparable third-party assessment.*" That would include all the DRC oil exploration, unless a company aligned with net-zero emissions by 2050 bids for one or more DRC oil blocks. Greenpeace Africa does not consider ANY company willing to start production from greenfield oil fields to be aligned with net-zero emissions by 2050 and Swiss Re is urged to commit to a similar standard.

Commenting on the draft report Swiss Re stressed that: ***"Amongst other sustainability risks, the publicly available framework [ESG Risk Management Framework] includes measures to mitigate deforestation, pollution and land degradation risks. Swiss Re does not insure companies and projects that have severe and systematic pollution or waste issues that damage the environment and health".***

Finally, **SCOR** – the biggest French reinsurance company and among the biggest six non-life reinsurance companies globally – made a commitment during 2022 its Annual General Meeting to provide "*no coverage for new oil field production projects from 2023 in Specialty Insurance from 2023 onwards*."[44] A loophole similar to the one used by Swiss Re and described above allows for exceptions to apply: "*to projects of companies aligned with net-zero emissions by 2050, as defined by the Science Based Targets initiative (SBTi) or a comparable third-party assessment.*"

With the limitations of the commitments above and assuming that neither Munich Re, Swiss Re, Hannover Re nor SCOR will provide insurance and reinsurance to oil exploration in the DRC both on the company and on the project level, **reinsurance companies which are estimated to have jointly collected over 40% of non-life gross written premiums globally in 2021[45] have withdrawn their reinsurance capacity** with direct implications for the reinsurance costs for companies (such as Perenco) willing to bid for exploration rights in those highly problematic oil blocks.

Demands:

43 Both in written communication and during a phone call with Swiss Re representative in February 2023

44 https://www.scor.com/en/press-release/scors-combined-general-meeting-may-18-2022

45 Own calculation based on information from Hannover Re August 2023 presentation: Hannover Re: the somewhat different reinsurer (hannover-re.com)

Greenpeace Africa, Reclaim Finance and Urgewald together with the Insure Our Future campaign call on all the insurance and reinsurance companies that have not yet done so (or which do not have policies preventing them from providing underwriting and reinsurance services to the companies bidding for oil exploration and extraction in the DRC both on the company and project level) to publicly announce they will not facilitate any greenfield oil exploration and extraction in the DRC. Specifically, it calls on AIG, Allianz, Axa, Berkshire Hathaway, Chubb, Fairfax Financial, Liberty Mutual, MAPFRE, Travelers and the U.K. Lloyds of London insurance market to make a public commitment not to provide any form of underwriting nor facultative reinsurance to the planned oil exploration and extraction in the DRC.

Greenpeace Africa together with the Insure Our Future campaign partners demands that all insurance and reinsurance companies operating in the DRC and the rest of Africa that provide underwriting or reinsurance to the oil and gas sector:

1. Immediately cease insuring new and expanded coal, oil, and gas projects[46].
2. Immediately stop insuring any new customers from the fossil fuel sector which are not aligned with a credible 1.5ºC pathway, and stop offering any insurance services which support the expansion of coal, oil and gas production at existing customers. Within two years, it would be essential to phase out all insurance services for existing fossil fuel company customers which are not aligned with such a pathway.
3. Immediately divest all assets, including assets managed for third parties, from coal, oil, and gas companies that are not aligned with a credible 1.5ºC pathway.
4. Immediately establish, and adopt as policy, robust due diligence and verification mechanisms to ensure clients fully respect and observe all human rights, including a requirement that they obtain and document the Free, Prior, and Informed Consent (FPIC) of impacted Indigenous Peoples as articulated in the UN Declaration on the Rights of Indigenous Peoples.
5. These policies should be applied by both insurance and reinsurance companies at the group level. Reinsurance companies should apply the policies to direct, facultative and treaty business.

46 New or expanded coal, oil, and gas projects are defined as new coal, oil and gas extraction projects, power plants, transport facilities and other infrastructure (such as LNG terminals) that drive expanded extraction. This includes, but is not limited to, all oil and gas projects which had not yet received a Final Investment Decision (FID) by the end of 2021. Any company that is building new coal, oil or gas expansion projects is not aligned with 1.5°C. The FPIC policy should result in the ending of any insurance services for customers which fail to provide evidence that FPIC has been obtained for all projects on Indigenous lands and territories covered by the insurance policy.