UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 27, 2023

Edward S. Best
Mayer Brown LLP

Re: Chubb Limited (the "Company")
Incoming letter dated January 13, 2023

Dear Edward S. Best:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by Warren Wilson College and co-filers for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests the Company issue a report disclosing 1.5°C aligned medium and long-term greenhouse gas targets for its underwriting, insuring, and investment activities.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal does not seek to micromanage the Company.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(10). Based on the information you have presented, it appears that the Company's public disclosures do not substantially implement the Proposal.

Copies of all of the correspondence on which this response is based will be made available on our website at https://www.sec.gov/corpfin/2022-2023-shareholder-proposals-no-action.

Sincerely,

Rule 14a-8 Review Team

cc: Luke Morgan
As You Sow

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January 13, 2023

Via Email

Shareholderproposals@sec.gov
Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Chubb Limited – Shareholder Proposal
Submitted by As You Sow – Rule 14a-8

Ladies and Gentlemen:

On behalf of Chubb Limited ("Chubb" or the "Company") and pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934 (the "Exchange Act"), I hereby request confirmation that the staff (the "Staff") of the Division of Corporation Finance (the "Division") of the Securities and Exchange Commission (the "SEC" or the "Commission") will not recommend enforcement action if, in reliance on Exchange Act Rule 14a-8, Chubb excludes a proposal submitted by As You Sow (the "Representative"), on behalf of Warren Wilson College, Jubitz Family Foundation, and Meyer Memorial Trust (collectively, the "Proponents"), from the proxy materials for Chubb's 2023 annual general meeting of shareholders (the "Proxy Materials").

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the SEC no later than 80 calendar days before the Company intends to file its definitive 2023 Proxy Materials with the SEC; and
- concurrently sent copies of this correspondence to the Proponent.

The Proposal

On December 7, 2022, Chubb received the following proposal for consideration at Chubb's 2023 annual general meeting of shareholders:

> **BE IT RESOLVED:** Shareholders request that Chubb issue a report, at reasonable cost and omitting proprietary information, disclosing 1.5°C aligned medium and long-term GHG targets for its underwriting, insuring, and investment activities.

Pursuant to Rule 14a-8(j), I have enclosed a copy of the proposed resolution, together with the recitals in support of the resolution and the supporting statement (collectively, the "Proposal"), and the cover letter, as transmitted to Chubb as Exhibit A. A copy of this letter is simultaneously being sent to the Representative and the Proponents.

Bases for Exclusion

Chubb believes that the Proposal may be properly omitted from Chubb's 2023 proxy materials pursuant to Rule 14a-8 under each of the following grounds for exclusion, each of which is analyzed in separate sections of this letter:

1. **Rule 14a-8(i)(7):** The Proposal seeks to micromanage the Company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment, dictating the particular method for the Company to align its activities with achievement of the 1.5 degrees Celsius (1.5°C) by 2050 goal.

2. **Rule 14a-8(i)(10):** The Proposal has been substantially implemented. Chubb has already taken significant actions and made public disclosures regarding its strategy and approach for aligning its underwriting, insuring and investment activities with the 1.5°C greenhouse gas ("GHG") emission targets of the Paris Agreement, which is the underlying concern and essential objective of the Proposal.

I. The Proposal is excludable under Rule 14a-8(i)(7) because it seeks to micromanage the Company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.

Under Rule 14a-8(i)(7), a registrant may omit from its proxy materials a shareholder proposal that relates to the registrant's "ordinary business" operations. In Exchange Act Release No. 40018 (May 21, 1998), the Commission noted that the principal policy for this exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting," and identified two central considerations that underlie this policy. The first was that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight" and the second "relates to the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.*

A. The Proposal should be excluded under Rule 14a-8(i)(7) because it requires the Company to set medium and long-term GHG targets for underwriting, insuring, and investment activities to achieve the 1.5°C by 2050 goal, thereby directly inserting shareholders into the Company's core business decisions.

Though the Proposal attempts to mask its prescriptive mandate by requesting a "report," the Proposal seeks to direct the Company to measure GHG emissions and set GHG targets as the way for the Company to properly address climate change as an insurer. While it may be appropriate, as the Staff has previously concluded, to seek a report on a company's general approach to climate change, this Proposal goes well beyond such a general request and seeks to dictate the Company's specific actions, directly interfering with the Board's and management's discretion to make informed judgments about the conduct of the Company's business. In doing so, the Proposal attempts to micromanage the Company by asking shareholders to make judgments about specific, climate-related business decisions involving, for example, how the Company can best advance its and the Proponent's goal to support the transition to a net zero economy in alignment with "the Paris Agreement's 1.5 degrees Celsius (1.5°C) goal."

Whatever general understanding of the risks of climate issues shareholders may have, such general knowledge does not equip them to make an informed judgement on the technical, multifaceted subject of what steps insurance companies can take to meaningfully impact the global net zero by 2050 goal, while avoiding unintended consequences. Chubb's management has already determined its path to address the transition to net zero, which is fully laid out in a report regarding the Company's climate policy, *Chubb and Climate Change: Our Policy* (the "Climate Change Policy")[1] that was posted on Chubb's website in April 2022, and the *Chubb 2022 Climate-Related Financial Disclosure* report using the Task Force on Climate-Related Financial Disclosures reporting framework (the "TCFD Report"),[2] issued on November 30, 2022, as well as below in part II regarding substantial implementation. Chubb's strategy is also dynamic and will continually adapt to new facts, technological developments and best practices.

The Staff explained in Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("SLB 14L") that it "will focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management" and that the Staff "would expect the level of detail included in a shareholder proposal to be consistent with that needed to enable investors to assess an issuer's impacts, progress towards goals, risks or other strategic matters appropriate for shareholder input."

The Proposal micromanages the Company in two critical ways:

- the Proposal inappropriately interferes with the discretion of management and the Board to implement the approach that in their business judgment would be the most effective manner for the Company to holistically align itself with the net zero by 2050 goal; and

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[1] Available at https://about.chubb.com/content/dam/chubb-sites/chubb/about-chubb/citizenship/environment/pdf/Chubb-Our_Climate_Change_Policy.pdf

[2] Available at https://about.chubb.com/content/dam/chubb-sites/chubb/about-chubb/citizenship/environment/pdf/chubb_2022_climate-related_financial_disclosure_report.pdf

- the Proposal is ultimately intended to require the Company to refuse to insure particular people, companies, industries, regions or countries, thereby directly inserting shareholders into the Company's core business decisions.

i. The Proposal inappropriately interferes with the Board and management's discretion.

As the Company has repeatedly stated, the Company agrees with the net zero by 2050 goal of the Paris Agreement and has been actively working towards achievement of that goal. As Chubb explained in its Climate Change Policy: "Chubb recognizes its responsibility to encourage the transition to a net–zero carbon economy and we support the global goal of net–zero carbon emissions by 2050."

The goal of a net zero global economy is not the same as, and does not require, each individual company in the world to be a net zero company. There is no single path towards achieving net zero by 2050. The Proposal articulates one single approach: setting medium and long-term GHG targets for underwriting, insuring, and investment activities. However, the Company, using its judgment and appropriate discretion, considered and rejected that approach and instead applies a more holistic, fact-based strategy.

a. Board and management considered and rejected the Proposal's approach.

An informed vote on the Proposal requires an understanding of the extent to which an insurance company can realistically impact the net zero by 2050 goal through setting and measuring GHG targets for its insurance clients. However, the Proponent has not provided, and the Company has not found evidence of, available data or robust public discussion and analysis on the subject of setting unsubstantiated targets with very limited or no understanding of how to accurately measure or achieve such targets and how such target-setting would positively impact the net zero by 2050 goal. In fact, the limited evidence from experience with net zero commitments in other sectors demonstrates that climate target-setting has tended to encourage public companies to sell or otherwise transfer high-emitting assets/clients to move them off their books, but has had little to no impact on actual GHG emissions on the planet.[3] The Company believes that company-specific target setting in the insurance industry is similarly likely to simply lead high-emitting industries to seek alternative forms of insurance, while having an immaterial impact on GHG emissions in the real economy.

The Proposal nonetheless asks the Company to establish medium- and long-term GHG targets for clients it insures, as well as for investments backing the loss reserves and claims-paying ability of the Company's insurance businesses.

In the Company's conversations directly with the Proponent, the Proponent openly asserted and acknowledged that (1) there is currently no accepted or accurate methodology to

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[3] https://www.nytimes.com/2022/05/10/climate/oilfield-sales-pollution.html

measure GHG emissions of its clients (underwritten Scope 3 emissions), (2) the Proponent believes the Company should set an underwriting and investment Scope 3 emissions target now and decide later how the Company can measure and achieve the target, and (3) the Proponent believes setting targets for underwritten Scope 3 emissions is the best way that an insurance company can support a carbon-free economy (despite the lack of evidence to support this conclusion and the Proposal failing to offer any). The Proponent's own characterization of the facts and its approach highlight that this Proposal is micromanagement, imposing an unsound, "cart-before-the-horse" method to attempt to address climate change, instead of allowing the Company to drive its own publicly disclosed climate strategy backed by facts, analysis, science and the Company's risk and underwriting expertise.

The Company has considered and explicitly rejected the Proponent's unsound approach, publicly disclosing in its reports its skepticism of the theory that setting company-specific targets will have a meaningful impact on a realistic and orderly transition to net zero global emissions. As set forth in the Company's Climate Change Policy, the Company seeks to adopt a science-based principles approach to net zero with the same level of intellectual rigor that the Company employs in its core underwriting businesses. In the Company's view, the Proponent's approach has significant flaws, including that its focus on individual company goals is inconsistent with accelerating the economy-wide transition to net zero, and that it encourages company goal-setting without a clear-eyed and methodically rigorous view of how such goals may be attained, which has significant potential to mislead shareholders and others.

The Company's Climate Change Policy says:

> [V]arious groups have encouraged companies to make specific pledges about their climate–related activity. We are concerned that some of the pledges are tied to goals that are currently difficult, if not impossible, to measure, let alone achieve. Pledge participants may be exposed to greenwashing allegations if the methodologies necessary to measure emissions across every aspect of economic activity cannot be developed in a timely fashion; if no consensus develops as to how to account for carbon offsets; and if the pace of technology necessary to reduce carbon emissions fails to meet the pledge timeline. (Climate Change Policy at page 5)

Chubb believes it is currently an inadvisable risk for the Company to create targets without having a way to properly measure or achieve the targets.

b. Chubb's strategy to contribute to the global goal of net zero emissions

The Company's strategy to contribute to the global goal of net zero emissions is not through setting crude targets, but to reduce emissions by fostering client engagement and developing best practices with the Company's clients. Chubb plans to work with its clients and high-emitting industries to reduce GHG emissions, including through underwriting criteria the Company is developing and through expanded product and service offerings. The Company's

strategy to align itself with the global goal of net zero emissions is set forth in part II of this letter (addressing substantial implementation).

ii. The Proposal intends to interfere with underwriting decisions, which are the core business of the Company.

A net zero underwritten and investment emissions (Scope 3 emissions) targets rule is designed to require the Company to change its underwriting coverage (resulting in uninsured or underinsured customers) and its scope of investments, which could have significant and uncertain consequences for the Company and its customers. The Proposal would thus improperly delegate to shareholders the decision to determine the type of clients to which the Company may provide its insurance underwriting products and the type of investments the Company may make. The Proposal also fails to acknowledge the market access risks that may arise in some jurisdictions from adopting policies that foreclose insuring or investing in the oil and gas industry and the broader repercussions to the Company. For a global insurance company, the development, generation and selection of clients and the identification of investments to support claims paying ability are core functions of management that involves a range of considerations that shareholders are not in a position to address.

Insurance underwriting, which is at the very core of the Company's business model, is a very complex activity that involves the interplay of a wide range of factors necessitating the judgement, knowledge and experience of insurance professionals. Among the many required areas of specialized expertise in conducting a global insurance business are:

- Actuarial analysis,
- Scientific assessments of risks associated with various types of businesses the company insures,
- Evaluation of exposures with data and analytics by country, by line of business and by individual portfolio, including through complicated techniques such as catastrophe modelling,
- Pricing determinations,
- Understanding of complicated geopolitical situations affecting clients' businesses, and
- Assessment of impacts of insurance products (environmental and otherwise).

Each type of insurance product and each business sector requires the Company to make multiple, intricate business decisions with input from across the Company's various, specialized departments and, in some cases, with the assistance of outside experts.

The Proposal here is similar to the proposal in *Marriott International, Inc.* (Mar. 17, 2010), where the proposal required that in order to achieve the goal of saving energy, the

company install showerheads in test properties that "deliver no more than 1.6 gallons per minute (gpm) of flow" as well as a "mechanical switch that will allow for full water flow to almost no flow." The Staff concurred in the exclusion of the proposal under Rule 14a-8(i)(7), explaining that:

> …although the proposal raises concerns with global warming, the proposal seeks to micromanage the company to such a degree that exclusion of the proposal is appropriate. We note, in particular, that the proposal would require the company to test specific technologies that may be used to reduce energy consumption.

Here, too, although the Proposal raises concerns with climate change, it seeks to micromanage the Company by requiring compliance with a mandated method of achieving its goals (although the Proposal tries to appear non-prescriptive by couching itself as simply a report on that mandated method), when there are multiple, more effective and more prudent ways to achieve the goal of the Proposal, which the Company's public disclosures demonstrate that it is pursuing.

The Proposal fails to address the dynamics that would be important to consider as part of a complex strategy to assist in the transition to a net zero economy by 2050, such as whether the Proposal's inflexible and far-reaching restrictions on the Company's day-to-day business would aid or meaningfully contribute to a realistic, orderly and effective transition to a net zero economy.

The Proposal would also constrain the decision-making process of the Company's Board and management. In SLB 14L, the Staff noted that as part of evaluating companies' micromanagement arguments, a proposal would need to "afford discretion to management as to how to achieve such goals."

The Company has a robust governance structure with active Board and executive oversight, dedicated climate and risk committees and other experts analyzing the issues closely and providing strategies, goals and commitments aligned with reducing the threat of global warming in a manner that it believes is appropriate for the Company, its shareholders and its clients. In addition to Chubb's existing climate sustainability management team, who already have deep expertise in the field of climate change and the insurance industry, Chubb recently appointed Margaret Peloso as its Global Climate Officer. Peloso has a Ph.D in Environment at Duke University, a law degree from Stanford University, and had led the climate change practice at a major law firm for more than a decade. Yet, the Proponent seeks to substitute the Company and Board's informed judgment for its own. It is unwise to allow a shareholder proposal mandating Chubb's path on the scientific and underwriting-centric matter of its response to climate change, rather than leaving these decisions with Chubb's Board and management. Further, allowing these types of proposals discourages companies from investing significant resources to construct an effective climate strategy, as Chubb has.

The Company's net zero strategy, policies and practices, as described here and more fully described in its Climate Change Policy and TCFD Report, appreciate and understand the

complexities of an orderly transition and take into account real-world facts, scenarios and circumstances. The Company believes that the approach it has outlined is the best path forward to create shareholder value by pursuing new climate-related opportunities, continue to develop its abilities to measure and manage the risks of climate change and contribute to the goal of net zero emissions by 2050.

Because the Proposal seeks to micromanage the Company, the Company believes that the Proposal should be omitted from its Proxy Materials pursuant to Rule 14a-8(i)(7).

B. There is considerable precedent in support of the Company's position that the Proposal may be excluded as micromanagement in accordance with Rule 14a-8(i)(7).

The Staff has consistently permitted exclusion of shareowner proposals that seek to micromanage a company by substituting shareowner judgment for that of management with respect to complex day-to-day business operations that are beyond the knowledge and expertise of shareowners. Even if a proposal involves a significant social policy issue, the proposal may nevertheless be excluded under Rule 14a-8(i)(7) if it seeks to micromanage the company by specifying in detail the manner in which the company should address the policy issue. For example, in *JPMorgan Chase & Co.* (*The Christensen Fund et al.)* (Mar. 30, 2018), the Staff concurred with the exclusion of a proposal that requested a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation, and specified certain assessments that should be included in the report. In its reply, the Staff stated that the proposal "seek[s] to impose specific methods for implementing complex policies." Similarly in *JPMorgan Chase & Co. (Harrington Investments Inc.)* (Mar. 30, 2018) the Staff applied a similar analysis when concurring with exclusion of a proposal requiring the board to establish a human and Indigenous peoples' rights committee. *See also The Coca-Cola Company* (Feb. 16, 2022) (concurring with the exclusion of a proposal that would require prior shareholder approval for any proposed company political statement); *Tesla, Inc.* (May 6, 2022) (concurring with the exclusion of a proposal that micromanaged the investment and fiscal decisions of management where the proposal would require the company to liquidate all cryptocurrency assets, and minimize the environmental impact of any high-impact cryptocurrencies it continues to accept); *JPMorgan Chase & Co. (AFL-CIO Reserve Fund)* (Mar. 22, 2019) (concurring with the exclusion of a proposal because it micromanaged the company by requiring the company to adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service); *Royal Caribbean Cruises Ltd.* (Mar. 14, 2019) (permitting exclusion of a proposal because it micromanaged the company by requiring stockholder approval for any new share repurchase program and all stock buybacks); *Walgreens Boots Alliance, Inc.* (Nov. 20, 2018) (concurring with exclusion of a proposal that would require shareholder approval for each new share repurchase program and every stock buyback); *Amazon.com, Inc. (Sacks)* (Jan. 18, 2018) (concurring with exclusion of a proposal due to micromanagement where the proposal would require the company to list items in a certain order on its website due to the complex nature of the matter upon which shareholders could not make

an informed decision); and *The Wendy's Company* (Mar. 2, 2017) (concurring with the exclusion of a proposal addressing the company's purchase of produce as micromanaging the company).

Additionally, a proposal may be excluded under Rule 14a-8(i)(7) if it seeks to micromanage the company by specifying in detail the manner in which the company should address a policy issue, whether or not the proposal is considered to involve a significant social policy. In *Verizon Communications* (Mar. 17, 2022), the Staff concurred with the exclusion of a proposal requesting the annual publication of the content of diversity, inclusion, equity or related employee-training materials offered to the company's employees as micromanagement because the proposal probed too deeply into matters of a complex nature by seeking disclosure of intricate details regarding the Company's employment and training practices. The Staff reached the same conclusion in *American Express* (Mar. 22, 2022). *See also Deere & Company* (Jan. 3, 2022) (concurring with exclusion of a proposal that sought publication of all employee training materials); and *Exxon Mobil Corporation* (Mar. 6, 2020) (concurring with the exclusion of a proposal requesting that the company's board create a new committee on climate risk, noting that as a result, "the [p]roposal unduly limits the board's flexibility and discretion in determining how the board should oversee climate risk").

The Staff recently explained in SLB 14L that "in order to assess whether a proposal probes matters 'too complex' for shareholders, as a group, to make an informed judgment, [the Staff] may consider the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic." Further, a proposal micromanages a company if the proposal "prob[es] too deeply into matters about which shareowners as a group are not in a position to make an informed judgment." *The Coca-Cola Company* (Feb. 16, 2022).

II. The Proposal should be omitted under Rule 14a-8(i)(10) because it has been substantially implemented.

The Proposal requests that Chubb issue a report disclosing its medium- and long-term GHG targets, which align with the Paris Agreement's 1.5ºC goal, for its underwriting, insuring and investment activities. As discussed above, following Chubb's 2022 annual general meeting, the Company posted the Climate Change Policy and the TCFD Report on its website.

Together, the Climate Change Policy and the TCFD Report reflect both Chubb's strategies and recent actions with respect to climate risk management and climate strategy for transitioning towards the 1.5°C by 2050 goal of the Paris Agreement. As described in more detail below, the actions that the Company has taken, and will continue to develop and refine, are in clear alignment with the essential objective of the Proposal, which is for Chubb to do its part towards achievement of global transition to a net zero economy by 2050. In fact, Chubb already has substantially implemented the Proposal and the Proposal may therefore be excluded from its Proxy Materials pursuant to Rule 14a-8(i)(10).

A. Chubb's public support and related pledges for a global transition to a net zero economy by 2050 set forth in the Climate Change Policy and the TCFD Report demonstrate substantial implementation of the Proposal.

Rule 14a-8(i)(10) requires a holistic analysis of a proposal's underlying concern and essential objective to determine if a company has substantially implemented a shareholder proposal submitted for inclusion in the company's proxy statement. While the Proposal's "Resolved" statement is overly prescriptive and micromanaging, the underlying concern and essential objective of the Proposal – from the first "whereas" clause through the last sentence – is for the Company to be aligned with "the Paris Agreement's 1.5 degrees Celsius (1.5°C) goal, which will require net zero greenhouse gas (GHG) emissions by 2050." Chubb has substantially implemented the underlying concern and essential objective of the Proposal, and also has two reports, one of which is updated annually, providing ample disclosure to the shareholders about the Company's commitment to, and methods for achieving, the net zero by 2050 goal. As Chubb explained in its Climate Change Policy:

> Chubb recognizes its responsibility to encourage the transition to a net–zero carbon economy and we support the global goal of net–zero carbon emissions by 2050. Chubb has already taken significant actions to address climate change through a holistic effort across our business, including limitations on underwriting and investing in certain fossil fuel activities. (Climate Change Policy at page 2)

There is no single path towards achieving the essential objective of the net zero by 2050 goal. The Proposal articulates one approach – setting medium and long-term GHG targets for underwriting, insuring, and investment activities. However, the Company already applies a holistic, fact-based strategy towards reaching the essential objective articulated by the Proposal. Details are provided below on five of the facets of the Company's climate strategy that address the Proposal's underlying concern and essential objective, and compare favorably with the guidelines of the Proposal: (1) public disclosure; (2) underwriting criteria; (3) expanded product and service offerings; (4) investments; and (5) methodology assessment.

1. Public Disclosure

Chubb has already recently issued two public reports addressing the same subject and underlying concern as the Proposal: its Climate Change Policy, issued in April 2022, and its annual TCFD report using the Task Force on Climate-Related Financial Disclosures reporting

framework, most recently issued on November 30, 2022, prior to the submission of the Proposal to the Company. The items highlighted below, as well as Chubb's focus on underwriting criteria and expanded product and service offerings, have all been included in the Climate Change Policy, TCFD Report or subsequent press releases related to those public disclosures.

Chubb's Climate Change Policy, available on Chubb's website, explains "our views and actions on climate change as Chubb seeks to responsibly make a difference by using our data, products and services to advance the orderly and equitable transition to a net-zero carbon economy." (Climate Change Policy at page 1) The Climate Change Policy sets out Chubb's support for a net zero transition, for the global net zero by 2050 goal, Chubb's specific fossil fuel commitments with respect to underwriting, insuring and investments, and other climate actions and commitments.

Chubb's TCFD Report, also available on Chubb's website, further highlights Chubb's progress in addressing climate change and specific actions and strategies the Company is employing to support the net zero by 2050 transition. These efforts include working to seek consensus on a scientifically sound methodology to measure Scope 3 underwritten emissions, implementing underwriting and investment limitations for certain fossil fuels, developing underwriting criteria for the oil and gas sector to assist Chubb's clients' transition plans and the global goal of net zero, as well as Chubb's engagement efforts around how the insurance industry can assess and track climate risk and opportunities, and develop meaningful metrics to communicate progress. (TCFD Report at pages 1-2) In addition, the Climate Change Policy and TCFD Report review Chubb's Scope 1 and Scope 2 GHG emissions goals that Chubb recently met, its consideration of future targets, and Chubb's work to develop its own GHG emissions offset programs.

2. Underwriting Criteria

Chubb is at the leading edge of assessing trends in frequency and severity of natural perils like wind, flood and wildfire, which it incorporates into its pricing, underwriting and risk management decisions, recognizing that pricing and underwriting decisions may drive individual and corporate behavior. Chubb uses the annual policy renewal process and ongoing client engagement to establish expectations on reducing greenhouse gas emissions with clients and educate them on ways to responsibly do so.

As an initial step in this effort, Chubb is focusing on underwriting criteria for the oil and gas industry. Chubb has commenced a partnership with an internationally recognized environmental non-profit to support the Company's development of climate and sustainability underwriting criteria for the oil and gas sector. As Chubb set out in its TCFD Report:

> Going forward, we will continue to consider realistic alternatives to [fossil fuels (other than coal)] and the extent to which our fossil fuels clients (which we consider to be those companies involved in fossil fuel-based exploration and production, power generation and refining activities) have acknowledged the reality of climate change and, where

> appropriate, developed long-range plans to support the transition to a net-zero economy. We may decline coverage if a potential policyholder cannot provide information on climate risk mitigation plans and add new climate-related exclusions to policies where appropriate. Chubb expects its fossil fuel risk assessment process to evolve as data quality and availability improve, climate-related regulatory requirements develop, and as our clients advance on their own low-carbon transition plans.
>
> In 2022, we signed a memorandum of understanding with a globally leading science-focused NGO to support our development of sustainable underwriting criteria for the oil and gas sector. We are excited about this new opportunity to build industry-specific insurance guidelines for both Chubb and others to follow, further aiding the insurance industry's support of the energy transition. (TCFD Report at page 6)

Chubb has also taken specific action against certain types of fossil fuels. For example, in 2019, Chubb was the first major insurer in the United States to limit coal-related underwriting and investment activity. In 2022, Chubb adopted a policy that it will no longer underwrite risks for projects involving direct mining or in-situ extraction and processing of bitumen from oil sands. (TCFD Report at pages 1, 5-6)

Chubb's focus on its underwriting process and criteria demonstrates its commitment to its greenhouse gas emissions reduction goals and approach for underwriting and insurance activities.

3. Expanded Product and Service Offerings

Chubb also believes it can best contribute to a global goal of net zero emissions through its innovative product and service offerings that are designed to provide new insurance solutions for low emission technologies and assist its clients on their transition to net zero greenhouse emissions.

Chubb insures a third of the Global Cleantech 100, the top private innovation companies in clean technologies, and Chubb engages deeply with this industry to ensure that its insurance solutions are tailored for the segment. Chubb offers climate-relevant products in its property, casualty and financial lines, which are all major areas of its business. For example, Chubb offers an offshore wind farm policy to support green energy providers through the entire offshore wind farm process — from project inception through to energy production, storage and distribution.

Moreover, in January 2023, the Company announced the launch of a global climate change practice to help address climate change. This practice will focus on expanding the Company's already market-leading position in the clean tech industry to provide a range of global solutions that will support the Company's customers in their transition to a net zero economy and increasing their resilience to the physical impacts of climate change. The practice draws on Chubb's extensive technical capabilities in underwriting and risk engineering, bringing together Chubb units engaged in traditional, alternative and renewable energy, climate tech,

agribusiness and risk engineering services. The unit will provide a full spectrum of insurance products and services to businesses engaged in developing or employing new technologies and processes that support the transition to a low-carbon economy. It will also provide risk management and resiliency services to help those managing the impact of climate change.

4. Investment Portfolio

For many reasons, principally Chubb's need to support the payment of insurance claims in a timely manner, Chubb maintains a large investment portfolio. Chubb is actively evaluating approaches to addressing Scope 3 emissions in its investment portfolio. As Chubb has disclosed in the TCFD Report:

> Chubb employs outside investment managers to manage and execute strategies for the company's investment portfolio; the majority of our investment holdings are corporate bonds with an average credit quality of A (S&P) and A (Moody's). We provide instruction to our investment managers to follow our climate-related investment policies, which include our 30% limitation on coal-related energy production and mining. We are in the process of developing investment strategies to increase our investment in companies engaged in alternative energy and clean tech. (TCFD Report at page 6)

5. Scope 3 Methodology Assessment

Chubb measures and publicly discloses Scope 1, Scope 2 and limited categories of its Scope 3 GHG emissions where it can do so with consistent, accurate and verifiable methodology accepted by consensus. (TCFD Report at page 13) However, there are fundamental questions about whether, how and to what extent insurers can measure, attribute to insurance, and consequently impact Scope 3 emissions produced by its clients.

As the Company explained in the TCFD Report:

> We are working to seek consensus on a scientifically sound methodology to measure the full range of Scope 3 emissions produced by our clients, from millions of individual customers to the largest multinational corporations. This is an extraordinarily complex task. A particular challenge is accounting for emissions associated with dollar values in underwriting and investment activities. For example, Chubb provides a wide array of insurance products, and the generated emissions from providing $1 million of property damage coverage may not be the equivalent of providing $1 million of employment practices liability insurance to the same company. But in order to attribute generated emissions to insurance products, the effect of insurance on the existence of emissions in the measured industries and product lines must be determined. In some cases, the presence of insurance may reduce total emissions of insured clients. The absence of insurance may have no effect on the level of emissions from would-be clients. (TCFD Report at page 1)

Chubb has reported, then, that there is no consensus yet on the appropriate methodology for the measurement of the insurance industry's Scope 3 underwriting emissions. In direct engagement with the Proponent, the Proponent has acknowledged the lack of a methodology and asserted that Chubb should establish Scope 3 targets even in the absence of tools to measure those emissions. The Company's Climate Change Policy says:

> [V]arious groups have encouraged companies to make specific pledges about their climate–related activity. We are concerned that some of the pledges are tied to goals that are currently difficult, if not impossible, to measure, let alone achieve. Pledge participants may be exposed to greenwashing allegations if the methodologies necessary to measure emissions across every aspect of economic activity cannot be developed in a timely fashion; if no consensus develops as to how to account for carbon offsets; and if the pace of technology necessary to reduce carbon emissions fails to meet the pledge timeline. (Climate Change Policy at page 5)

The Proposal's requirement for Chubb to set medium- and long-term Scope 3 GHG emissions targets would be an imprudent way, in Chubb's judgment, to address the concern and essential purpose of the Proposal. Although there is no consensus yet on the methodology for insurance companies to measure GHG emissions produced by their clients, Chubb is actively involved in industry-leading efforts to reduce Scope 3 emissions that it believes can be most effective, and already reports on those efforts in the Climate Change Policy and the TCFD Report. In other words – Chubb has substantially implemented a plan to achieve the Proposal's essential objective, and has already publicly disclosed that plan in its reports.

In language that directly addresses the Proposal's request, page 1 of the TCFD Report states that "[f]ocusing in the near term on the highest GHG emitting activities could provide scientifically sound metrics that we can use internally to measure Scope 3 emissions for certain industries in 2023" and "we currently anticipate that we will initially seek to track the Scope 1 and Scope 2 emissions of our insureds in the oil and gas sector." Chubb therefore already discloses its plan and the timeframe in which it expects to measure relevant emissions of its insureds, which will then enable Chubb to evaluate its progress over time to support the overall reduction in GHG emissions.

Chubb is not using the lack of consensus around measuring Scope 3 emissions as a smokescreen to avoid pursuing more accurate and accepted measurement methodologies. On the contrary, the TCFD Report has disclosed how Chubb is a thought leader on this topic, working extensively internally and with external groups. For example, Chubb is sponsoring a series of workshops that began in November 2022, before it received the Proposal, and are expected to end in February 2023, hosted by the University of Pennsylvania, titled *Private Climate Governance: "Net Zero" Prospects and Challenges for the Insurance Sector*. The workshops are designed to further the conversation between insurance companies, investors and other stakeholders, including regulators, emissions measurement groups and academics, around how the industry can assess and track climate risk and opportunities and develop meaningful metrics to communicate its progress. These workshops are designed in part to analyze the various

methodologies for insurance companies to measure and reduce their Scope 3 emissions, and how such tools can establish consistent, accurate and verifiable emissions accounting methodologies. (TCFD Report at pages 4-5)

Chubb also advances the insurance industry's expertise in climate change mitigation and adaptation. For example, Chubb is a member of the United Nations Global Compact, the largest corporate sustainability project in the world. Chubb has formally committed to making the Compact's environmental principles part of its culture and day-to-day operations. Chubb is also a member of the Geneva Association, an international insurance think tank representing 90 global insurance organizations, and participates in its Climate Change Working Group.

Through all of the actions described above, and with a more purposeful and, it believes, effective approach, Chubb has substantially implemented the essential objectives of the Proposal. Consequently, the Proposal should be excluded under Rule 14a-8(i)(10).

B. There is considerable no-action precedent in support of the Company's position that it has substantially implemented the Proposal in accordance with Rule 14a-8(i)(10).

The Staff has a long history of concurring with the exclusion of a shareholder proposal on the grounds that it has been substantially implemented in accordance with Rule 14a-8(i)(10) even if the company did not implement every aspect of the proposal where the company's actions addressed the underlying concerns of the proposal. *See Masco Corporation* (Mar. 29, 1999) (permitting exclusion on substantial implementation grounds where the company adopted a version of the proposal with slight modification and clarification as to one of its terms). *See also JPMorgan Chase & Co.* (Feb. 5, 2020) (concurring with the exclusion on substantial implementation grounds where the proposal requested the board review the Statement of the Purpose of a Corporation, provide oversight and guidance as to how the new statement of stakeholder theory should alter the Company's governance and management system, and publish recommendations regarding implementation where "the board's actions compare favorably with the guidelines of the Proposal"); *Exxon Mobil Corp. (Rossi)* (Mar. 19, 2010) (permitting differences between a company's actions and a shareholder proposal so long as the company's actions satisfactorily address the proposal's essential objectives); and *Exxon Mobil Corp. (Burt)* (Mar. 23, 2009) (concurring with the exclusion on substantial implementation grounds of a proposal requesting a political contribution report where the proponent argued there were differences between the company's current procedures and practices and actions sought by the proposal).

Further, a company may demonstrate substantial implementation of a proposal through disclosures spread among multiple documents. For example, the Staff has concurred with the exclusion of a proposal requesting an audit and report on the Company's employee training on civil rights and non-discrimination in the workplace, and the impacts of those issues on the company's business, where the company made available multiple disclosures regarding training, impacts on civil rights and non-discrimination in the workplace, and the importance of those

issues to the Company's business. *See Starbucks Corporation* (Jan. 19, 2022); *see also Comcast Corp*. (Apr. 9, 2021) (contents of the requested report were disclosed in multiple pages or in multiple tabs on the company's corporate website).

The substantial implementation standard has been consistently applied to environment-related shareholder proposals in situations where the company has already provided the requested information in a report satisfying the "essential objective" of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in every detail, or exercised discretion in determining how to implement the proposal. *See IDACORP, Inc.* (Apr. 1, 2022) (permitting exclusion of a proposal requesting a report on the company's short, medium and long term greenhouse targets aligned with the Paris Agreement's goal as substantially implemented by the company's public disclosures addressing the primary goals of the requested report, even though the disclosures were not precisely in the manner contemplated by the proponents.); *Exxon Mobil Corp.* (*As You Sow/Schubiner)* (Mar. 9. 2021) (permitting exclusion of a proposal requesting a report on the risk of stranded assets related to environmental impacts of its petrochemical investments based on disclosures the company already made in its energy and carbon summary and its sustainability report that address the essential objective of the proposal); *Hess Corporation* (Apr. 11, 2019) (permitting exclusion of a proposal requesting that the company issue a report on how it can reduce its carbon footprint in alignment with GHG reductions necessary to achieve the Paris Agreement's goal where the company had met the essential objective because the requested information was included in its sustainability report and CDP (formerly known as Carbon Disclosure Project) report); *Exxon Mobil Corporation* (Apr. 3, 2019) (permitting exclusion of a proposal requesting the company issue a report on how it can reduce its carbon footprint and GHG emissions in line with the Paris Agreement where the requested information was readily available in the company's public disclosures); and *Devon Energy Corp.* (Apr. 1, 2020) (concurring with the exclusion of a proposal requesting a report on company plans to align operations and investments with the Paris Agreement's goals as substantially implemented by the company's public disclosures).

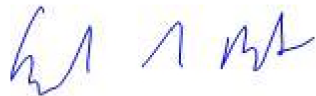
Chubb has existing public disclosures detailing how the Company is actively working towards the 1.5°C by 2050 goal through its underwriting, insurance and investment activities from a net zero perspective, which is the essential objective of the Proposal. Accordingly, Chubb has substantially implemented the Proposal and the Proposal may be omitted from the Company's Proxy Materials pursuant to Rule 14a-8(i)(10).

III. Conclusion

For the foregoing reasons, I request your confirmation that the Staff will not recommend enforcement action to the Commission if Chubb omits the Proposal from its 2023 Proxy Materials.

If the Staff has any questions, please contact Laura Richman of Mayer Brown LLP at (312) 701-7304 or lrichman@mayerbrown.com or the undersigned at (312) 701-7100 or ebest@mayerbrown.com. We would appreciate it if you would send your response by email.

Very truly yours,



Edward S. Best

cc: Gina Rebollar, Chief Corporate Lawyer and Deputy General Counsel, Global Corporate Affairs, of Chubb
Danielle Fugere, President & Chief Counsel of As you Sow
Benjamin Linthicum
Austin Wilson

EXHIBIT A

Proposal and Cover Letter

2020 Milvia St. Suite 500
Berkeley, CA 94704

www.asyousow.org
BUILDING A SAFE, JUST, AND SUSTAINABLE WORLD SINCE 1992

VIA FEDEX & EMAIL

December 5, 2022

Joseph F. Wayland
Executive Vice President, General Counsel and Secretary
Chubb Limited
Bärengasse 32
CH-8001
Zurich, Switzerland

Dear Mr. Wayland,

As You Sow is filing a shareholder proposal on behalf of Warren Wilson College ("Proponent"), a shareholder of Chubb Limited for inclusion in Chubb Limited's 2023 proxy statement and for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing *As You Sow* to act on its behalf is enclosed. A representative of the Proponent will attend the stockholder meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent's concerns.

To schedule a dialogue, please contact me, at . Please send all correspondence **with a copy to** shareholderengagement@asyousow.org.

Sincerely,

Danielle Fugere
President and Chief Counsel

Enclosures
- Shareholder Proposal
- Shareholder Authorization

cc: Karen Beyer, Senior Vice President, Investor Relations
investorrelations@chubb.com

2020 Milvia St. Suite 500
Berkeley, CA 94704

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BUILDING A SAFE, JUST, AND SUSTAINABLE WORLD SINCE 1992

VIA FEDEX & EMAIL

December 5, 2022

Joseph F. Wayland
Executive Vice President, General Counsel and Secretary
Chubb Limited
Bärengasse 32
CH-8001
Zurich, Switzerland

Dear Mr. Wayland,

As You Sow is co-filing a shareholder proposal on behalf of the following Chubb Limited shareholders for action at the next annual meeting of Chubb Limited:

- Jubitz Foundation (S)
- Meyer Memorial Trust (S)

Shareholders are co-filers of the enclosed proposal with Warren Wilson College who is the Proponent of the proposal. *As You Sow* has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2023 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Co-filers will either: (a) be available on the dates and times offered by the Proponent for an initial meeting, or (b) authorize *As You Sow* to engage with the Company on their behalf, within the meaning of Rule 14a-8(b)(iii)(B).

As You Sow is authorized to act on Jubitz Foundation (S)'s or Meyer Memorial Trust (S)'s behalf with regard to withdrawal of the proposal. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required.

Letters authorizing *As You Sow* to act on co-filers' behalf are enclosed.

We are hopeful that the issue raised in this proposal can be resolved. To schedule a dialogue, please contact me, at . Please send all correspondence **with a copy to shareholderengagement@asyousow.org**.

Sincerely,

Danielle Fugere
President and Chief Counsel

Enclosures
- Shareholder Proposal
- Shareholder Authorization

cc: Karen Beyer, Senior Vice President, Investor Relations, investorrelations@chubb.com

WHEREAS: Insurance companies have a critical role to play in meeting the Paris Agreement's 1.5 degrees Celsius (1.5°C) goal, which will require net zero greenhouse gas (GHG) emissions by 2050. Projections have found that limiting global warming to 1.5°C versus 2 degrees will save $20 trillion globally by 2100, [1] while exceeding 2 degrees could lead to climate damages ranging from 21 to 563 trillion.[2] According to Swiss Re, failure to meet the 1.5°C goal may shrink global economic output by 11 to 14 percent.[3]

The insurance industry is under increasing pressure to address its contributions to climate change. The United Nations Environment Program Finance Initiative has underscored the critical role of insurance companies in meeting the 1.5°C goal. Exemplifying this growing pressure, legislation was passed in Connecticut requiring regulators to incorporate emissions reduction targets in their supervision of insurers. [4]

Shareholders are concerned that Chubb is not adequately reducing the climate footprint of its insurance-related activities. The company's pre-tax catastrophe losses were almost $1.2 billion in the third quarter of 2022, with $975 million resulting from claims related to Hurricane Ian alone.[5] This follows a larger global trend: According to Munich Re, natural disasters caused losses of $280 billion in 2021, up from $210 billion in 2020 and $166 billion in 2019.[6]

Chubb is a climate laggard in the global insurance sector, scoring near the bottom in a survey of the 30 largest global insurers.[7] In contrast, peers are beginning to take action.[8] Twenty-nine global insurers (representing more than 14% of world premium volume globally) have joined the United Nations' Net Zero Insurance Alliance, committing to transition emissions from their insurance and reinsurance underwriting portfolios to net zero by 2050.[9]

While Chubb has set Scope 1 and 2 emissions reduction targets for its energy use and operational emissions and has certain coal related policies, Chubb has not adopted targets aligned with the Paris Agreement's 1.5°C goal for its underwriting, insuring, and investment activities. Chubb appears to instead rely on governments "to develop and implement climate change solutions."[10]

Insurers' activities can contribute to systemic climate risk to the global economy, investor portfolios, and insurers' profitability. By setting and disclosing medium and long-term GHG emissions reduction targets across its underwriting, insuring, and investment activities, including net zero ambitions, Chubb can assure investors that management is addressing its quickly growing climate risk, reducing its climate impact, and building on climate-related opportunities.

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[1] https://www.nature.com/articles/d41586-018-05219-5
[2] https://www.nature.com/articles/s41467-020-18797-8/
[3] https://www.swissre.com/dam/jcr:e73ee7c3-7f83-4c17-a2b8-8ef23a8d3312/swiss-re-institute-expertise-publication-economics-of-climate-change.pdf
[4] https://www.businessinsurance.com/article/20210617/NEWS06/912342605/Connecticut-bill-calls-for-regulation-of-insurers%E2%80%99-climate-risks
[5] https://www.artemis.bm/news/chubb-reports-1-2bn-of-cat-losses-for-q3-reinsurance-partners-to-take-share/
[6] https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2022/natural-disaster-losses-2021.html
[7] https://insure-our-future.com/wp-content/uploads/2022/11/SP-IOF-2022-Scorecard-v0.8-online-1.pdf p.11
[8] https://insure-our-future.com/scorecard
[9] https://www.unepfi.org/net-zero-insurance/
[10] https://about.chubb.com/content/dam/chubb-sites/chubb/about-chubb/citizenship/environment/pdf/Chubb-Our_Climate_Change_Policy.pdf

BE IT RESOLVED: Shareholders request that Chubb issue a report, at reasonable cost and omitting proprietary information, disclosing 1.5°C aligned medium and long-term GHG targets for its underwriting, insuring, and investment activities.

SUPPORTING STATEMENT: Additionally, shareholders recommend the report disclose, at management discretion, a general timeline on which Chubb will:

- measure the emissions of its highest emitting business sectors; and
- set Paris-aligned 1.5°C targets for its highest emitting business sectors.

February 13, 2023

VIA EMAIL

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Shareholder Proposal to Chubb Limited Regarding Climate Disclosures on Behalf of Warren Wilson College, Jubitz Family Foundation, and Meyer Memorial Trust

Ladies and Gentlemen:

The Warren Wilson College, lead filer of this proposal, and Jubitz Family Foundation and Meyer Memorial Trust (co-filers), (collectively the "Proponents") are each beneficial owners of common stock of Chubb Limited (the "Company") and have submitted a shareholder proposal (the "Proposal") to the Company. The Proponents have designated *As You Sow* to act as their representative with respect to the Proposal, and it is in that capacity that I write in response to the letter dated January 13, 2023 (the "Company Letter"), sent to the Securities and Exchange Commission by Company counsel Edward S. Best of Mayer Brown LLP. In the Company Letter, the Company contends that the Proposal may be excluded from the Company's 2023 proxy statement. Proponents' response follows. A copy of this letter is being emailed concurrently to the Company and its counsel.

Chubb argues that the Proposal is excludable because it micromanages the Company. Staff precedent, however, expressly permits investors to request that companies align their actions with particular targets or timelines, as the Proposal here does. Further, the Proposal does not mandate how the targets should be set or met. It is therefore not excludable under Rule 14a-8(i)(7)'s prohibition against micromanagement.

The Company next argues that the Proposal has been substantially implemented by the Company's limited and vague climate-related actions. These actions, which fail to provide clarity about the level of greenhouse gas emissions reductions to be achieved, do not compare favorably to the Proposal's request for a report on the Company's adoption of medium- and long-term 1.5ºC aligned targets, nor do they advance the Proposal's essential purpose of providing clear information to shareholders that the Company has planned and is implementing a transition away from insuring and financing high carbon activities. As such, the Proponents respectfully requests that the Staff inform the Company that it is denying the No Action request.

SUMMARY

U.S. insurers are highly exposed to carbon-intensive industries like oil, gas, and coal, among others; the associated climate risks from insuring and investing in these high-carbon activities are significant. 2022 is tied with 2021 as the second-most costly year on record for the world's insurers according to Munich

Re, with insured losses totaling approximately $120 billion from natural catastrophes, including wildfires, droughts, hurricanes, and floods influenced by global climate change.[1]

The Proposal asks Chubb to set 1.5°C-aligned, net-zero GHG emissions targets for the emissions associated with its underwriting, insuring, and investment activities. Emissions from these activities make up the vast majority — as much as 97 percent — of insurers' total climate emissions.[2] Chubb is behind its peers in adopting Net Zero goals. For example, the Net Zero Insurance Alliance (NZIA), established in 2021, currently has 30 members that have committed to transition their insurance and reinsurance underwriting portfolios to net zero greenhouse gas emissions, consistent with a maximum temperature rise of 1.5° Celsius ("1.5°C"). Under the NZIA, each company decides *how* it will achieve this objective.[3] While Chubb publicly acknowledges the importance of meeting the global 1.5°C goal, it has adopted no targets for its own insured and invested emissions to help achieve that goal.

THE PROPOSAL

WHEREAS: Insurance companies have a critical role to play in meeting the Paris Agreement's 1.5 degrees Celsius (1.5°C) goal, which will require net zero greenhouse gas (GHG) emissions by 2050. Projections have found that limiting global warming to 1.5°C versus 2 degrees will save $20 trillion globally by 2100,[1] while exceeding 2 degrees could lead to climate damages ranging from 21 to 563 trillion.[2] According to Swiss Re, failure to meet the 1.5°C goal may shrink global economic output by 11 to 14 percent.[3]

The insurance industry is under increasing pressure to address its contributions to climate change. The United Nations Environment Program Finance Initiative has underscored the critical role of insurance companies in meeting the 1.5°C goal. Exemplifying this growing pressure, legislation was passed in Connecticut requiring regulators to incorporate emissions reduction targets in their supervision of insurers.[4]

Shareholders are concerned that Chubb is not adequately reducing the climate footprint of its insurance-related activities. The company's pre-tax catastrophe losses were almost $1.2 billion in the third quarter of 2022, with $975 million resulting from claims related to Hurricane Ian alone.[5] This follows a larger global trend: According to Munich Re, natural disasters caused losses of $280 billion in 2021, up from $210 billion in 2020 and $166 billion in 2019.[6]

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[1] https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2023/natural-disaster-figures-2022.html

[2] https://g20sfwg.org/wp-content/uploads/2021/10/2021-UNEP-FI.-Recommendations-for-Credible-Net-Zero-Commitments.pdf

[3] https://www.unepfi.org/psi/wp-content/uploads/2021/07/NZIA-launch-press-release.pdf p.1

[1] https://www.nature.com/articles/d41586-018-05219-5

[2] https://www.nature.com/articles/s41467-020-18797-8/

[3] https://www.swissre.com/dam/jcr:e73ee7c3-7f83-4c17-a2b8-8ef23a8d3312/swiss-re-institute-expertise-publication-economics-of-climate-change.pdf

[4] https://www.businessinsurance.com/article/20210617/NEWS06/912342605/Connecticut-bill-calls-for-regulation-of-insurers%E2%80%99-climate-risks

[5] https://www.artemis.bm/news/chubb-reports-1-2bn-of-cat-losses-for-q3-reinsurance-partners-to-take-share/

[6] https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2022/natural-disaster-losses-2021.html

Chubb is a climate laggard in the global insurance sector, scoring near the bottom in a survey of the 30 largest global insurers.[7] In contrast, peers are beginning to take action.[8] Twenty-nine global insurers (representing more than 14% of world premium volume globally) have joined the United Nations' Net Zero Insurance Alliance, committing to transition emissions from their insurance and reinsurance underwriting portfolios to net zero by 2050.[9]

While Chubb has set Scope 1 and 2 emissions reduction targets for its energy use and operational emissions and has certain coal related policies, Chubb has not adopted targets aligned with the Paris Agreement's 1.5ºC goal for its underwriting, insuring, and investment activities. Chubb appears to instead rely on governments "to develop and implement climate change solutions."[10]

Insurers' activities can contribute to systemic climate risk to the global economy, investor portfolios, and insurers' profitability. By setting and disclosing medium and long-term GHG emissions reduction targets across its underwriting, insuring, and investment activities, including net zero ambitions, Chubb can assure investors that management is addressing its quickly growing climate risk, reducing its climate impact, and building on climate-related opportunities.

BE IT RESOLVED: Shareholders request that Chubb issue a report, at reasonable cost and omitting proprietary information, disclosing 1.5ºC aligned medium and long-term GHG targets for its underwriting, insuring, and investment activities.

SUPPORTING STATEMENT: Additionally, shareholders recommend the report disclose, at management discretion, a general timeline on which Chubb will:

- measure the emissions of its highest emitting business sectors; and
- set Paris-aligned 1.5ºC targets for its highest emitting business sectors.

ANALYSIS

The Company argues that the Proposal can be omitted under Rule 14a-8(i)(7) because it micromanages the Company's business and under Rule 14a-8(i)(10) because the Proposal has been substantially implemented. As described below, neither provision provides a basis for excluding the Proposal.

I. The Proposal Does Not Micromanage the Company and Is Therefore Not Excludable Under Rule 14a-8(i)(7).

Rule 14a-8(i)(7) incorporates two central considerations. First, the Commission has recognized that certain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they are not ordinarily subject to direct shareholder oversight. However, Proposals related to a

[7] https://insure-our-future.com/wp-content/uploads/2022/11/SP-IOF-2022-Scorecard-v0.8-online-1.pdf p.11
[8] https://insure-our-future.com/scorecard
[9] https://www.unepfi.org/net-zero-insurance/
[10] https://about.chubb.com/content/dam/chubb-sites/chubb/about-chubb/citizenship/environment/pdf/Chubb-Our_Climate_Change_Policy.pdf

company's day-to-day business but focused on a *significant social policy issue* generally are not excludable. *See* SEC, Exchange Act Release No. 40018 (May 21, 1998) ("1998 Release").

The second consideration is whether a proposal "micromanages" a company "by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.*

Staff Legal Bulletin No. 14L (Nov. 3, 2021) provides further guidance on the degree to which a proposal can be considered to micromanage a company. In assessing micromanagement claims, Staff notes that "proposals seeking detail or seeking to promote timeframes or methods do not per se constitute micromanagement." Staff further notes that it's micromanagement analysis will focus on:

> . . . [T]the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management. We would expect the level of detail included in a shareholder proposal to be consistent with that needed to enable investors to assess an issuer's impacts, progress towards goals, risks or other strategic matters appropriate for shareholder input. . . Additionally, in order to assess whether a proposal probes matters "too complex" for shareholders, as a group, to make an informed judgment, we may consider the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic. The staff may also consider references to well-established national or international frameworks when assessing proposals related to disclosure, target setting, and timeframes as indicative of topics that shareholders are well-equipped to evaluate.

In particular, the Bulletin notes that where a proposal asks a company to set emission reduction targets and does not impose a specific method for doing so, it will not be considered to be micromanaging a company. *See also* Staff Legal Bulletin No. 14H (Oct. 22, 2015) (stating that proposals addressing significant policy issues do not run afoul of Rule 14a-8(i)(7) "even if the significant policy issue relates to the 'nitty-gritty of [a company's] core business'").

A. The Proposal Addresses a Significant Policy Issue That Transcends Ordinary Business.

The Company does not contest that the Proposal addresses a significant policy issue that transcends its ordinary business. Staff has repeatedly concluded that proposals addressing climate change – including proposals addressing greenhouse gas reduction targets in the context of insurers' Scope 3 emissions – transcend ordinary business. *See, e.g.*, *Chubb Limited* (Mar. 26, 2022) (proposal asking that Chubb issue a report addressing whether and how it intends to measure, disclose and reduce the GHG emissions associated with its underwriting, insuring, and investment activities in alignment with the Paris Agreement's 1.5°C goal was allowed to proceed).

B. Shareholders Are Well Versed in the Setting of Greenhouse Gas Targets and The Proposal Is Framed Consistent With Well-Established International GHG Target Frameworks.

To prove micromanagement, the Company bears the burden of demonstrating that the Proposal is too granular or detailed compared to the level of sophistication in the investing marketplace on an issue addressed by the Proposal. The Staff will "consider the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic." Staff Legal Bulletin No. 14L. The Staff will also not exclude a Proposal merely because it seeks the level of detail "needed to enable investors to assess an issuer's impacts, progress towards goals, risks or other

strategic matters appropriate for shareholder input." *Id.* Considering these factors, the Company has not met its burden here.

The Proposal is one of many similar proposals filed over the past decade that have sought greenhouse gas reduction targets aligned with global goals. It also follows a number of recent proposals asking banks and insurance companies to measure and set 1.5ºC aligned targets for their financed and insured emissions, which consistently have been determined by Staff not to run afoul of Rule 14a-8(i)(7). *See, e.g.*, *Chubb Limited* (Mar. 26, 2022); *The Travelers Companies, Inc.* (Mar. 30, 2022); *The Hartford Financial Services Group, Inc.* (Mar. 28, 2022); *JPMorgan Chase & Co.* (Mar. 25, 2022); *Citigroup Inc.* (Mar. 7, 2022). These Proposals demonstrate investor interest in and understanding of, as well as public discussion and analysis of, the issue of bank and insurers' Scope 3 emissions.

Last season, the Company argued that "[a]n informed vote on [a similar] Proposal requires an understanding of the Paris Agreement" and that a "reasonable investor would not be sophisticated on the matter as it relates to insurance underwriting." This argument was rejected. *Chubb Limited* (Mar. 26, 2022). Here, the Company unsuccessfully tries to put a new coat of paint on the same argument: "An informed vote on the Proposal requires an understanding of the extent to which an insurance company can realistically impact the net zero by 2050 goal through setting and measuring GHG targets for its insurance clients." Company Letter at 4. This argument should meet with the same lack of success as last year. First, investors have consistently demonstrated a clear understanding of, and desire for, Paris-aligned, 1.5ºC GHG reduction targets from their companies. Second, the question posed by the Company is irrelevant to the Proposal. The Proposal does not ask what impact the Company will have on achieving the global Paris goal, but whether it is aligning its own emissions with such goal, a demonstrated issue of importance for investors. Since the question raised by the Company has no bearing on the Proposal, it is unpersuasive as a basis for a finding of micromanagement.

C. The Proposal Leaves Sufficient Flexibility for Board and Management Discretion.

A proposal may be excluded if it fails to leave "sufficient flexibility for board and management discretion." Staff Legal Bulletin No. 14L. Claims of proposal inflexibility must be judged against Rule 14a-8's instruction that a proposal should "state as clearly as possible the course of action that you believe the company should follow," Rule 14a-8(a), as well as against the Rule's prohibition against overly vague proposals. *See* Staff Legal Bulletin No. 14L (noting this "dilemma").

The Staff has specifically stated that proposals seeking emissions reductions targets or timelines are generally not subject to exclusion for micromanagement. "Going forward we would not concur in the exclusion of. . . proposals that suggest targets or timelines so long as the proposals afford discretion to management as to how to achieve such goals." Staff Legal Bulletin No. 14L.

In light of these principles, the Proposal does not micromanage. It requests that the Company set and disclose medium- and long-term Scope 3 emissions reductions targets. It does not dictate specific timelines or dates and allows Company discretion as to how to set and achieve those targets. Specifically, the Proposal does not prescribe:

- what methods the Company must use to determine its targets;
- what constitutes "medium-" or "long-term" targets;
- how the emissions reductions should be allocated between the relevant business lines;

- how the company should go about meeting the targets it has set;
- etc.

The Proposal includes only those parameters necessary to provide meaning and specificity to the Proposal. It asks that the Company set medium and long-term targets to create reasonable accountability; that it address Scope 3 emissions, the greatest source of the Company's emissions; and that the targets be consistent with the global Paris Agreement's 1.5ºC goal for avoiding the worst impacts of climate change. These parameters do not constitute micromanagement. *See ConocoPhillips Company* (Mar. 19, 2021) (declining to concur in exclusion under Rule 14a-8(i)(7) of proposal requesting that the company "set[] emissions reduction targets covering the greenhouse gas (GHG) emissions of the company's operations as well as their energy products (Scope 1, 2 and 3)"); *Occidental Petroleum* (Mar. 19, 2021) (rejecting micromanagement argument concerning proposal asking company to set medium-term targets on pathway to net-zero by 2050).

The Company argues that "setting targets" is merely "one single approach" to align a company with the Paris Agreement, Company Letter at 4, and by picking this approach, the Proposal micromanages. This argument is inconsistent with Staff Legal Bulletin No. 14L's statement that emissions reductions targets and timelines do not constitute micromanagement. Last season, the Company made a similar argument that the proposal's report and Scope 3 measurement, disclosure, and target setting request "requir[ed] compliance with a very specific report when there may be multiple ways to achieve the goals of the Proposal." *Chubb Limited* (Mar. 26, 2022). The SEC staff rejected that position.

Because the Company's argument is inconsistent with Staff Legal Bulletin No. 14L and recent precedents,[4] the Company relies on: (1) an irrelevant argument and (2) a bevy of outdated and irrelevant precedents.

First, we note that the main thrust of the Company's micromanagement argument has nothing to do with micromanagement. Instead, the Company declares that it has "considered and rejected" the Proposal's approach and attacks "setting targets" as bad policy. *See* Company Letter at 4-6. Unsurprisingly, the Company can point to no precedent for the argument that a proposal is excludable under Rule 14a-8(i)(7) if the Company has purportedly "considered and rejected" the request. After all, the 14a-8 process permits the resubmission of failed proposals, *see* Rule 14a-8(i)(12); if there were such a "considered and rejected" rule, all resubmitted Proposals would necessarily be excludable. Likewise, the Company's policy objections to "setting targets" belong in an opposition statement in its proxy, not in a No Action request to Staff.

Second, the precedents cited by the Company are inapposite. For example, the Company relies heavily on *Marriott International, Inc.* (Mar. 17, 2020), which involved a proposal demanding that a specific showerhead be installed in test hotels. The Company insists this is somehow "similar" to the Proposal because it "requir[es] compliance with a mandated method of achieving its goals." Company Letter at 7. To the contrary, in *Marriott,* the proponent specified exactly how the company should achieve efficiency goals – down to installing low flow showerheads. That is not the case here. The Proposal asks the Company to disclose 1.5-degree aligned Paris targets; the Company is left to set and achieve them in any

[4] *See* Staff precedents cited previously in Section I.B. *See also Anadarko Petroleum Corporation* (Mar. 4, 2019).

manner the Company feels is appropriate. The Company's two most recent precedents follow *Marriott International* in demanding extremely granular policy actions, not at all like the Proposal here for the same reasons. *See The Coca-Cola Company* (Feb. 16, 2022) (demanding prior shareholder approval of any company political statements); *Tesla, Inc.* (May 6, 2022) (demanding liquidation, within five days, of all company cryptocurrency assets). The remainder of the precedents cited on Page 8 of the Company Letter follow this pattern, too.

The Company's other primary precedent is *JPMorgan Chase & Co. (The Christensen Fund et al.)* (Mar. 30, 2018), which involved a proposal requesting, *inter alia*, that the Company "establish[] a specific policy … restricting financing for tar sands projects and companies." The Staff concluded that the proposal sought to "impose specific methods." The *Christensen Fund* proposal went much farther than the Proposal here by demanding that the company restrict financing for a specific kind of project. This provides no support for the Company's argument.

Other precedents cited by the Company are even further afield. Two cases requested that the Company create a specific board committee that would then propagate policy. *JPMorgan Chase & Co. (Harrington Investments Inc.)* (Mar. 30, 2018) (request to create a human and indigenous peoples' rights committee to adopt policies requiring company to consider finance recipients' human rights policies and practices excluded); *Exxon Mobil Corporation* (Mar. 6, 2020) (request for committee on climate risk to evaluate the board and management's climate strategy excluded). These precedents bear no resemblance to the Proposal here. The Company's reasoning with respect to the relationship between these and the previous precedents and the Proposal is strikingly broad: it comes down to an argument that asking the Company to do *anything* is micromanagement because it excludes the possibility of taking a different approach. This is not the standard applied by the Rule.

Lastly, on page 9 of the Company Letter, Chubb cites to a set of recent excluded proposals, each of which demanded that the company disclose the written and oral content of *all* employee training materials related to diversity, equity, and inclusion. The sheer breadth of the demanded disclosure — *mountains* of materials that would fall within the scope of the request — led the Staff to conclude that the "intricate details" sought ran afoul of Rule 14a-8(i)(7). These precedents bear no resemblance to the high-level policy requested here, the implementing details of which are left to management's discretion.

II. The Company Has Not Substantially Implemented the Proposal

The Company Letter also asserts that the Proposal may be excluded from the 2023 Proxy materials as substantially implemented pursuant to Rule 14a-8(i)(10). To meet its burden, the Company must demonstrate that its "particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc.* (Mar. 28, 1991). It must also show that it has addressed the proposal's underlying concerns and essential objectives. *See Exelon Corp.* (Feb. 26, 2010); *accord. Best Buy Co., Inc.* (Apr. 22, 2022). The Company's policies, practices and procedures do neither.

A. The Company's Policies, Practices, And Procedures Do Not Compare Favorably with The Proposal's Guidelines

To prove substantial implementation, the Company must demonstrate that its actions "compare favorably with the guidelines of the proposal." The Company appears to misinterpret this test by arguing that because it thinks its approach is *better* than the Proposal as a policy matter, its approach therefore "compare[s] favorably" to the Proposal. However, in the context of Rule 14a-8(i)(10), the term "compares favorably" refers to the extent to which the company has taken steps that *implement the proposal or its practical equivalent*.

The Proposal's guidelines request that the Company disclose 1.5°C aligned medium- and long-term GHG emissions reduction targets associated with the Company's underwriting, investing, and insurance activities (*i.e.*, its Scope 3 emissions). The Company makes no argument that it has implemented the Proposal's guidelines by setting greenhouse gas reduction targets covering its Scope 3 financed or underwritten emissions. Indeed, it argues at length that it has "considered and rejected" this request. *See* Company Letter at 4-6.

Precedents cited by the Company demonstrate the correct application of the "compares favorably" principle. In these examples, the proposal requested a set of disclosures, the Company pointed to existing disclosures on the subject, and the question came down to *the extent to which* the existing disclosures satisfied the Proposal. *See IDACORP, Inc.* (Apr. 1, 2022) (proposal requesting company disclose short-, medium-, and long-term GHG emissions reductions targets was substantially implemented by existing disclosures of short-, medium-, and long-term emissions reductions targets, despite proponent's request for more detail). In this case, the Company has no relevant GHG reduction targets. *See also Exxon Mobil Corp. (As You Sow/Schubiner)* (Mar. 9, 2021) (proposal requesting company report on potential risks to its plastics business from global decarbonization was substantially implemented by company reports on future of its plastics business, despite proponent's request for more detail as to certain disclosures); *Exxon Mobil Corp. (Burt)* (Mar. 23, 2009) (corporation disclosed every category of data requested by the proposal, proponent wanted more detail as to one category).

Unsurprisingly, this is a highly fact-specific inquiry, and for every precedent cited by the Company, there is a precedent not allowing exclusion. E.*g.*, *Johnson & Johnson* (Feb. 7, 2022) (proposal requested report on how company's receipt of government financial support for COVID-19 was taken into account when setting prices for COVID-19 products, Staff rejected argument that Company website "detailing its approach to COVID-19 vaccine and therapeutic access and pricing" substantially implemented proposal); *Pfizer Inc.* (Feb. 10, 2022) (proposal requested disclosure of data demonstrating effectiveness of Company's diversity, equity, and inclusion programs, Staff rejected argument that Company's existing disclosures provided the data necessary to meet the proposal's guidelines and essential purpose).

Several precedents cited in the Company Letter involve situations in which the company had implemented the proposal more or less to a T. *See Masco Corp.* (Mar. 29, 1999) (following submission of proposal, Board voted to implement proposal "in substantially the same form"); *JP Morgan Chase & Co.* (Feb. 5, 2020) (following submission of proposal asking Company to align its governance with the "Statement of the Purpose of a Corporation," Board reviewed the Statement and "determined that no additional action … is required, as the Company already operates in accordance with the principles set forth" therein); *Exxon Mobil Corp.* (Mar. 19, 2010) (proposal requested that corporation permit

shareholders to act by written consent, which was already permitted under New Jersey law and the corporation's articles of incorporation). Here, the Company has set no targets and so cannot be found to have substantially implemented the Proposal.

Significantly, in none of these examples did the company argue that its *rejection* of the Proposal constituted substantial implementation. There is no question here that the Company in fact has not implemented the Proposal or its equivalent. Its substantial implementation argument must therefore fail.

B. The Company's Policies, Practices, And Procedures Do Not Address the Proposal's Underlying Concerns and Essential Objectives

The Company further claims that, though it has rejected the setting of targets, its current policies meet the underlying concerns and essential objectives of the Proposal through a variety of other climate related actions. The Company describes its "holistic, fact-based strategy" as involving: (1) public disclosure; (2) underwriting criteria; (3) expanded product and service offerings; (4) investments; and (5) methodology assessment. This argument was unavailing last year. Since that time, the Company has announced the development of a Global Climate Business Unit[5] to support technologies and processes that reduce dependence on carbon and stated it is developing climate and sustainability underwriting criteria. While these programs, once implemented, are likely to reduce climate emissions to some degree, neither satisfies the Proposal's objective of establishing greenhouse gas reduction targets that drive emissions reduction across its full scope of emissions or provides investors with information about the Company's climate risk reduction and transition progress.

Further, the Company's existing public disclosures related to targets address only its Scope 1 and 2 emissions. They do not address reductions with respect to the Company's Scope 3 emissions. Scope 3 emissions associated with investing and underwriting activity account for approximately 97% of a financial institution's total emissions,[6] and therefore disclosures relating only to Scope 1 and Scope 2 emissions are inadequate.

The Company's existing underwriting criteria and its expanded product and service offerings likewise do not compare favorably to the guidelines. Indeed, they demonstrate why investors are demanding the guidelines. Chubb claims new climate programs this, year including that it is working with clients to "reduc[e] their greenhouse gas emissions," and that it is developing "climate and sustainability underwriting criteria." Company Letter at 11. It also claims it is providing new service offerings to drive its financed emissions down. *Id.* at 12. The Company, however, does not provide any greenhouse gas reduction criteria associated with these activities, nor does it report greenhouse gas reduction progress associated with such activities. In fact, some of the activities, including its Climate Business Unit and climate underwriting policies are still being developed.

[5] https://news.chubb.com/2023-01-04-Chubb-Announces-Global-Climate-Business-Unit-to-Help-Combat-and-Manage-Climate-Change.
[6] https://g20sfwg.org/wp-content/uploads/2021/10/2021-UNEP-FI.-Recommendations-for-Credible-Net-Zero-Commitments.pdf.

Actions with vague goals and potential greenhouse gas emissions reductions do not address the Proposal's underlying concerns and essential objectives. Actual targets provide a yardstick by which investors can assess Company progress in reducing greenhouse gas emissions and associated climate risk. Staff has been clear that investors are entitled to seek disclosures "needed to enable investors to assess an issuer's . . . progress towards goals." Staff Legal Bulletin No. 14L.
Setting greenhouse gas reduction targets has been identified by many standard-setting bodies as a key step in reducing climate risk. The United States Environmental Protection Agency's Inventory Development Process and Guidance, which "is aligned with" the World Resources Institute's global-standard Greenhouse Gas Protocol, "consists of four key steps," with the fourth being: "Set a GHG emission reduction target and track and report progress."[7] Another global-standard, the Science-Based Targets Initiative, has a five-step approach. The first step is to "set a target" because targets "provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement's goals."[8] Likewise, the Task Force on Climate-Related Financial Disclosures (TCFD) recommends setting both long-term and interim targets.[9] Target setting is also a best practice with regard to the insurance industry. The Net Zero Insurance Alliance ("NZIA") is a group of "30 leading insurers representing more than 15% of world premiums volume globally."[10] The NZIA "supports its members as they work towards decarbonizing their underwriting portfolios *by individually setting science-based intermediate targets and reporting on their progress annually*."[11,12]

Setting interim and long-term targets are essential elements of a credible transition plan that reduces systemic and company climate risk. Setting such targets and reporting any progress made toward achieving them is critical to informed investor decision-making. The essential purpose of the Proposal is to provide investors with the information necessary to understand whether the Company is planning to, and is successfully reducing, its greenhouse gas emissions at the rate and degree necessary to align with the global Paris Agreement's 1.5°C goal.

C. The Company's "methodology assessment" does not constitute substantial implementation.

Finally, a significant portion of the Company Letter is dedicated to making the case that there is no consensus on measuring Scope 3 financed emissions, and therefore that it would be premature to

[7] https://www.epa.gov/climateleadership/ghg-inventory-development-process-and-guidance.
[8] https://sciencebasedtargets.org/how-it-works.
[9] https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Metrics_Targets_Guidance.pdf.
[10] https://www.unepfi.org/net-zero-insurance.
[11] https://www.unepfi.org/net-zero-insurance.
[12] The NZIA is not alone. The Boston Consulting Group explains why interim targets are particularly important for insurers, noting that "while some insurers have set ambitious long-term climate targets, few have articulated short-term business priorities to help reach these targets." This is problematic because, as described above, the failure to articulate interim goals generates transition risk and the possibility of lost opportunities — BCG explains that interim goals "pay positive dividends, mitigating the risk of stranded assets and opening up new avenues for value creation." Lorenzo Fantini et al., *The Net-Zero Insurer*, BCG (July 12, 2022). In short, interim goals are both the global standard best-practice for consistency with the Paris Agreement *and* an extraordinarily important signal to investors that businesses are taking their long-term Paris-aligned commitments seriously, rather than waiting to be forced into action by regulators, which introduces outsized transitionary risk.

disclose Scope 3 emissions reduction targets. Instead, the Company insists, it is working on developing such a methodology. This argument contradicts the Company's statement that it has outright rejected "crude targets." The shifting goal posts of Company policy is a powerful demonstration of why investors are seeking more concrete targets from the Company.

Further, while an industry-wide consensus on measuring Scope 3 financed emissions would be ideal, companies can certainly develop their own measurement standard based on existing emissions information and accepted criteria, and report progress accordingly. This was the case with multiple U.S. banks that, pursuant to shareholder proposals, agreed to begin measuring, disclosing, and then setting targets for their financed emissions, despite the lack of a fully agreed upon measurement system at that time.[13]

Finally, the Company's argument that no accepted standard exists is incorrect. As of January 17, 2023, the NZIA released a Target Setting Protocol which enables members to independently set science-based, intermediate targets for their insurance and reinsurance underwriting portfolios in line with a net-zero transition pathway aligned with the 1.5°C goal.[14] The NZIA is also collaborating with the Science Based Targets Initiative (SBTi) on the further development of its approach in line with SBTI's upcoming Financial Institution Net-Zero Standard (FINZ).[15] These announcements follow the November 2022 launch of the Partnership for Carbon Accounting Financial (PCAF)'s measurement standard for insurance-associated GHG emissions.[16]

Setting targets is critical to the essential purpose of the Proposal, which is ensuring the Company is taking seriously its public commitments and that it has a realistic plan in place to align its activities with the Paris Agreement. The failure to do so exposes the Company and its investors to outsized opportunity costs and the risks of stranded assets. Moreover, setting and disclosing medium- and long-term greenhouse gas emissions reductions targets is important to the essential purpose of the Proposal because data demonstrates that companies with net-zero targets reduce their emissions faster than those without targets.[17]

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[13] *See* https://www.asyousow.org/press-releases/2021/2/11/bank-of-america-announces-net-zero-financing-goal.
[14] https://www.unepfi.org/wordpress/wp-content/uploads/2023/01/NZIA-Target-Setting-Protocol-Version-1.0.pdf.
[15] https://www.unepfi.org/industries/insurance/launch-of-nzia-target-setting-protocol-version-1-0/.
[16] https://carbonaccountingfinancials.com/en/newsitem/pcaf-launches-the-global-ghg-accounting-and-reporting-standard-for-insurance-associated-emissions.
[17] https://www.accenture.com/content/dam/accenture/final/capabilities/strategy-and-consu%5b...%5dy/document/Accenture-Net-Zero-By-2050-Global-Report-2022.pdf.

CONCLUSION

Based on the foregoing, we believe that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2023 proxy statement pursuant to Rule 14a-8. We urge the Staff to deny the no action request.

Sincerely,

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cc:

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February 28, 2023

VIA EMAIL

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Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Chubb Limited – Shareholder Proposal
Submitted by As You Sow – Rule 14a-8

Ladies and Gentlemen:

On behalf of Chubb Limited ("Chubb" or the "Company"), I write to provide a brief response to the reply letter dated February 13, 2023, sent by Luke Morgan, Staff Attorney of As You Sow (the "Reply"), regarding the proposal (the "Proposal") submitted by As You Sow (the "Representative"), on behalf of Warren Wilson College, Jubitz Family Foundation, and Meyer Memorial Trust (collectively, the "Proponents"), requesting that "Chubb issue a report, at reasonable cost and omitting proprietary information, disclosing 1.5°C aligned medium and long-term GHG targets for its underwriting, insuring, and investment activities." As more fully explained in my letter to the Staff dated January 13, 2023 (the "Chubb No-Action Request") and therefore not repeated herein, Chubb believes that the Proposal may and should be excluded from the proxy materials for Chubb's 2023 annual general meeting of shareholders (the "Proxy Materials") in accordance with Rule 14a-8. This letter addresses several of the points made by the Representative in the Reply.

I. The Reply Rests on a Fallacy

The Reply begins with the fallacy at the heart of the Proposal: The carbon emissions caused by the hundreds of thousands of individuals and entities insured by Chubb – from a person buying cell phone insurance to the largest multinational corporations buying a full range of property and casualty insurance – are the emissions of *Chubb,* claiming specifically that "emissions from [insureds and other third parties] make up the vast majority...of *insurers*' total climate emissions." This attempt to confuse the carbon emitting activities of its insureds with Chubb's actions is repeated throughout the Reply; e.g., Chubb's "climate footprint" equals its insureds carbon emissions; third party emissions are "the greatest source of the Company's emissions;" the "Proposal's objective…[is] to drive reduction across [Chubb's] full scope of

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emissions;" the Proposal seeks information about whether Chubb is "successfully reducing[] its greenhouse gas emissions at the rate and degree necessary to align with the global Paris Agreemen[t]; and companies with targets allegedly "reduce *their* emissions faster."

Fundamentally, large insurance companies' products reach the entire global economy. Treating the resulting Scope 3 emissions as Chubb's own emissions as Representative suggests incorrectly implies that Chubb (or any other large insurer) has the ability to independently control the pace of the global economic net zero transition. This fact has recently been recognized by the Net-Zero Insurance Alliance, which stated:

> *The NZIA and its members recognise that they play an important role in supporting the net-zero transition but acknowledge that they cannot deliver a net-zero future on their own without comparable commitments from governments and wider industry actors (including intermediaries). If the actual speed of decarbonisation across the broader global economy lags too far behind a net-zero compatible pathway, NZIA members might not be able to achieve their stated targets. The NZIA may need to tolerate a "buffer" behind the scientific pathways in future iterations of the Protocol to reconcile members' ambition to reach net zero with the need to continue to provide insurance capacity to activities essential to the global economy and society.*[1]

Therefore, determining how to approach Scope 3 emissions amounts to a fundamental business decision: the Board and management must determine whether exposing the Company to potential risks that the global economy as a whole will transition at a pace that allows the Company to achieve targets is both consistent with their fiduciary duties to shareholders and represents the best pathway—in the Board's and management's judgement—to support the transition to a net zero economy.

We call this out because it goes to the heart of the issue of micromanagement; when a proposal seeks to force a company to take action—such as setting specific greenhouse gas ("GHG") related targets—on the basis of a fallacious premise, it deprives the Board and management of the discretion necessary to realistically address important environmental and social policy issues. Here, that discretion includes rejecting the false premise that the targets the Proposal seeks are actually related to *Chubb's* GHG emissions or that they would somehow reduce emissions by any third party. It may not be micromanaging to require a company to write a report about its approach to climate change, including the use of targets, but it is micromanaging to force Chubb to adopt Proponents' ideas about the best way for the company to contribute to lowering GHG emissions. Here the Proponents' ideas are based on a false attribution to Chubb of the emissions produced by third parties; it is the essence of micromanaging to force Chubb to accept that premise. In fact, the Board and management have determined in the exercise of their day-to-day management responsibilities that it would not be in the Company's interests to do so. It is clearly within the discretion of management to determine

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[1] NET ZERO INSURANCE ALLIANCE. TARGET SETTING PROTOCOL VERSION 1.0 at 6 (2023), *available at* https://www.unepfi.org/industries/insurance/nzia-target-setting-protocol-version-1-0/.

that setting targets related to the emissions produced by third parties is not the way in which the Company should support the transition to a lower carbon economy.

The extent of the Proposal's intrusiveness is evident from the Company's engagement discussions with the Representative. During those discussions, the Representative admitted that there is no known way for an insurance company to measure all of its insureds' emissions. The Representative insisted however that Chubb adopt ambitious net zero targets, *and then* work out how to get there. In other words, the Representative understands it is asking the Company to take a "leap before you look" approach, setting targets without knowing if the targets are achievable or will effectively contribute to a reduction in carbon emissions by Chubb or anyone else.

In fact, following such a course raises the risk of greenwashing claims and other potential liabilities if the targets cannot be met because, for example, (a) government regulation fails to drive emissions reductions in the broader economy sufficiently; (b) scientific and commercial innovation fails to develop or scale new technology to reduce reliance on carbon; or (c) state regulators in the US disagree or legislate against using policyholders' GHG emissions as a permissible or actuarially sound factor in insurance underwriting. Thus, by their own admission, Proponents seek to deprive the Board and management of the discretion that would allow Chubb to protect shareholders and avoid this risk. Clearly, as a matter of sound corporate governance, management must have the discretion to make business decisions that it considers to be in the best interests of its shareholders.

II. The Company has Substantially Implemented the Proposal

Notwithstanding the Representative's mischaracterizations of Chubb's prior actions on climate, there is no doubt that Chubb has already exercised its management discretion regarding GHG targets and published multiple reports explaining how and why it exercised that discretion. The claim in the Reply that Chubb has not addressed reductions in Scope 3 emissions is absolutely wrong, as even a cursory review of Chubb's communications about climate issues makes clear. Chubb's Climate Policy Statement, for example, ***directly*** responds to the Proponents' demand that we produce a report disclosing GHG targets related to third parties:

> *Various groups have encouraged companies to make specific pledges about their climate–related activity. We are concerned that some of the pledges are tied to goals that are currently difficult, if not impossible, to measure, let alone achieve. Pledge participants may be exposed to greenwashing allegations if the methodologies necessary to measure emissions across every aspect of economic activity cannot be developed in a timely fashion; if no consensus develops as to how to account for carbon offsets; and if the pace of technology necessary to reduce carbon emissions fails to meet the pledge timeline.*
>
> *We have reviewed, for example, pledges focused on financial services companies achieving the net–zero reduction of "Scope 3" emissions, which are indirect emissions generated not by the company making the pledge, but by its clients or customers. These pledges are problematic because of the immense complexity of trying to calculate indirect emissions. For large financial institutions, this would require determining the carbon emissions of the potentially millions of clients, ranging from individual consumers to multinational*

corporations. Much work is being done to develop scientifically based methodologies to make such calculations, but there is no consensus yet. We note in particular the challenge in seeking to account for emissions associated with dollar values in underwriting and investment activities. For example, Chubb provides a wide array of insurance products, and the generated emissions from providing $1 million of property damage coverage may not be the equivalent of providing $1 million of employment practices liability insurance to the same company. Chubb supports the various efforts underway to develop appropriate measurement tools to help assess Scope 3 emissions. Chubb encourages this work within the insurance industry and will evaluate the process underway within existing frameworks, seeking to develop tools that can be helpful in establishing consistent, accurate and verifiable emissions accounting methodologies.

It is important, as a first step, to develop clear, scientifically sound methodologies to measure emissions associated with insurance industry–specific activities. But agreeing on such a method is not by itself a sufficient basis to adopt emissions or investment–related targets untethered from the development of realistic alternative energy sources. We can all wish to turn off fossil fuels in the next year or decade, but unless other forms of energy generation are sufficient to meet global needs, that will not happen, irrespective of the ability to measure carbon emissions associated with insurance underwriting portfolios.

We believe that our planned investment and underwriting approaches, including our support for the clean energy industry, risk assessment framework and carbon offset program described above will do much more to advance the transition to a net–zero economy than simply joining in generalized climate pledges and emissions.[2]

Our 2022 TCFD Report provides further explanation of management's views, noting that there are fundamental questions as to "whether, how and to what extent insurers can affect Scope 3 emissions."[3] The TCFD Report further explains Chubb's efforts on this topic, as set forth in the Chubb No-Action Request.

Proponents are not satisfied with Chubb's response, but there is no question that Chubb's Board and its management have squarely addressed exactly what the Proposal asks. Indeed, the Reply concludes by asserting that the Proposal is meant to ensure that Chubb is "taking seriously its public commitments and that it has a realistic plan to align its activities with the Paris Agreement." Chubb has a plan, it is *disclosed* in multiple documents; its specific climate-related actions set forth in that plan are within the discretion of the Board and management, including the decision, set forth above, about whether, when and in what form to adopt any climate-related targets.

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[2] Chubb and Climate Change: Our Policy 6 (2022), *available at* https://about.chubb.com/content/dam/chubb-sites/chubb/about-chubb/citizenship/environment/pdf/Chubb-Our_Climate_Change_Policy.pdf

[3] Chubb 2022 Climate-Related Financial Disclosure 3 (2022), *available at* https://about.chubb.com/content/dam/chubb-sites/chubb/about-chubb/citizenship/environment/pdf/chubb_2022_climate-related_financial_disclosure_report.pdf.

III. Other Errors of Fact and Law

We note the following additional errors of fact and law in the Reply:

First, on page 4 of the Reply, the Representative suggests that proposals involving targets or timelines for GHG emissions can never be excluded as micromanagement under Rule 14a-8(i)(7) by quoting – only in part – a sentence from Staff Legal Bulletin 14L ("SLB 14L"). The complete quote from SLB 14L reads as follows (emphasis added in bold to the portion of the quoted sentence omitted): "*Many of the proposals addressed in the rescinded SLBs requested companies adopt timeframes or targets to address climate change that the staff concurred were excludable on micromanagement grounds. Going forward we would not concur in the exclusion of similar proposals that suggest targets or timelines* ***so long as the proposals afford discretion to management as to how to achieve such goals.***"

As explained, the Proposal does not afford management discretion in achieving its climate goals.

Second, the Reply includes a misleading citation reflecting Representative's conflation of Chubb's emissions with its insureds' emissions. The Reply cites a report from Accenture purportedly showing that setting GHG targets leads to more rapid reduction of GHG emissions. However, a review of that report reveals that the study's conclusions are based upon Scope 1 and 2 emissions, **not** the emissions of third parties. This makes sense; if a company targets its own emissions, you might reasonably expect a related reduction. For example, an energy company might agree to reduce emissions arising from its extraction of fossil fuels, and subsequently changes production methods or volumes to achieve that goal. But when you force a company to set targets unrelated to its own emissions, the causal relationship between the target and a reduction in actual emissions is speculative, at best. The Proposal seeks to deprive management of the discretion to take this empirical fact into account in making business decisions about how to support the transition to a lower carbon economy.

Third, it is not true, contrary to the Reply's implication, that there is any agreement on methodologies for "target" setting. In fact, the Net Zero Insurance Alliance's Target Setting Protocol (the Protocol)— which was released in January of this year—expressly acknowledges the diversity of potential approaches to engaging with individual insureds regarding their emissions and makes clear that individual insurers will have to invest substantial time and resources to determine how they can most effectively pursue opportunities to support the net zero transition.[4] Some of the targets the Protocol endorses, including focused engagement targets, do not require overarching Scope 3 emissions targets to be implemented by insurers. In fact, such engagement targets reflect the reality that insurance companies do not have the influence to

[4] NET ZERO INSURANCE ALLIANCE, *supra* note 1, at 8.

directly mandate reductions in our client's GHG emissions and may be most effective in supporting the net zero transition through client engagement and education.

IV. Conclusion

For the foregoing reasons, I request your confirmation that the Staff will not recommend enforcement action to the Commission if Chubb omits the Proposal from its 2023 Proxy Materials. If the Staff has any questions, please contact Laura Richman of Mayer Brown LLP at (312) 701-7304 or lrichman@mayerbrown.com or the undersigned at (312) 701-7100 or ebest@mayerbrown.com. We would appreciate it if you would send your response by email.

Very truly yours,

Edward S. Best

cc: Gina Rebollar, Chief Corporate Lawyer and Deputy General Counsel,
Global Corporate Affairs, of Chubb
Danielle Fugere, President & Chief Counsel of As You Sow
Benjamin Linthicum
Austin Wilson

AS YOU SOW
30 YEARS 1992 – 2022

March 6, 2023

VIA EMAIL

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Shareholder Proposal to Chubb Limited Regarding Climate Disclosures on Behalf of Warren Wilson College, Jubitz Family Foundation, and Meyer Memorial Trust

Ladies and Gentlemen:

On behalf of Proponents, I write in brief sur-reply to Chubb Limited's letter of February 28, 2023, sent by the Company's counsel, Edward S. Best of Mayer Brown LLP (the "Company Reply"). The Company's supplemental response in furtherance of its No Action Request raises a few new points that require additional response.

First, the Company insists that the Proposal, and by extension *As You Sow*'s response to the Company's No Action Request, rests on a "fallacy" — namely, that the Company is responsible for its underwritten and financed emissions. *See* Company Reply at 1-3. The Company's reply boils down to its argument that "it is the essence of micromanaging to force Chubb to accept [the] premise" that "emissions produced by third parties" might be "attribut[able] to Chubb." Company Reply at 2.

This is an *extraordinary* argument. As the Company acknowledges, the emissions described in the Proposal constitute nothing more or less than its Scope 3 emissions. *See id.* at 2. The idea that a company bears responsibility for its Scope 3 emissions is neither a "fallacy" nor particularly controversial. In fact, 72.2% of Chubb's shareholders supported a proposal last year asking the Company to issue a report addressing if and how the company will measure, disclose, and set targets for the company's insured, underwriting, and invested emissions, i.e., its Scope 3 emissions.[1] Shareholders clearly consider Scope 3 emissions an appropriate subject for Company action, not a fallacy.

The Proposal follows similar, earlier filed proposals at U.S. banks that were upheld by the Staff against no-action challenges. Subsequently, those same banks have begun to measure, disclose, and set Paris-aligned targets for their Scope 3 financed emissions. Likewise, the measurement, disclosure, and reduction of Scope 3 emissions is a requirement of the Science Based Target Initiative (SBTi)'s Net Zero Standard,[2] which more than 4,000 firms have adopted.[3] Shareholders have demonstrated support of Scope 3 emissions in a range of other sectors as well. In 2022, resolutions requesting that companies measure, disclose, and reduce Scope 3 emissions garnered 69.9% of the vote at Costco, 87.6% at Builders FirstSource, and 88.5% at US Foods.[4]

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[1] https://www.corporatesecretary.com/articles/esg/33030/chubb-shareholders-vote-ghg-report.
[2] https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf.
[3] https://sciencebasedtargets.org/companies-taking-action.
[4] https://www.corporatesecretary.com/articles/shareholders/32889/costco-shareholders-back-net-zero-proposal-including-scope-3-emissions; https://www.corporatesecretary.com/articles/esg/33053/builders-firstsource-

The Company's disagreement with the market's settled decision to treat Scope 3 emissions as meaningful is not a reason to exclude the proposal. The Company suggests that it is micromanagement when a proposal rests on "a fallacious premise," because this "deprives the Board and management of the discretion necessary to realistically address" the issue. Company Reply at 2. This, like much of the Company's initial No Action Request, is little more than a policy dispute in micromanagement clothing. If the Company's position were correct, vast swaths of Staff precedent upholding Scope 3 emissions proposals would have to be overturned. Just a few of those precedents are cited in the Proponents' initial response, and the Company does not address them in the Company Reply.

In short, the Company's flat rejection of *the very concept* of Scope 3 emissions is a succinct demonstration of why shareholders are entitled, and feel it is necessary, to ask the Company to issue a report disclosing medium- and long-term 1.5°C aligned GHG reduction targets for those emissions.

Second, immediately after suggesting that the very idea of Scope 3 emissions is a fallacy, the Company nonetheless insists that it has substantially implemented the proposal asking that it disclose Scope 3 emissions targets. The bulk of the Company's argument that it has implemented the Proposal is a block quote from a Company report that explains why it has *not* implemented the Proposal. As explained in Proponents' initial reply, the Company's disagreement with the Proposal as a matter of policy is not a basis for either a micromanagement or substantial implementation exclusion. The Company once more fails to point to any precedent applying the Rule this way.

Finally**,** the Company wholly misinterprets Staff Legal Bulletin No. 14L's statement about GHG target-setting proposals and micromanagement.[5] The Company quotes the relevant portion of the document accurately:

> "Many of the proposals addressed in the rescinded SLBs requested companies adopt timeframes or targets to address climate change that the staff concurred were excludable on micromanagement grounds. Going forward we would not concur in the exclusion of similar proposals that suggest targets or timelines **so long as the proposals afford discretion to management as to how to achieve such goals."**[6]

The Company then, however, states that the Proposal does not fall within the above-quoted language because it "does not afford management discretion in achieving ***its climate goals***." Company Reply at 5 (emphasis added). The Company misreads the SLB guidance. What SLB 14L states is that proposals may suggest targets or timelines for emissions reductions, so long as they do not attempt to dictate how the company meets said targets or timelines. Thus, proposals that request the setting of climate-related

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shareholders-back-emission-targets-proposal; https://www.greencentury.com/statement-green-century-shareholder-proposal-on-climate-change-wins-vote-with-88-5-approval-at-us-foods-annual-meeting.

[5] The Company inaccurately states that Proponents argued that such proposals "can never be excluded." Company Reply at 5. Proponents' exact language was that such proposals "are *generally* not subject to exclusion." Proponents' Reply at 5 (emphasis added).

[6] The Company also inaccurately states that Proponents "omitted" the bolded text. Company Reply at 5. In fact, the bolded language is quoted in full on page 5 of the Proponents' Reply, which omits only the word "similar" in the sentence containing the bolded language. *See* Proponents' Reply at 5. Indeed, several paragraphs of the Proponents' Reply are dedicated to explaining why the Proposal fits within the bolded text.

targets have been held by the SEC to be non-excludable, including a range of 1.5°C target and Scope 3-related proposals.

There is no other possible way to read SLB 14L. If companies were entitled to object (as the Company does) to the *very idea* of setting targets or timelines, because "targets or timelines" do not "afford discretion to management as to how" to achieve the companies' overall "climate goals," the entirety of the relevant language from that bulletin becomes nonsensical. SLB 14L explicitly authorizes proponents to ***suggest*** targets or timelines. The Company's interpretation would nullify this language. Patently, the Proposal falls within the language of SLB 14L.

CONCLUSION

Based on the foregoing, we continue to believe that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2023 proxy statement pursuant to Rule 14a-8. We urge the Staff to deny the no action request.

Sincerely,

Luke Morgan
Staff Attorney, *As You Sow*

cc:

Laura Richman, Mayer Brown LLP
Edward S. Best, Mayer Brown LLP
Gina Rebollar, Chubb