

Zurich forges ahead with climate goals to tackle growing risk to society

- Action over next few years set to curb emissions in line with Paris Agreement ambition to limit global warming to 1.5°C
- 25% cut in carbon intensity planned for listed equity and corporate bond investments by 2025; 30% cut targeted for direct real estate investments¹
- Emissions from operations to be cut by 50% by 2025 and 70% by 2029
- Zurich pledges to use influence as investor and insurer to press for change, and urge companies it invests in to set their own targets for a 1.5°C future

Zurich, March 31, 2021 – Zurich Insurance Group (Zurich) is intensifying action in support of global efforts to avert the threat of climate change. The Group is committed to using every lever available – investments, operations, and products and services – to accelerate the transition to a net-zero² emission economy.

Zurich is setting new climate targets for its investments and operations and, crucially, will help finance the transition and require the companies it invests in to set targets aligned with the Paris Agreement. Zurich pledges to take a leading role in developing industry-wide methodologies to measure emissions from insurance underwriting.

The action plan is part of Zurich's ambition to be one of the most responsible and impactful businesses in the world. The measures underscore a commitment made in 2019 when Zurich became the first insurer to sign the Business Ambition for 1.5°C Pledge to limit global warming.

Group Chief Executive Officer Mario Greco said: "Our role as an insurer is to protect people and climate change is the greatest risk there is. We are using our influence as a global insurer and investor to drive deep cuts in emissions, because working with others is where we can make the biggest impact. Our own operations have been carbon neutral since 2014, and we've since been focused on reducing our remaining emissions. Over the next few years, big cuts will come from measures such as switching to renewable power and electric vehicles, savings in data centers and curbing business travel."

The journey to net zero emissions

	Investments	Products & services	Operations
Today	No investment in companies with: <ul style="list-style-type: none"> - > 30% revenue/electricity mix from thermal coal, oil shales and oil sands³ - USD 497 mn divested under policy 2.9 million tons CO ₂ e avoided per year through impact investing	No underwriting of companies with: <ul style="list-style-type: none"> - > 30% revenue/electricity mix from thermal coal, oil shales and oil sands³ - USD 33 mn premiums not renewed under policy Zurich to play leading role in development of industry-wide standards on measurement of emissions from insurance	Carbon neutral (since 2014) Ca. 1 million tons CO ₂ e saved since 2008 Expansion of emissions accounting with inclusion of value chain emissions
2025	25% cut in CO ₂ e intensity in listed equities and corporate bonds 30% cut in CO ₂ e intensity in real estate 5 million tons CO ₂ e avoided per year Dialogue with companies producing 65% of emissions on setting climate targets ⁴		50% cut in gross emissions⁵ including: <ul style="list-style-type: none"> - 55% cut in direct and indirect emissions in own operations - 50% cut in indirect emissions in value chain
2029			70% cut in gross emissions⁵ including: <ul style="list-style-type: none"> - 80% cut in direct and indirect emissions in own operations - 65% cut in indirect emissions in value chain
2050	Net zero emissions		

Ambitious climate targets for investment portfolio

As a founding member of the UN Net-Zero Asset Owner Alliance (the Alliance), Zurich in 2019 committed to holding a net-zero investment portfolio by 2050.² Achieving this goal requires ambitious carbon emission reduction targets that are consistent with a 1.5°C future.

The targets address three key areas on the road to decarbonization: emission reduction in the portfolio, engagement with companies to bring about change and direct investment in solutions. Zurich plans transparent and annual updates on its progress.

“The new emissions reduction targets for our investment portfolio put the engagement with companies we invest in at the center of our responsible investment approach,” said **Urban Angehrn, Group Chief Investment Officer**. “We will use our position as a large investor to ensure climate change is high on corporate agendas and exercise our voting rights to accelerate the transition to a climate-neutral economy. At the same time, we will make good use of our profound impact investing expertise and continue to invest in businesses and assets that are proactively dealing with climate change.”

1) Emission reduction targets 2025 ^{1,6}

Zurich’s emission reduction targets cover both listed equity and corporate bond investments as well as direct real estate investments. By 2025, Zurich aims to:

- reduce the intensity of emissions of listed equity and corporate bond investments by 25% (tons CO₂-equivalent per USD million invested), and

- reduce the intensity of emissions of direct real estate investments by 30% (kilograms CO₂-equivalent per square meter).

Zurich will continue to take a leading role in the development of CO₂-reduction methodologies and initiatives for other asset classes, such as sovereign debt and infrastructure. It will also continue to contribute to other important activities, such as engaging with policy makers and governments.

2) Engagement targets 2025

Zurich strongly believes that simply divesting from companies with carbon-intense footprints is less effective than engaging with them to drive the shift to sustainable practices. Many of these companies have the knowledge and engineering capabilities required to make a green transition and harnessing this can benefit sustainability goals. Zurich will:

- engage with the companies producing 65% of portfolio emissions and lacking targets aligned with the Paris Agreement,
- require these companies to set targets aligned with the Paris Agreement, and
- collaborate with asset managers in highlighting best practice for climate-conscious active ownership and work together for a just transition.

Over a period of at least two years, Zurich will engage with companies directly and through organizations such as Climate Action 100+ and the Alliance. Should engagement fail and companies refuse to set targets after due dialogue, Zurich will vote against board members at shareholder meetings.

3) Finance climate solution targets 2025

Zurich's targets for financing climate solutions enhance the Group's existing long-term commitment to provide green financing solutions under its impact investing strategy announced in 2017. Zurich will:

- grow allocation to climate solution investments,
- avoid 5 million tons of CO₂-equivalent emissions per year through impact investments, and

- contribute to a market environment that enables a growing pipeline of climate solution investments suitable to institutional investors, based on the experience from building a multi asset class impact portfolio over the years.

In 2020, Zurich's impact investing portfolio helped avoid a total of 2.9 million tons of CO₂-equivalent emissions, which corresponds to carbon sequestered by 48 million tree seedlings grown over a 10-year period.⁷ The overall allocation to climate solutions, consisting of the green share of the Group's impact investments⁸ and certified green buildings, amounted to USD 8 billion.

Bolder emission reduction targets for Zurich's operations

Environmental management is a key part of Zurich's overarching approach to sustainability. Zurich strives to lead by example – this means applying good governance practices to ensure that the Group's own behavior reinforces its ambition to be recognized as one of the world's most sustainable companies.

Zurich has operated as a carbon neutral company since 2014 and has demonstrated accountability for emissions since it began to measure them in 2007. Since 2008, Zurich estimates to have avoided 1 million metric tons of CO₂-equivalent emissions from its operational activities, which corresponds to removing more than 200,000 passenger vehicles from the road for one year.⁷

Zurich is now accelerating the reduction of its own carbon emissions, in line with the scale of reductions required to meet the global warming goals of the Paris Agreement. The Group has set the following targets for its operations against a 2019 baseline:

Emission reduction targets	2025	2029
Absolute reduction in all operational emissions	50%	70%
The reductions comprise:		
<ul style="list-style-type: none"> • reduction in emissions from the vehicle fleet and onsite heating as well as from purchased electricity, heat and steam (e.g. district heating) 	55%	80%
<ul style="list-style-type: none"> • reduction in operational emissions resulting from air, rental and rail business travel, employee commuting, strategic data centers, printed paper and waste, as well as indirect energy impacts 	50%	65%



To help accelerate the reduction in emissions in operations, Zurich has set an internal price on these emissions starting in 2021. The levy will feed a carbon fund, which will be used to support Zurich's CO2 neutrality commitment and to drive down emissions from operations, as well as other emissions sources related to the business.

As a member of RE100, the Group committed in 2019 to use 100 percent renewable power across all global operations by the end of 2022, and as a member of EV100, Zurich pledged in 2020 to use only electric vehicles in its global car fleet by the end of 2029. Green mobility is an important lever to mitigate climate change and Zurich will seek to champion this transition and enable its customers do to the same.

Tackling climate change needs allies, and Zurich is mobilizing employees for climate action through the Zurich Forest project launched in Brazil in 2020. Zurich is sponsoring the not-for-profit organization Instituto Terra to plant one million seedlings and restore biodiversity across 1,730 acres of Brazil's Atlantic Forest. More than 100,000 seedlings have already been planted, including one for each of Zurich's employees. Through the Zurich Forest and other activities, Zurich will seek ways to engage customers in the preservation of vital habitats, which protects communities and assets.

Accelerated underwriting transition efforts

Zurich is committed to the development of industry-wide standards for measuring emissions from insurance underwriting together with industry bodies, policymakers and other insurers.

Notwithstanding the lack of recognized methodology, Zurich is taking action to curb emissions related to its underwriting. In 2017, Zurich placed restrictions on underwriting or investing in companies with exposure to thermal coal, and expanded the policy in 2019.³ Zurich's underwriting and investment management teams have engaged customers that exceed the policy's thresholds in a dialogue about their transition plans.

At the end of 2020, Zurich had engaged with more than 250 companies and stopped doing business with or investing in more than one-third of them. As a result, the Group did not renew more than USD 30 million in gross written premiums and divested assets worth nearly USD 500 million since 2017.

Also as of the end of 2020, discussions were ongoing with 42% of the companies close to or exceeding the policy limits, and Zurich continues to expect firm commitments from them by June 2021 to a plan to achieve all thresholds. Where customers or investee companies have adopted targets that are consistent with a 1.5°C future, Zurich expects substantive and demonstrable movement toward those targets within a maximum of five years, as well as an annual review of progress.

Further, the Group is analyzing the reported carbon emissions and planned transition activities of its commercial customers. This will provide a better understanding of the risks and opportunities of the transition to a climate-neutral economy and how customers plan to adapt to this over the next five to 10 years. This analysis will help Zurich support customers, irrespective of industry, to ensure a smooth transition through the creation of new services that facilitate change as well as adapting traditional insurance solutions. Zurich is committed to working with its customers to understand the risks and opportunities arising from the transition and to advance together to a climate-neutral future.

¹ All targets set against a 2019 baseline, based on latest available emissions for Dec. 31, 2019: 136 tons CO₂-equivalent per USD million invested (market value based) for listed equity and corporate bond investments; 32 kilograms CO₂-equivalent per square meter for real estate investments.

² Generates no more greenhouse gas emissions than are taken out of the atmosphere (net-zero emissions).

³ See <https://www.zurich.com/en/sustainability/governance-and-policies/exclusion-policies> for more detail on policy

⁴ See <https://www.zurich.com/en/sustainability/responsible-investment/climate-action> for full detail of Zurich's climate-related 2025 investment goals

⁵ Scope 1, 2 and 3 emissions under the [GHG Protocol](#)

⁶ Calculation methodology: Zurich calculates the carbon footprint of its portfolio based on the agreed methodology of Asset Owner Alliance members (For more information, see: <https://www.unepfi.org/net-zero-alliance/resources/alliance-2025-target-setting-protocol/>). Zurich defines the carbon emissions intensity of an issuer as tons of CO₂-equivalent greenhouse gases emitted (under scope 1 and scope 2 of [GHG protocol](#)) per USD millions of capital deployed. For non-financials, capital is defined as enterprise value, and for financials, market capitalization is used as a proxy. To derive portfolio level intensity, we use the simple mathematical average of total portfolio carbon-equivalent footprint per USD million in portfolio market value.

⁷ Source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

⁸ Consisting of green bonds, green infrastructure private debt and clean-tech private equity funds.

Further information

[Net-Zero Asset Owner Alliance – Inaugural 2025 Target Setting Protocol](#)

[Zurich signs up for UN Business Ambition for 1.5°C Pledge](#) (News release, June 25, 2019)

Read more about Zurich's operational targets [here](#).



Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

Contact

Zurich Insurance Group Ltd

Austrasse 46, 8045 Zurich, Switzerland

www.zurich.com

SIX Swiss Exchange/SMI: ZURN, Valor: 001107539

Media Relations

Malcolm Shearmur, Thomas Baer, Pavel Osipyants

Phone +41 44 625 21 00

Twitter @Zurich

media@zurich.com

Investor Relations

Richard Burden, Francesco Bonsante, Samuel Han, Michèle Matlock, Fabian Wiederkehr

Phone +41 44 625 22 99

investor.relations@zurich.com