

Zurich unveils innovative framework for measuring social and environmental investment impacts

- **Zurich, together with BlackRock, introduced a new framework to measure the environmental and social benefits of impact investments.**
- **A pilot study of the majority of Zurich’s impact investments revealed that it helped to avoid 3.4 million tons of CO2-equivalent emissions and, separately, improved the lives of 2.4 million people annually, as of December 2018.**

Zurich, March 12, 2019 – Zurich Insurance Group (Zurich) announced today that, using a newly developed framework, it has for the first time successfully measured the environmental and resilience effects of its impact investment portfolio. The analysis showed that the underlying investments helped to avoid 3.4 million tons of CO2-equivalent emissions worldwide and improved the lives of 2.4 million people. This takes Zurich already over halfway toward achieving the ambitious [impact investment targets it introduced in 2017](#). The targets are to achieve total impact investments of USD 5 billion that would result in avoiding 5 million tons of CO2-equivalent emissions while improving the lives of 5 million people each year.

Reliable measurements are an essential part of delivering on Zurich’s impact investing promises. “As a responsible investor, we use capital markets to search for – and fund – solutions to many of the pressing social or environmental issues of our time,” says Urban Angehrn, Group Chief Investment Officer. “Besides tracking our exposure targets, we want to know what our investments achieve in terms of impact. Being able to aggregate impact across asset classes and instruments is essential for our mission.”

The measurement methodology for the impact of Zurich’s green bond portfolio has been developed in close collaboration with [BlackRock](#), the international investment firm. In addition, for its social and sustainability bond, impact private equity and Swiss

real estate investments, Zurich has developed a methodology to similarly aggregate numbers on CO₂-equivalent emissions and the number of people who benefited. The analysis based on this approach demonstrates what Zurich's impact portfolio achieves in contributions toward the company's impact investment objectives: mitigating environmental risks and increasing the resilience of people worldwide.

In 2018, Zurich increased its impact investments by USD 1 billion, bringing its total impact investment portfolio to USD 3.8 billion. The increase was achieved by scaling existing strategies of investing in use-of-proceed bonds and impact private equity funds, as well as broadening the impact investing approach to a new asset class – infrastructure private debt.

Eric Usher, Head, [United Nations Environment Programme Finance Initiative](#) (UNEP FI), said: “We are excited to see UNEP FI member, Zurich, working to embed sustainability in their core business activities. In their dual capacity as investors and underwriters, insurers have an essential role in ensuring a healthy planet, and helping the finance industry play its part in achieving both the Paris Climate Agreement targets and the UN Sustainable Development Goals.”

Amit Bouri, Chief Executive Officer, [Global Impact Investing Network](#) (GIIN), added: “The GIIN welcomes Zurich's focus on impact performance to drive better-informed investment decisions, and their commitment to sharing their learnings with other investors. Increasingly, investors are moving toward integrating financial and impact performance to drive decision-making and paint a clearer picture of the effects their investment decisions have on society and the planet. This is important because the challenges the world is facing are too urgent for impact capital to underperform.”

Rick Rieder, Chief Investment Officer, Global Fixed Income, [BlackRock](#), noted: “We've seen clients have increasing interest in the social and environmental impact of their holdings. It's great to see the green, social and sustainability bond market contribute to the development of this type of reporting transparency.”

A framework to allow us to progress on our impact investment goals

Zurich believes that the approach developed with BlackRock is the first framework of its kind to measure CO₂-equivalent emissions avoided and the number of people who benefited from its investments and aggregate these two metrics across asset classes and investment instruments.

‘Avoided CO₂ emissions’ are calculated against a baseline scenario that reflects the most likely project outcomes or level of service achieved in the higher-carbon status quo of the economy. To measure the social objective to ‘increase resilience,’ Zurich counts the number of people who have benefited from its investees’ services in education, housing or financial inclusion and other measures aimed at improving lives.

Potential for sharing with other investors

The majority of green bond issuers publish impact reports. However, Zurich believes more work needs to be done in setting standards for the structure of impact reports as well as for the metrics used. That is where lessons learnt from the process of creating the newly introduced framework could be of broader benefit for the impact investing market.

Urban Angehrn added: “We will be delighted to introduce the new framework to other asset owners and asset managers. We strongly believe that measuring the impact of investments is one of the key deliverables on Zurich's [sustainability ambition](#) to facilitate transitioning to a low-carbon and inclusive economy.”

Zurich’s impact investment portfolio comprises green, social and sustainability bonds, as well as commitments to six private equity funds active in areas including financial inclusion and clean technology. For the first time ever, in 2018, Zurich also included impact infrastructure private debt investments as an asset class in its impact investment portfolio. New possibilities across asset classes will be evaluated to broaden the approach and increase the investment volume.



Further information

Read more about Zurich's responsible investment strategy [here](#).

Zurich's impact framework methodology looks at the impact created by Zurich's share of investments and is based on the information reported by the issuers of impact investing instruments. The scope of the pilot study encompasses 70 percent of Zurich's green bond portfolio; 70 percent of its social/sustainability bond portfolio as well as the impact private equity portfolio and the Swiss real estate activities. Zurich will be working with its asset managers to broaden the measurement framework to the infrastructure private debt portion of its impact portfolio.

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 54,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 210 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.

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