

Zurich underscores climate commitment with EIB green bond purchase

We are aiming to make the world a little greener

Zurich Insurance Group's substantial impact investment portfolio underscores Zurich's determination to make a difference in a world where climate change poses real risks.

As of December 31, 2019, Zurich held USD 160 million of European Investment Bank (EIB) green bonds, the largest supranational issuer of such bonds. Zurich helped to avoid 22,500 tons of CO₂ emissions through EIB green bonds. That's equal to the CO₂ emissions released by 915,500 propane cylinders used for home barbecues, or the carbon sequestered by 370,000 tree seedlings grown over a 10-year period!*

"That's important in view of our progress on our impact investment goals, which include avoiding five million tons of CO₂-equivalent emissions, and separately improving the lives of five million people per year," according to Johanna Köb, Head of Responsible Investment at Zurich.

Green bonds, also called Climate Awareness bonds by the EIB, are one of many ways Zurich is demonstrating its commitment to addressing the increasing climate crisis. In June 2019, Zurich signed the United Nations Global Compact Business Ambition Pledge that aims to limit an increase in global temperatures by 1.5 Centigrade above pre-industrial levels. And as part of our aim to address climate change, Zurich also announced in June 2019 it will no longer underwrite or invest in companies that get more than 30 percent of revenue from mining thermal coal, oil shale or extraction of oil from oil sands or electricity from coal or oil shale.

The EIB was the world's first issuer of green bonds. As of October 14 2019, it has raised over EUR 26.6 billion across 13 currencies via green bonds, making it the largest supranational issuer of these bonds. The proceeds raised by EIB are allocated to lending to projects substantially contributing to climate change mitigation, in the fields of renewable energy and the energy efficiency so far. In renewable energy this includes, for example, wind, hydro, solar and geothermal energy production projects; and in energy efficiency this includes projects for district heating, co-generation, building insulation, energy loss reduction in transmission and distribution and equipment replacement with significant energy efficiency improvements.

Aldo Romani, Head of Sustainability Funding at EIB, comments: "The green bond market is developing rapidly with the growing support from long term sustainable investors. Zurich Insurance is a leader in this field. We jointly see the merits of a common language in sustainable finance for the efficient redirection of financial flows towards sustainable investment."

One of the projects that received allocations from the proceeds raised by EIB's green bonds is Rentel Offshore Wind, a major North Sea wind farm. Located 42 km off the coast of Ostend, Belgium, it was developed with an estimated investment of EUR 1,129 million. With an installed capacity of 294 MW, the project is one of the biggest offshore wind farms in Belgium. It has an annual expected production of 998 GWh, which allows it to avoid 462,000 tons of CO₂ emissions annually that would otherwise be produced by conventional energy providers. The project can supply approximately 55,000 households with renewable energy per year.



©Rentel Offshore Wind, a major North Sea wind farm

As of December 2019, Zurich holds more than USD 3.1 billion of green bonds. Such bonds are among others used to fund projects including renewable energy or energy efficiency and are the biggest single category of Zurich's more than USD 4.6 billion held in impact investments.**

When evaluating green bond investments, Zurich applies criteria from the voluntary [Green Bond Principles](#)*** More detailed information about its evaluation framework and principles can be found in our impact [measurement framework methodology paper](#).

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

** At Zurich Insurance Group (Zurich), we define impact investing as investment opportunities that allow us to intentionally target a specific social or environmental impact, provide a measurable impact, and generate a financial return commensurate with their risk.

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