Responsible investment is integral to Zurich Insurance investment philosophy and approach. It is about managing our assets of approximately USD 200 billion in a way that creates sustainable value.

In 2017, Zurich increased its commitment to impact investments and introduced impact targets. While committing to an overall investment of USD 5 billion, innovative impact targets were set, including the goal of avoiding 5 million metric tons of CO2-equivalent emissions and improving the lives of 5 million people per year.

In 2019, Zurich invested another USD 800 million in impact assets, bringing total investments in the impact portfolio to USD 4.6 billion. These investments include green, social and sustainability bonds, as well as commitments to seven private equity funds active in areas like financial inclusion and clean technology. For the first time, Zurich also included impact infrastructure private debt investments as an asset class.

Zurich also established a framework to track the impact of these investments. It measures two metrics: `CO2-equivalent emissions avoided’ and `the number of people who benefited’ across Zurich’s impact portfolio. A pilot study of the majority of its impact investments revealed that it helped to avoid 2.8 million tons of CO2- equivalent emissions and, separately, improves the lives of 4.2 million people annually, as of December 2019.

Responsible investment as a holistic concept is still relatively new, and responsible investment practices have yet to be established firmly within mainstream investment processes. The ultimate objective of responsible investment – to create social and environmental value alongside financial returns – can only be achieved if the various responsible investment practices become truly embedded in mainstream investment management.

This will require:

* High-quality disclosure of ESG data, supported by adequate regulation and policy.
* Effective mechanisms to create cost transparency by internalizing environmental and social externalities (e.g., polluter pays principles; carbon price), supported by sensible and stable regulation and coherent sustainability policy.
* Increased focus on impact metrics that allow policy makers, businesses and investors to align contributions to objectives (e.g., UN Sustainable Development Goals).
* Ongoing investment, both public and private, in education, training, research and tools. Only by acting collectively can this change be achieved. ESG factors can be efficiently priced only through collective action, and with a shared understanding of how ESG factors affect risk, opportunity, and economic outcomes both in businesses and society. That pricing signal is the only incentive capable of ensuring those seeking to raise capital in the market to take an effective and strategic approach to ESG issues

Collective action can spread the spirit of impact investing across markets and mobilize capital on the scale needed to tackle pressing social and environmental issues. Close collaboration is needed to bring investors, businesses, public actors, and NGOs together to design the instruments capable of delivering the full, desired impact.