

Partnership for Carbon Accounting Financials collaborates with UN-convened Net-Zero Insurance Alliance to develop standard to measure insured emissions

Urgent, ground-breaking work on insured emissions, allowing insurers to set net-zero targets for their respective underwriting portfolios

Utrecht/Geneva, 6 September 2021—The Partnership for Carbon Accounting Financials (PCAF), in collaboration with the UN-convened Net-Zero Insurance Alliance (NZIA), today announced the launch of a working group comprising leading insurance and reinsurance companies to develop the first global standard to measure and disclose insured greenhouse gas (GHG) emissions. The PCAF Insured Emissions Working Group will include PCAF insurance signatories, founding NZIA members and other re/insurers. Other key stakeholders are welcome to join going forward.

A global, standardised methodology to measure and disclose the GHG emissions of insurance and reinsurance underwriting portfolios would give insurers deeper insight into the risk profile of their respective underwriting portfolios, stimulate innovative approaches to decarbonisation, and create comparability for stakeholders. It would help re/insurers understand the climate impact of their underwriting decisions, laying the foundation to decarbonise their insurance and reinsurance portfolios through target setting, scenario analysis, strategy development, and individually taking concrete actions that have real-world impact through emissions reduction in the real economy.

As risk managers, re/insurers and investors, the insurance industry plays a key role in supporting the transition to a resilient net-zero emissions economy. Climate change-related physical and transition risks are relevant to both the insurance and investment portfolios of re/insurers. Leading re/insurers, including the NZIA's founding members, are already demonstrating climate leadership as investors through their membership in the UN-convened Net-Zero Asset Owner Alliance (NZAOA) established in 2019. With the launch of the NZIA at the G20 Climate Summit in Venice last month, the commitment of NZIA members to transition their respective insurance and reinsurance underwriting portfolios to net-zero emissions and set science-based targets every five years makes the ground-breaking work of the PCAF Insured Emissions Working Group fundamental and urgent.

The PCAF Insured Emissions Working Group recognises the insurance industry's urgent need to measure and disclose insured emissions and will begin working immediately to meet the demand for such a methodology. While PCAF has developed a global standard to measure and disclose financed emissions in the context of investment and lending portfolios, there is currently no equivalent global standard for insured emissions.

As with the development of PCAF's flagship publication, the [Global GHG Accounting and Reporting Standard for the Financial Industry \(the PCAF Standard\)](#), this effort to develop an Insured Emissions Standard will be led by the PCAF Secretariat by facilitating the discussions and the drafting process. The final standard will be published by PCAF.

PCAF, in collaboration with NZIA, is well-suited to develop the proposed global standard to measure insured emissions. As a partnership of over 140 financial institutions, PCAF will ensure that any standards developed will account for industry-wide interests and concerns, lending itself to be adopted by virtually any interested stakeholder, large or small, irrespective of membership in the NZIA. Moreover, acting as a separate body, PCAF will allow the cooperation to pool know-how and information in a manner compliant with applicable laws and regulations. PCAF will also bring extensive experience in advising and cooperating in similar initiatives and, along with it, invaluable credibility. Banks and investors worldwide have readily adopted the PCAF Standard as the leading methodology to measure financed emissions from loan and investment portfolios. Many insurers have already joined PCAF to measure and disclose the emissions of their investments, but have not yet been able to do the same for their core insurance and reinsurance business.

A PCAF Insured Emissions Standard would fill a major gap in accounting for the total attributable emissions from the financial sector. It would be an essential supplement to the current PCAF Standard that would help bring the entire financial sector and the real economy one step closer to a net-zero future.

Developing the standard will occur in accordance with competition laws and other applicable laws and regulations. This may include consultation with appropriate competition and other authorities on how these standards and methodologies can be implemented.

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About the Partnership for Carbon Accounting Financials

The Partnership for Carbon Accounting Financials (PCAF) was launched globally in September 2019. Currently, more than 145 banks and investors have subscribed to the PCAF initiative. PCAF participants work together to jointly develop the [Global GHG Accounting and Reporting Standard for the Financial Industry](#) to measure and disclose the greenhouse gas emissions of their loans and investments. By doing so, PCAF participants take an important step to assess climate-related risks, set targets in line with the Paris Climate Agreement and develop effective strategies to decarbonize our society.

Learn more at: <https://carbonaccountingfinancials.com>

About the UN-Convened Net-Zero Insurance Alliance

The Net-Zero Insurance Alliance (NZIA) was established by a group of leading insurance and reinsurance companies, who are all signatories to the UN Principles for Sustainable Insurance (PSI), under the auspices of the UN Environment Programme's PSI Initiative, the largest collaboration between the UN and the global insurance industry.

The NZIA was launched at the G20 Climate Summit in Venice in July 2021 by its founding members: AXA (NZIA Chair), Allianz, Aviva, Generali, Munich Re, SCOR, Swiss Re and Zurich Insurance Group. These companies have committed to transition their insurance and reinsurance underwriting portfolios to net-zero greenhouse gas emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100, in order to contribute to the implementation of the Paris Agreement on Climate Change. By establishing the NZIA, these insurers and reinsurers are building on their climate leadership as investors through their membership in the UN-convened Net-Zero Asset Owner Alliance (NZAOA) established in 2019. They are therefore demonstrating the key role of the insurance industry as risk managers, insurers and investors in supporting the transition to a net-zero economy.

Learn more at: www.unepfi.org/net-zero-insurance and www.unepfi.org/psi