

Press release

## European sustainability reporting needs standardisation

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**Zielke Research Consult published its European insurers CSR ranking. The results show an increase in transparency compared to last year, but there is room for improvement. It also sheds light on discrepancies across countries in sustainability reporting. Report users need the CSRD to address this lack of standardization.**

This study compares the sustainability reports of 20 leading European insurance companies from nine EU and Non-EU countries. The analysis includes criteria for the three areas of sustainable development: environment, social, and governance. Zielke Research Consult has been publishing this ranking for four years for the German market, and this is the second year that they compare companies from various European countries.

The results show an improvement on each criterion compared to last year, which proves a dedication to improving transparency. The average score rose from 0.46 to 1.74, which is an increase of about 15%. However, the study also sheds light on some gaps. Indeed, Zielke Research Consult observed that necessary criteria to compare businesses' performance are still missing in some reports. For instance, we see an increase in reporting of the carbon footprint following the three scopes of the GHG Protocol but this is not the totality of insurers yet. In the area of social performance, we observe an improvement in disclosure about the topic diversity, but the reports still lack quantitative KPIs such as the employment rate of handicapped employees or the share of women in leadership positions per level of management. On the other hand, results show good scores in all criteria regarding governance. Sustainability is now broadly embedded in the governing body, and transparency about solvency is better. The average score measuring the quality of the Solvency and Financial Condition Report has significantly increased.

### **The CSRD to converge toward more standardization**

This year, Zielke Research Consult proceeded to a deeper analysis of the ESG considerations into the investment policy, a material topic for the insurance industry. The study emphasized the ESG investing strategies implemented by the insurers. The results show that all European countries broadly use risk mitigation strategies such as exclusion or ESG integration. This means that the insurer does not invest in harmful activities or in companies that perform poorly on environmental and/or social matters. Then, a common practice to benefit from ESG opportunities is thematic investing where an insurer invests in sectors that address sustainability objectives such as renewable energies. Finally, we observe that impact investing is a more common practice in some countries than others as Germany. The study also looks at whether the insurers report their financed emissions by providing the carbon intensity. 40% of companies in the sample reported this KPI, which means that it is not a common practice yet.

The Corporate Sustainability Reporting directive that will replace the Non-Financial Reporting Directive intends to bring more standardization for sustainability reporting in Europe. To reach this goal, the CSRD will enforce more detailed reporting requirements and introduce mandatory assurance

**About Zielke Research Consult GmbH:**

**Zielke Research Consult analyzes and advises insurance companies and banks on solvency and sustainability issues. The company was founded in 2013, its headquarters are in Kornelimünster near Aachen and it consists of a young team of ten employees. Its managing director, Dr. Carsten Zielke, holds various mandates at EFRAG (advisory body on reporting issues to the European Commission).**

**Zielke Research Consult GmbH  
Promenade 9  
D-52076 Aachen**

**Contact**

**Dr. Zielke (Managing Director, D, F, UK)  
+49 2408 7199500**

**Emilie Pitchot (Analyst, F, UK)  
+49 2408 7168036**

**Dr. Schlupp (Press officer, D, NL)  
+49 2402 3838610**