

How EMEA-based insurers are approaching nature-related investing

Nature and biodiversity-related investment is a fast-evolving area of financial services—and EMEA-based insurance firms are at the forefront of this development, according to a new survey by State Street Investment Management (the “Survey”).*

This article examines how certain insurance companies are approaching the challenges and opportunities of integrating nature and biodiversity objectives into their investment portfolios.

Nature and biodiversity integration in investing is a priority for many EMEA insurance companies

The insurance sector is exposed to nature-related risks through both its business, i.e., its underwriting practices and its investment portfolio.

With insurance firms’ global assets under management (AUM) now exceeding US \$40 trillion,¹ and with the European Insurance and Occupational Pensions Authority (EIOPA) estimating that 30 percent of European insurers’² direct corporate bond and equity exposures are highly and directly dependent on at least one ecosystem service, the Survey shows respondents from the insurance industry are increasingly allocating to investments that consider nature and biodiversity.

Insurance respondents integrate nature and biodiversity objectives into a greater proportion of AUM

Around three-quarters of the Survey’s insurance respondents currently incorporate nature or biodiversity objectives into a portion of their existing AUM. This figure is consistent with other institutional investor Survey respondent types, including pension funds and endowments. However, insurance respondents have applied these objectives to a higher share of their AUM than other institutional investors surveyed: 40 percent report that at least 6 percent of their AUM integrate such objectives, compared with 33 percent of pension fund respondents and 19 percent of endowment respondents. Half of the insurance respondents expect this to increase over the next 12–24 months.

For insurance respondents, the biggest driver of biodiversity integration (as across all types of asset owners surveyed) is risk. Sixty percent say that managing investment risk is a top-three reason for incorporating nature and biodiversity objectives. In fact, studies on the exposure of the financial sector (including the insurance sector) show that between 36 percent to 42 percent of their investments are in economic activities dependent on biodiversity or nature.³

When it comes to capital deployment, our Survey indicates that 71 percent of insurance respondents have been allocating new inflows or reallocating capital from other strategies to fund dedicated nature or biodiversity-related investments. The remaining, either integrate nature within their broader environmental investment strategy (9 percent) or they are in the process of exploring it (20 percent).

Asset class wise, the data shows the Survey insurer respondents are most likely to integrate nature and biodiversity objectives in listed equities (61 percent), followed by infrastructure (59 percent) and real estate (54 percent).

Exchange-traded funds (ETF) and direct investments (e.g. real assets and private equity) are the preferred investment vehicles used by insurance respondents to integrate natural and biodiversity considerations into their asset portfolios, the Survey finds.

Nature and biodiversity integration is driven by risk management and opportunities presented by innovation

Nature degradation and biodiversity loss pose a threat to the global economy, with over half of global GDP (US \$44 trillion) potentially at risk, according to the World Economic Forum (WEF).⁴ To that end, certain regulatory bodies are increasingly scrutinizing how insurance firms address biodiversity risk. In December 2024, the EIOPA issued a consultation paper recommending that biodiversity risk should be assessed separately from climate risk, given its distinct and often localized nature. According to the EIOPA paper, insurance firms should incorporate regional data and scenarios, particularly for exposures in forestry, agriculture, and health, while ensuring alignment with climate risk assessments to avoid double counting.⁵

In addition to managing risks, insurance respondents are also focused on capturing opportunities through innovative solutions—ranked as the second most important driver, with 52 percent identifying it as a top-three driver for integrating nature and biodiversity considerations. Moreover, regulatory compliance was ranked among the top three factors by 48 percent of insurance respondents.

Among the themes cited by insurance respondents as priority areas for investments are: sustainable forestry and land use (44 percent), sustainable agriculture and food systems (43 percent), and nature/biodiversity-linked financial instruments (40 percent). They are mostly interested in positive outcome-oriented strategies that focus, for example, on companies or projects that tackle biodiversity loss.

Implementation challenges

Our Survey highlights some meaningful challenges to a more widespread integration of nature-related objectives within the insurance companies surveyed. For insurance respondents currently incorporating nature and biodiversity, three concerns stand out: a lack of internal expertise (41 percent); a lengthy timeline for realizing environmental or financial benefits (41 percent); and a lack of reliable or scalable data (40 percent).

Efforts to improve and standardize nature-related data, as well as make it transparent, have emerged. Notably, voluntary frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) have gained traction.⁶ But as our Survey confirms, access to robust data about nature and biodiversity risks and opportunities is an enduring challenge.

Nevertheless, as those voluntary standards and frameworks mature, they are accorded greater weight in the industry. Our Survey found that three-quarters (75 percent) of insurance respondents are incorporating (or planning to incorporate over the next 12 months) guidance developed by or data disclosed based on the Science-Based Targets Network (SBTN); 68 percent are using (or planning to use) the EU's Taxonomy for Sustainable Finance and the European Sustainability Reporting Standards (ESRS); while 64 percent say the same about the TNFD framework.

For example, in 2022, insurance firm AXA used the beta version of the TNFD framework to produce its first-ever analysis of the impact of its investments on biodiversity.⁷ In addition, AXA has committed to using the TNFD framework in their corporate reporting and targeted disclosure in 2026.

Approaches taken by insurance firms surveyed

Our Survey research highlights that insurance respondents are the most likely compared to other types of asset owners surveyed to take a stewardship approach to nature and biodiversity integration. Sixty-one percent of insurance respondents incorporate nature and biodiversity related-issues in active ownership and stewardship.

As Allianz puts it, “Understanding the impacts, risks and dependencies on biodiversity of our portfolio... requires evaluating how the entities we invest in assess and manage their biodiversity-related DIROs [dependencies, impacts, risks, opportunities] ... As an asset owner, one of the most effective actions we can take ... is engagement with portfolio companies and asset managers.”⁸

Other approaches used by insurance respondents include implementation of nature-related risk and opportunity assessment in core allocations to improve risk and return profile, cited by 62 percent, and inclusionary screening or thematic investing (53 percent).

EMEA-based insurers that we surveyed seem keen to deepen their focus on the topic of biodiversity and nature. Our Survey results suggest that many of them are looking for further learning and capability-building in this space: 51 percent expect their asset managers to participate in industry initiatives on nature and biodiversity, while 49 percent are keen to receive insights or thought leadership from asset managers on related risks and opportunities. They are also the most likely to mention an interest in gaining more

understanding of the relevance of biodiversity-related risks to investments (cited by 54 percent as a top-three priority). Other leading areas of interests for education include how to incorporate related metrics into investment analysis (46 percent) and measuring impact of investments on nature and biodiversity (44 percent).

The bottom line

According to our Survey, many of the EMEA-based insurance firms surveyed are advancing the integration of nature and biodiversity considerations into their investment processes, supported by emerging frameworks and engagement with portfolio companies. While managing investment risk is a primary driver for incorporating nature and biodiversity into asset strategies, the Survey indicates they are also eager to seize opportunities presented by innovative nature-related solutions, mainly via ETFs or other vehicles.

While challenges remain, particularly around data and expertise, the Survey shows that nature and biodiversity is a growing area of focus in insurance investing.

Endnotes

- 1 <https://iaais.org/uploads/2024/12/Global-Insurance-Market-Report-2024.pdf>.
- 2 https://eiopa.europa.eu/publications/report-biodiversity-risk-management-insurers_en.
- 3 https://eiopa.europa.eu/consultations/consultation-report-biodiversity-risk-management-insurers-solvency-ii-review_en.
- 4 https://weforum.org/docs/WEF_The_Future_Of_Nature_And_Business_2020.pdf.
- 5 [Consultation on a report on biodiversity risk management by insurers—Solvency II Review - EIOPA](#).
- 6 [Over 500 organisations and \\$17.7 trillion AUM now committed to TNFD-aligned risk management and corporate reporting](#).
- 7 <https://axa.com/en/commitments/axa-and-biodiversity-strategy>.
- 8 https://allianz.com/content/dam/onemarketing/azcom/Allianz_com/sustainability/Allianz_Biodiversity_LEAP_Case-study.pdf.

*About the survey

In May 2025, State Street Investment Management, in partnership with FT Longitude, surveyed 330 senior investment decision-makers working at asset owners (including pension funds, insurance firms, endowments and sovereign wealth funds) across the EMEA region (Belgium, Denmark, Finland, Germany, Ireland, Italy, Kuwait, Luxembourg, the Netherlands, Norway, Qatar, Saudi Arabia, Sweden, Switzerland, the UAE, and the UK). The survey explored how these investors are approaching the challenges and opportunities of integrating nature and biodiversity objectives into their investment portfolios. For the purpose of this article, the number of investment decision makers at insurance companies that we surveyed was 114.

About State Street Investment Management

At State Street Investment Management, we have been helping to deliver better outcomes to institutions, financial intermediaries, and investors for nearly half a century. Starting with our early innovations in indexing and ETFs, our rigorous approach continues to be driven by market-tested expertise and a relentless commitment to those we serve. With over \$5 trillion in assets managed*, clients in over 60 countries, and a global network of strategic partners, we use our scale to create a comprehensive and cost-effective suite of investment solutions that help investors get wherever they want to go.

* This figure is presented as of June 30, 2025 and includes ETF AUM of \$1,689.83 billion USD of which approximately \$116.05 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Investment Management are affiliated. Please note all AUM is unaudited.

statestreet.com/investment-management

Information Classification: General Access

Marketing Communication

For institutional/professional investors use only.

Important Information

In May 2025, State Street Investment Management, in partnership with FT Longitude, surveyed 330 senior investment decision-makers working at asset owners (including pension funds, insurance firms, endowments and sovereign wealth funds) across the EMEA region (Belgium, Denmark, Finland, Germany, Ireland, Italy, Kuwait, Luxembourg, the Netherlands, Norway, Qatar, Saudi Arabia, Sweden, Switzerland, the UAE, and the UK). The survey explored how these investors are approaching the challenges and opportunities of integrating nature and biodiversity objectives into their investment portfolios.

Investing involves risk including the risk of loss of principal.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

All information is from State Street Investment Management unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the applicable regional regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication is directed at professional clients (this includes eligible counterparties as defined by the appropriate EU regulator) who are deemed both knowledgeable and experienced in matters relating to investments. The products and services to which this communication relates are only available to such persons and persons of any other description (including retail clients) should not rely on this communication.

The views expressed are the views of the State Street Investment Management Sustainable Investing Strategy Team through September 15, 2025, and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance, and actual results or developments may differ materially from those projected.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's sustainable strategy criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's sustainable strategy criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without State Street Investment Management's express written consent.

The above targets are estimates based on certain assumptions and analysis made by State Street Investment Management. There is no guarantee that the estimates will be achieved.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

© 2025 State Street Corporation. All Rights Reserved.
ID3125450-8314641.2.2.GBL.INST 0825 Exp. Date: 30/09/2026