

Press Release

Economy and Climate Objectives in Harmony

- ◆ 2-degree climate target has been determined to be economically efficient
- ◆ Climate researcher Levermann was in conversation with PrismaLife
- ◆ Workshop on sustainability will take place at the Finance Forum Liechtenstein

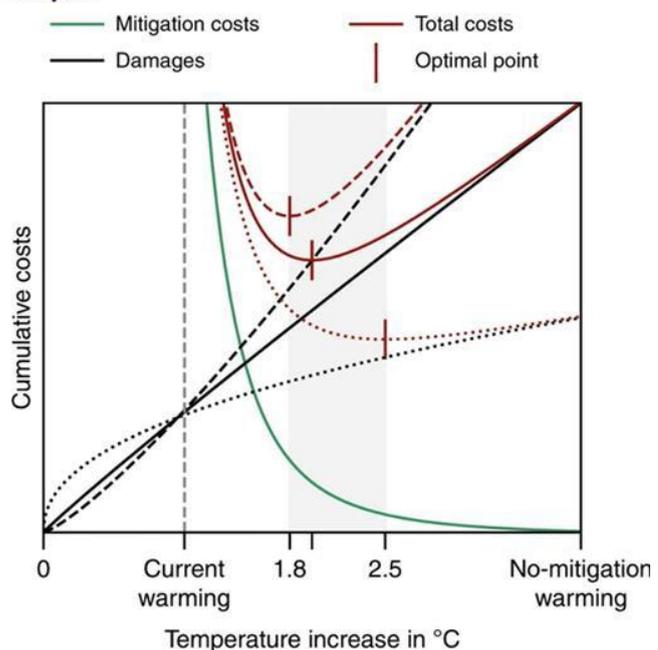
Ruggell, 20.8.2020. PrismaLife AG has consistently geared its corporate strategy towards sustainability. But to what extent do sustainable investments contribute to climate protection and how should the economy and ecology come together? This will be discussed by the Potsdam climate researcher Professor Anders Levermann and PrismaLife CEO Holger Beitz at the Finance Forum Liechtenstein on September 1st, 2020. In advance, the insurance leader Mr. Beitz engaged in talks with the scientist Mr. Levermann.

Holger Beitz: Professor Levermann, you have shown in a study that, from an economic point of view, a limitation of maximum global warming by 2° Celsius is the best way of balancing the costs of climate protection against the damage caused by climate change. What does this mean?

Anders Levermann: In our study, we combined a growth model by Nobel Prize winner William Nordhaus with the findings of an American research group led by the climate researcher Marshall Burke. Mr. Nordhaus has developed a simulation that examines how the costs of climate protection versus potential climate damage influence economic growth directly as well as indirectly. If we try to strike a balance between minimising damage and maximising growth, we arrive at a relatively stable tolerance of a maximum temperature increase of 2° Celsius.

Holger Beitz: So, there is an economic solution to climate change that takes us

Fig. 1: Illustration of universality of the cost-benefit climate analysis.



away from the partly ideologically driven discussions and assigns responsibility to the business community.

Anders Levermann: "Our study shows that ecological behaviour also makes sense from an economic point of view. It is essential to think in the long term, because weather extremes affect almost all sectors of the economy. They affect, among other things, the field of transportation, infrastructure, by destroying it, or affect the construction sector. Not to mention agriculture.

Holger Beitz: The fact that sustainable behaviour is the right strategy in the long term also drives our business model. As an insurer, we examine very carefully where the decisive levers are for reconciling ecology and economy. In the financial sector, this lever is the investment. By converting our investments according to ESG criteria (environment, social, governance), we reduce the CO2 impact per €100,000 investment by around 2.5 tonnes compared with the previous investment portfolio. This is around 25 percent below the emissions of the benchmark portfolio "MSCI World". With our broad range of sustainable funds, we enable our customers to invest in ecologically and socially compatible funds. The effects achieved are far bigger than those that the individual can achieve in everyday life.

Anders Levermann: It is important that politics and business work together on climate protection. Individuals are overburdened by this challenge, even though it is sensible of course to reduce their own ecological footprint. And those who can take responsibility for decisions on investments or insurance should do so. Even more important, however, is the demand of all those involved in politics and business to promote and implement climate protection.

Holger Beitz: Our sustainability concept is also largely supported by our employees. Our sustainability strategy includes not only our investments but also our business trips and, for example, the amount of paper or soap we use in the office. For us, corporate responsibility also means that we are committed to social issues at our location. Unfortunately, we often feel powerless in the face of how little the individual can contribute to meeting climate targets.

Anders Levermann: The responsibility for climate protection must not be left to the conscience of the individual. It is the responsibility of politicians - and business must drive implementation forward. The best way to do so is to involve its customers and employees. The responsibility of the individual is to demand political implementation and then to join in.

Holger Beitz: The economic "optimum" of 2° Celsius that you have determined corresponds to the Paris Climate Convention. The European Commission has also drawn up an action plan for a greener economy, which includes not only environmental issues but also social and governance issues. What role do these factors play in your model?

Anders Levermann: Climate protection requires structural change worldwide. We cannot demand the same from people and companies in developing countries as we can from people and companies in industrialised countries. This is about justice issues and

a balance that we need to achieve if we are to take joint action against climate change worldwide. The ESG criteria are inseparably linked.

Professor Anders Levermann is a climate scientist at the Potsdam Institute for Climate Impact Research and the Lamont-Doherty Earth Observatory of Columbia University in New York. He is professor of climate system dynamics at the Institute of Physics at the University of Potsdam. The study "Paris Climate Agreement passes the cost-benefit test" was published in the 11/2020 issue of Nature Communications. (<https://www.nature.com/articles/s41467-019-13961-1>).

Mr. Levermann is also a guest speaker at the **digital workshop of PrismaLife AG** on the topic of "Sustainable Investment" at the Finance Forum Liechtenstein in Vaduz. Registrations are still possible for the free workshop on September 1st 2020 from 11:00 to 12:30. Please register at PrismaLife@instinctif.com.

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About PrismaLife

PrismaLife AG is the leading Liechtenstein life insurance company based in Ruggell. As a specialist for net policies, the company focuses on a clear separation of products and commissions. The company manages client assets of around 1.3 billion euros. The investments in the cover pool are sustainably oriented. PrismaLife also offers customers numerous fund solutions with a sustainable orientation. Further information is available at: www.prismalife.com

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