



PeakRe >

ESG DISCLOSURE REPORT
2020

TOGETHER
TOWARDS A
SUSTAINABLE
FUTURE



INTRODUCTION

Peak Reinsurance Company Limited's ("Peak Re", the "Company", or "we") Environmental, Social and Governance (ESG) Disclosure Report 2020 features content from Peak Re and its subsidiaries on ESG issues that have a direct and significant impact on its business, clients, employees, community, and our industry. The information presented in this report covers the 2020 fiscal year (January 1, 2020 to December 31, 2020).

As a signatory to the United Nations Environment Programme Finance Initiative ("UNEP FI's") Principles for Sustainable Insurance (PSI), Peak Re's ESG Disclosure Report demonstrates our commitment to sustainable reinsurance, to better identify, mitigate and manage environmental, social and governance risks, and to better manage opportunities to provide quality and reliable risk protection.

About Peak Re

Peak Re is a privately-owned global reinsurer, headquartered in Hong Kong with Asian foundations. Having established our presence in Hong Kong, Switzerland, Labuan, Bermuda, and Japan, we have grown from less than 20 employees at the Company's inception to a team of over 110 employees from diverse backgrounds, bringing unique expertise and insights across all aspects of the reinsurance sector. The Company offers a wide suite of products and services encompassing both Property & Casualty ("P&C") and Life & Health ("L&H") reinsurance, supporting 586 corporate clients across 68 markets.

Our purpose is to modernise reinsurance to support the needs of communities and emerging middle class through meeting their reinsurance needs in Asia and beyond. We are proud to help clients across the globe to mitigate and transfer risks through innovative and tailored reinsurance solutions that best fit their specific needs.

To learn more about Peak Re, visit www.peak-re.com.

CONTENTS

Accelerating progress into 2021
p. 11

Statement from the CEO p. 3	Trends shaping our ESG approach p. 4	Our approach and commitment to ESG p. 6	Actions and impact 2020 p. 7	Accelerating progress into 2021 p. 11
--------------------------------	---	--	---------------------------------	--

Statement from the CEO

Our journey to build a sustainable future in a changing risk landscape

It goes without saying that 2020 was an unprecedented year for the world and for reinsurance. Throughout 2020, the reinsurance industry has seen an entirely new risk landscape emerge against the backdrop of a global pandemic and an acceleration of climate related events and natural catastrophes, with wildfires, floods and tropical storms affecting populations globally.

The impact of these events has come at great human cost and losses to livelihoods that are being calculated in the billions all over the world, including the vulnerable communities that are directly on our doorstep, dealing with the effects of the pandemic and these natural disasters.

A new horizon

Despite entering this new decade with many notable challenges, the importance of ESG has been pushed to the top of the global agenda. With this increased momentum, nations, economies, industries, and businesses are racing toward carbon neutral goals and looking to increase their ESG engagement. We recognise the importance of our role as an Asia-based global reinsurer and we are committed to ensuring that we keep pace with the evolving risk landscape, especially in this region where we call home.

Purpose-led growth

As a purpose-led organisation founded with the aim of contributing to our industry and supporting societies, Peak Re has endeavoured to embed sustainable practices and strategies into our business and operations from the outset. We will

continue to adopt these strategies of prudent and sound risk management as well as building on the lessons of the pandemic to strengthen our approach. Through the lens of the emerging economies in this region, Peak Re will adopt and formalise ESG best practices that create positive impact for our stakeholders, including our clients, strategic partners, employees, and the community.

Embedding ESG

Building on the five pillars of strategic focus that are outlined in our 2020 Annual Report, we will look to embed ESG more deeply across our strategy and operations. Enhanced sustainability and ESG strategies will aid in strengthening Peak Re's strategy in the region, ensuring our purpose and values are aligned with our ESG goals, making them part of what we do every day for our stakeholders. We will introduce a formalised framework that incorporates the UNEP FI's PSI, of which Peak Re was an early signatory, and aligns to key United Nations Sustainable Development Goals ("SDGs") that relate to our industry and business.

From our unique vantage point in Hong Kong, we are well positioned to support the emerging middle class as it grows

and transforms, supporting societal developments and working in partnership to provide innovative and environmentally conscious solutions to build a more resilient and sustainable world.

Our diverse expertise and insights have helped Peak Re to support clients all around the globe, offering tailored products for their specific needs. This extends to the transitional risks associated with Asia's ESG journey. As the world acts to mitigate the environmental impacts of climate change, the ramifications to social infrastructures should not be ignored. Peak Re will continue to support these emerging markets during their development, ensuring that all three aspects of ESG are balanced, with our proximity to the region helping us to provide support for these communities as technologies and infrastructures evolve.

I look forward to engaging with our Board of Directors, our management team, employees, regulators, governmental bodies, investors and our clients in the coming year to develop ways in which we can all progress sustainably for the decades to come.

Franz Joseph HAHN
Chief Executive Officer



Trends shaping our ESG approach

As new risks evolve and emerge, our industry is working to prepare communities against threats. The COVID-19 pandemic and a barrage of natural disasters have propelled sustainability and calls for action on ESG topics to the top of the global agenda.

Considering the unique context and capabilities of Peak Re, we are working to provide timely and effective protection to equip societies against emerging risks. We have identified climate change, technology and regulatory trends as key drivers in shaping our ESG approach.

Climate change

Climate change is a global challenge that is impacting the sustainable development of nations and societies. With increases in population and rapid urbanisation, particularly in emerging markets, natural disasters have created new and tougher challenges in both risk financing and risk mitigation. As weather becomes more unpredictable, it is increasingly difficult for emerging economies to equip themselves against risks.

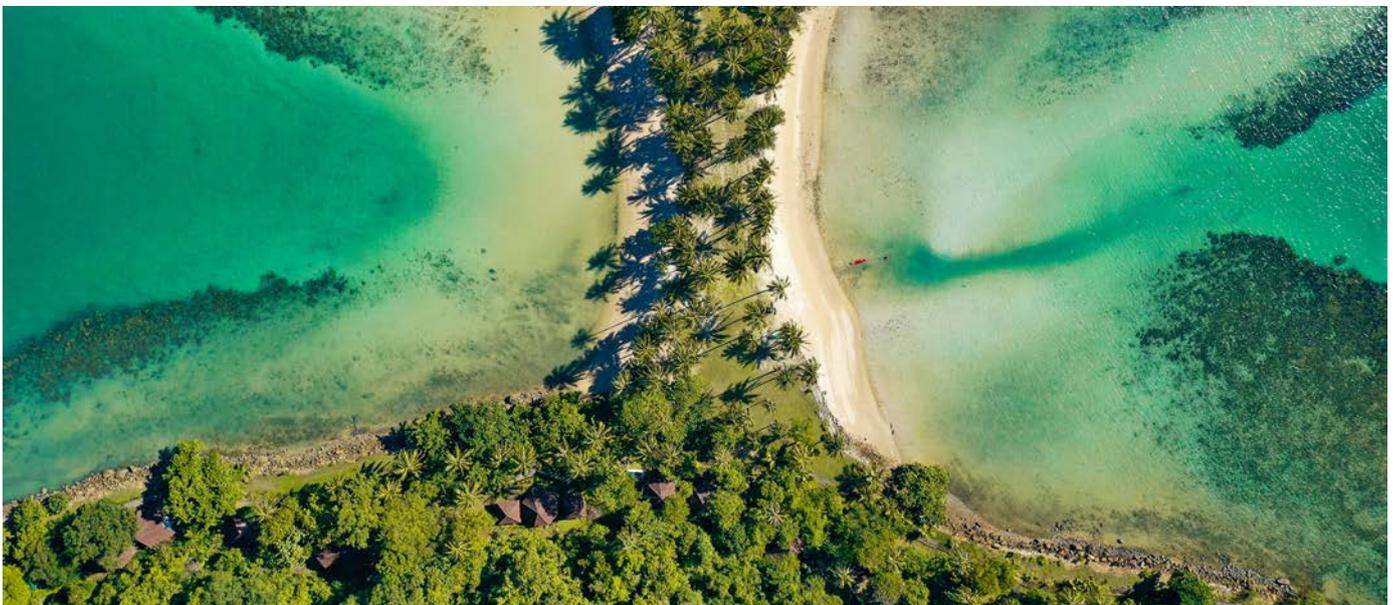
To account for climate uncertainties within the risk assessment system, Peak Re monitors general trends in meteorological risks and changes. We partner with research institutions to increase our awareness and prepare for the risks derived from climate uncertainties.

Peak Re has partnered with the Shanghai Typhoon Institute ("STI") and the Shanghai Central Meteorological Observatory (SCMO) since 2015. The partnership has supported a greater understanding of tropical cyclones in the North Western Pacific Basin and the South China Sea. Through easily accessible data, Peak Re

analyses near term data and compiles new information to help insurers better manage and mitigate the associated risks in this region. This is achieved via publication of biannual reports: with one providing pre-cyclone season predictions, and the other a mid-season review with corrections for the remainder of the season.

Tropical Cyclones are major weather-related disasters for much of our underwriting portfolio. The data platform, the Tropical Cyclone Activity Tracker (TCAT) for insurers, tracks tropical cyclones occurring in the North Western Pacific Basin and provides users with a closer view of the potential typhoon wind and rainfall impact, as well as historical tropical cyclone tracks.

Building knowledge and data through partnerships is at the heart of Peak Re's mission of supporting the needs of communities and emerging middle class societies where Peak Re can build in financial protection for emergency response, recovery, and post-disaster reconstruction.





Technology

Since the onset of COVID-19, the digitisation of business operations and the ever-growing reach of the Internet of Things have only accelerated. Technology is transforming the reinsurance industry and shaping the way we model risks to underwrite and set accurate premiums.

The consumer landscape is also evolving through digitalisation and lifestyle changes, ranging from development of electric vehicles to increased adoption of health tools. These significant shifts are accompanied by increasing cyber and personal data security risks. Peak Re is committed to integrating technology to achieve greater efficiencies in our operations, in particular, to support underwriting decisions and claims management through data analytics and new technologies.

Through technology, Peak Re minimises repetitive analytical and underwriting tasks, thereby allowing resources to be more focused on extracting insights and value from data on hard-to-solve problems for our clients and help them navigate the evolving risk landscape.

Peak Re is actively supporting clients and partners who focus on providing better products to end customers, enhancing efficiency and sustainability to the reinsurance value-chain. For example, Peak Re supports insurers and InsurTech focused on usage-based insurance (UBI) in major markets. Innovative and user-friendly technology facilitate more efficient and accurate claims processes, while factors such as usage and behaviour-based data can assist in further tailoring product and pricing to specific customers.

The industry is transforming to become more effective in risk mapping, while using data and technology to enhance the ability to identify risks and process claims.



Peak Re has a firm belief that through the ongoing development and introduction of innovative technology solutions, it will align with our ESG goals where we can more accurately assess evolving risks to address the immediate and future needs of the market.

Regulatory

Peak Re has the agility to keep pace with regulatory change as markets evolve. We survey the regulatory landscape at global and local levels, to understand and adapt to the rising expectations from regulators and supervisory bodies. These expectations help us to refine our approach in integrating ESG considerations into business and operations; to effectively identify, assess and mitigate climate risks; to improve our governance structure; and to formulate a transparent disclosure of our sustainability and ESG strategies.

Peak Re is closely monitoring the ESG regulatory landscape and developments of major supervisory bodies including the Hong Kong Insurance Authority ("HKIA"), Hong Kong Monetary Authority ("HKMA"), Securities and Futures Commission ("SFC"), the Hong Kong Exchanges and Clearing Limited ("HKEX") and the Swiss Financial Market Supervisory Authority ("FINMA").

Peak Re takes ESG responsibilities seriously. As risks associated with climate change, social inequality, and geo-political and governance risks accelerate, we aim to deepen our understanding, communication, and disclosure of important ESG related information that is specific to our industry, business environment, and communities. We strive to strike a balance between threats and opportunities that arise and examine the same closely, in order to continue to develop a valuable and sustainable business.

Our approach & commitment to ESG



Our approach

Embedding ESG considerations into our reinsurance business means that we are well placed to manage risks and opportunities to support sustainable development. Our approach is holistically designed to support a long-term ESG journey that is underpinned by prudent and sound risk management. It goes directly to the heart of our purpose of advancing the industry and society.

Our commitments

Peak Re was an early signatory of the UNEP FI's PSI framework, and we have submitted annual disclosure reports that outline the commitments we make to ESG, and have taken actions to support sustainability.

Sustainability has been the underlying belief of our business since our establishment in 2012, when Peak Re adopted and embedded the Sustainability Framework

of International Finance Corporation (IFC) into our own risk management framework.

Peak Re has strengthened the Company's ability to mitigate and manage adverse impacts on the business and enhance risk tolerance with reference to these internationally recognised standards, as new frontiers of risk continue to emerge.



Actions and Impact 2020

Supporting emerging economies

Contributing to transition to cleaner energy

As a purpose led reinsurer, Peak Re identifies opportunities to advance the agenda for a cleaner environment. In 2020, together with our business partners, we provided reinsurance support for different markets on environmental assessment and loss control, risk management and mitigation associated with pollution release, and encouraged the adoption of renewable energy around the world.

Insuring climate vulnerable islands in the wider APAC region

Peak Re offers protection against natural perils to island nations in the Pacific Ocean, aiding these particularly susceptible communities to manage climate and disaster risks. Among many other hazards caused by climate change, these island nations are most vulnerable to flooding, especially coastal flooding due to rising sea levels. Although this is the most frequently occurring peril in the area, wind and earthquake also threaten the islands, causing severe economic damage.

Pioneering schemes to support trade in emerging markets

Our first bespoke trade credit partnership scheme has been developed to empower medium-sized local insurers in emerging markets. The reinsurance scheme launched in the Asian emerging market facilitates the development of trade credit, allowing local business to be delivered more effectively and holistically to our client's customers. Not only does the programme benefit the local community by providing support against credit risks and allowing them to play a larger role in international trade, but it also enables the insurers to deliver a better customer experience and gain new knowledge to support growth opportunities in the future.

Helping farmers to protect against weather disturbances

In an Asian emerging market, farmers' fields are under threat from flooding and typhoons. The rice the Asian farmers grow is a staple food product in the region, and their paddies are their livelihood. In order to protect their income in the event their crops are washed away, Peak Re works with the local government to arrange cover against this particular threat.

Vaccination programme to combat COVID-19

Continuing to work with our clients, Peak Re provides risk and underwriting expertise to evaluate, structure and price tailored reinsurance solutions that enable the rapid rollout of COVID-19 vaccines in Asian markets. Calling on our team's technical expertise, efficiency, and agility, our reinsurance solutions provide reinsurance coverage against severe side effects after vaccination; to address public concerns about the vaccines, which were developed within an unprecedented short amount of time.

Responsible Reinsurance Products

Peak Re is committed to embedding sustainability into products and service clients across a range of risks including reducing medical inflation, specific benefits for hospitalisation due to COVID-19 and products that support small and medium-sized enterprises to make them less vulnerable in a highly competitive commercial environment.

In 2020, Peak Re developed a specific reinsurance solution for critical illness insurance coverage for children with autism which is a vulnerable group in the community and helped to eliminate the gap in protection for this region.



Actions and Impact 2020

Strengthening our core through governance

Peak Re has a well-defined and robust corporate governance framework that takes into account compliance and enterprise risk management. A strong culture of corporate governance ensures Peak Re upholds its stated three lines of defence system that runs through the Company's business units, compliance and risk functions and internal audit functions.

Anti-Money Laundering

Peak Re establishes a group-wide AML/CTF programme ("AML Programme") to ensure that money laundering risks can be identified and appropriately mitigated.

By establishing policies, principles and standards and implementing necessary controls, Peak Re can protect itself and its stakeholders including employees, shareholders, and business partners. Policies and procedures are put in place to ensure that Peak Re complies with counterparty's due diligence ("CDD") and record-keeping requirements. Peak Re adopts a risk-based approach to CDD and undertakes ongoing monitoring. The Company adjusts its risk assessment from time to time and based on information it receives from competent authorities, and reviews the extent of the CDD so that ongoing monitoring is applied. Peak Re employees attend regular training on anti-money laundering, anti-terrorist financing and other compliance matters from time to time.

Promoting fair competition

Peak Re supports all efforts to safeguard healthy economic development, and actively advocates for and protects fair competition. We incorporate detailed descriptions that outline our commitments to gauge open and fair competition and encourage our employees and management to maintain good

operational practices which are outlined in the Company's Code of Conduct. In 2020, Peak Re expanded the scope and applicability of the Code of Conduct to all wholly-owned subsidiaries, branch, and representative office. We also included new guiding principles and requirements on international sanctions, licensing and tax as well as inside information. We also further elaborated the requirements on conflicts of interest, anti-bribery and corruption, data protection and privacy.

Whistle-blowing Policy

The Company establishes whistle-blowing policy to provide channels and guidance for employees to raise concerns about suspected fraud, malpractice, misconduct or irregularity. In 2020, we enhanced the policy by including a clear definition of reportable matters, providing a list of examples of conduct and activities employees are encouraged to report. The policy was expanded to cover the Peak Re group of companies including all wholly-owned subsidiaries, branch, and representative office to provide for reporting channels at entity and group level.



Actions and Impact 2020

Responsible Reinsurance – for a better world

ESG risk identification and management

Peak Re has launched new initiatives to better understand the physical risks, transition risks and climate change scenarios with a view to improving our ESG risk identification and management process. The pandemic and resulting disruption in 2020 have given rise to new challenges in implementing sustainability strategies, but they have also created opportunities for more entrenched ESG approaches that will support emerging economies. Throughout 2021 and 2022, Peak Re aims to formalise an ESG strategy and integrate it seamlessly across the Company and its operations.



Screening & Exclusion

Peak Re applies a Guideline of Screening & Tracking of S&E Exclusions to our underwriting and investment operations. The exclusions correspond to the eight Performance Standards set by IFC¹. The guideline covers restrictions on exposures to sensitive industries including weapons and ammunition, alcoholic beverages, tobacco, gambling, drift net fishing,

forestry and logging amongst others. Peak Re sets up thresholds to manage and mitigate the ESG risks it is exposed to in relation to underwriting and investment activities. Our business operations consider possible environmental and social impacts of such industries, and such considerations are reflected in our Social & Environmental Exclusion list.

Knowledge sharing

Peak Re actively supports exchange and cooperation with governments, regulatory authorities, academics, research institutions and other stakeholders on sustainable reinsurance issues, and promotes further understanding of ESG and sustainable reinsurance. We also actively maintain conversations and communication with clients and suppliers to understand relevant ESG risks and integrate relevant results into reinsurance product development and risk identification.

Peak Re regularly attends ESG forums and exchanges views on

ESG-related issues with other industry experts. At the same time, we publish thought leadership research reports, and express opinions on topics such as climate risks and simulate natural disasters. Within Peak Re, there are leaders and experts who are highly regarded by the industry and the communities in which they operate. They are deeply entrenched in the local business ecosystem that brings them to the forefront of exchanging views with peers through participation in industry associations including the Geneva Association, The Hong Kong Federation of



Insurers, and The Actuarial Society of Hong Kong among others.

1. International Finance Corporation, World Bank Group (2012) *Performance Standards on Environmental and Social Sustainability*. Available at: https://www.ifc.org/wps/wcm/connect/24e6bfc3-5de3-444d-be9b-226188c95454/PS_English_2012_Full-Documents.pdf?MOD=AJPERES&CVID=iKV-X6h

Actions and Impact 2020

People

Peak Re fosters a culture of inclusion and celebrates our talented team of professionals who come from all over the world. In 2020, our employees represented 18 nationalities and spoke 21 languages.

We continued to build upon our strong gender balance track record, especially among our senior management executives. As a company headquartered in Asia, the diversity of our team is a major source of pride. Every opinion, perspective, culture, and language contributes to our growth in immeasurable ways and support our growing portfolio of global clients looking to access Asia, and local clients looking to venture overseas.

Peak Re engages and empowers employees and considers them our most valuable asset. Peak Re has a vibrant culture and are proud of our diversity

where the depth and breadth of talent supports clients across the complexities of this region and beyond. An example of this is Peak Re's Social Committee, which is made up of employees who volunteer to organise activities and social arrangements, taking full advantage of sporting events, charitable work and knowledge sharing and wellbeing sessions.

Talent development/training

In 2020, Peak Re's employees across all areas of the business had completed a total of 3,800 hours of training. The Company's training programme comprises externally and/or internally developed concepts that reinforce Peak Re's mission of helping communities and the emerging middle class societies by meeting their reinsurance needs in Asia and around the globe. Nurturing deeper understanding through employee training and engagement is a proven force in growing reinsurance penetration and solutions to close the protection gaps that continue to impact economic growth and stability.

Work safety & health

Peak Re promotes a working environment free from all hazards to the benefit of all employees. The Company's Code of Conduct, which is regularly reviewed and updated, is made available to demonstrate how our employees can contribute to a safe and secure environment to create a sense of well-being and team spirit. It outlines a stringent zero-tolerance approach to discrimination, violence, and threats of violence.

The public designated areas of our office are maintained to the highest standards of cleanliness, with office safety measures put in place to protect employees at their workstations. Employees are actively encouraged by our Human Resources team to contribute to improvements to security, health and safety and there is an open line of communication in place where safety concerns can be voiced.



Accelerating progress into 2021

ESG evolution – moving with the times



Peak Re’s knowledge of the vibrant and emerging middle classes in Asia and beyond allows us to effectively support the most vulnerable communities, including those affected by climate change and natural catastrophes.

The climate events and global pandemic that occurred in 2020 created an urgency for businesses to develop new approaches to sustainability, resilience, and the future of our planet. This is an opportunity for Peak Re to further advance our own sustainability journey by building on the foundations of our current approach and commitments – to adopting a more formalised ESG strategy.

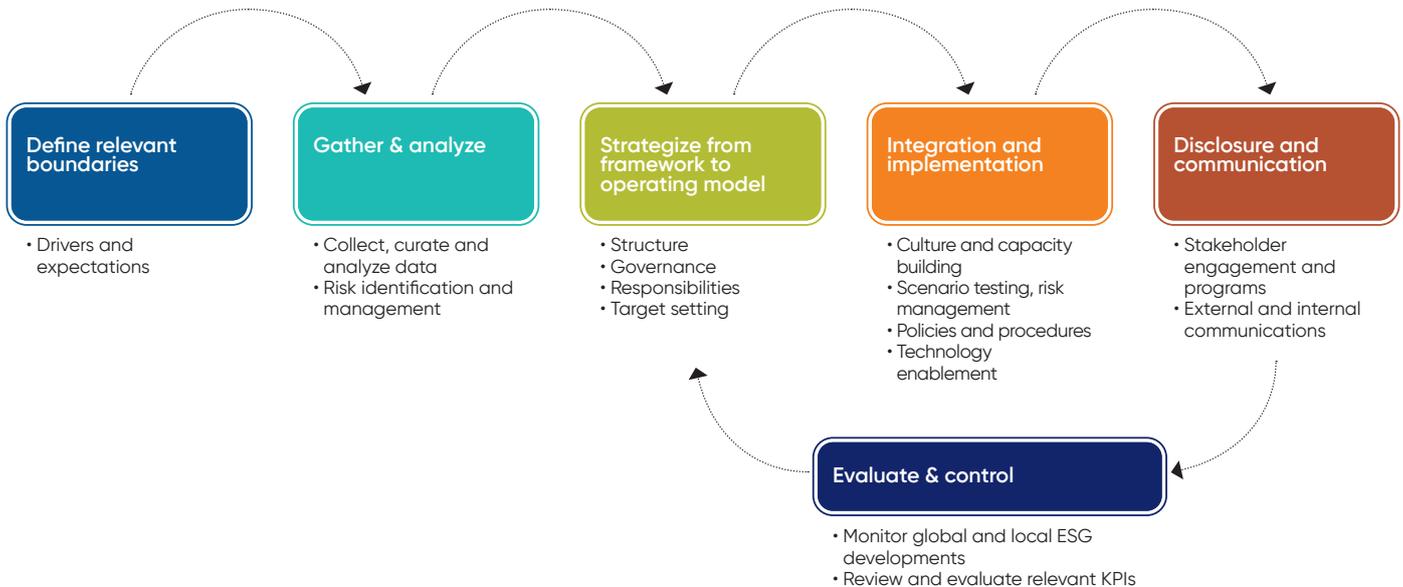
We believe that by further accelerating and integrating progress through a “Just Transition²” lens, it can remain true to our purpose and mission of modernising re/insurance to support the needs of communities and emerging middle class societies, in Asia and around the world.

Looking ahead, Peak Re is committed to enhancing our sustainability practices, ensuring that this is done in a timely and effective manner. Our goal is to further formalise an ESG strategy which includes a review of existing internal policies, inclusion of industry best practices

and benchmarks, engagement of stakeholders to draw insights, as well as a study and analysis on supervisory and regulatory developments.

We see these collective, measurable and sustainable actions, key to our journey towards a common purpose*. They will serve our business by uniting our employees, clients, partners, and peers to bring our ESG goals closer and towards a low carbon and climate-resilient future for all.

*Peak Re will build towards our ESG goals in 2021 through practical steps and milestones



2. Climate Justice Alliance. (2018). Just transition principles. Available from https://climatejusticealliance.org/wp-content/uploads/2019/11/CJA_JustTransition_highres.pdf Definition of Just Transition by the climatejusticealliance.org: Just Transition is a vision-led, unifying and place-based set of principles, processes, and practices that build economic and political power to shift from an extractive economy to a regenerative economy. This means approaching production and consumption cycles holistically and waste-free. The transition itself must be just and equitable; redressing past harms and creating new relationships of power for the future through reparations. If the process of transition is not just, the outcome will never be. Just Transition describes both where we are going and how we get there.

PeakRe >

Peak Reinsurance Company Limited
Room 6501-06, The Center
99 Queen's Road Central, Hong Kong
T: +852 3509 6666

Peak Reinsurance AG
Fortunagasse 28, 3rd floor
8001 Zurich, Switzerland
T: +41 (0) 43819 20 60

Peak Capital Ltd.
S.E. Pearman Building, 5th Floor
9 Par-la-Ville Road
Hamilton, HM11 Bermuda

www.peak-re.com