

An aerial photograph of a city skyline, likely Hong Kong, featuring numerous skyscrapers and a large body of water in the foreground. The sky is a clear, bright blue. The text 'PeakRe >' is positioned in the upper right quadrant of the image.

PeakRe >

ESG Disclosure Report 2021

Together towards a  
**SUSTAINABLE  
FUTURE**



# Introduction

The Peak Re ESG Disclosure Report 2021 details the environmental, social and governance (ESG) principles and outcomes across our underwriting, investment, and operational activities. It is intended to illustrate our organisational alignment to global standards while informing all relevant stakeholders of our ESG frameworks and disclosure procedures.

## About this report

This report demonstrates our commitment to sustainable insurance as a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI). As a global framework for the insurance and reinsurance industry, the PSI calls on signatories to act in a responsible and forward-looking way that contributes to sustainable economic development.

This disclosure is aligned with our PSI commitments to promote action among our stakeholders and disclose our progress in embedding ESG factors in our business, including identifying, mitigating and managing ESG-related risks and opportunities.

The information presented in this report covers the period from 1 January 2021 to 31 December 2021.

## About Peak Re

Peak Reinsurance Company Limited (Peak Re or the Company) is a Hong Kong-based global reinsurance company. Since commencing its operations in 2012, the Company has grown steadily to rank 27th among global reinsurance groups in terms of net reinsurance premiums written. In the year ending 31 December 2021, Peak Re reported gross and net written premiums of USD2,145 million and USD1,794 million, respectively. With total equity of USD1,470 million as of 31 December 2021, Peak Re enjoys an "A-" rating from AM Best.

Peak Re is authorised by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap. 41). The Company offers Property & Casualty (P&C) and Life & Health (L&H) reinsurance. It strives to provide clients around the globe with innovative and tailored reinsurance, risk management and capital management solutions.

Fosun International Limited (00656.HK) and Prudential Financial, Inc. hold approximately 87% and 13% of Peak Re via Peak Reinsurance Holdings Limited, respectively.

<sup>1</sup> Source: S&P Global Ratings' Top 40 Global Reinsurance Groups 2022 by net reinsurance premiums written



# USD1,794 m

Net written premiums year ending  
31 December 2021

## 27th

largest global  
reinsurance group<sup>1</sup>

## A- rating

by AM Best

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# CEO Welcome



**Franz Joseph Hahn**  
Chief Executive Officer



To best serve the needs of our reinsurance clients we must take a forward-looking view of changes in our environment and society

As we approach our 10th year of operations, Peak Reinsurance Company Limited (Peak Re) remains committed to our founding mission to support the protection needs of the emerging middle class in Asia and beyond. That's why our alignment with the United Nations' (UN) Sustainable Development Goals (SDGs) and our adherence to investment and underwriting based on environmental, social and governance (ESG) principles relate so directly to our business.

To best serve the needs of our reinsurance clients, many of which operate in highly vulnerable parts of the world, we must take a forward-looking view of changes in our environment and society.

Over the course of 2021, the world again witnessed the devastating impact of climate change, with extreme temperatures felt in many countries – including severe winter

storms as far south as Texas in the United States. In July, catastrophic flooding as a result of heavy rainfall inundated the city of Zhengzhou in China's Henan province, destroying property and forcing more than 1 million people to flee from their homes.<sup>2</sup>

Reinsurance is integral to rebuilding after disasters like these, and we continue to support our clients as they provide the protection needed for societies to recover. But it's important for us and the entire insurance industry to recognise that fragility still characterises many of the world's communities.

Emerging economies are especially vulnerable because of fast rising asset exposure and insufficient insurance cover. The low level of insurance penetration is common in many markets, including Bangladesh, Indonesia and the Philippines, measured by the size of the protection gap relative to their GDP.<sup>3</sup>

As new challenges emerge, the protection gap between economic and insured losses is at risk of widening even further. The reinsurance sector has an opportunity to reverse this by responding to demand for new protection products, in turn supporting the growth of sustainable insurance in developing markets.

Peak Re prides itself on being a purpose-led organisation, founded to advance the reinsurance industry and society. Therefore, ESG policies and our alignment with the UN SDGs will continue to guide our business as we enter our second decade.

We believe our unique approach reflects Peak Re's founding principles to modernise reinsurance while supporting sustainable growth in Asia and beyond.

**Franz Joseph Hahn**  
Chief Executive Officer

<sup>2</sup> Post Event Report: Henan Flood – July 17–21, Guy Carpenter, <https://www.guycarp.com/insights/2021/07/post-event-report-henan-flood-july-17-21.html>  
<sup>3</sup> A world at risk, Lloyd's, <https://www.lloyds.com/worldatrisk>



# ESG at Peak Re

A holistic and  
**FORWARD-  
LOOKING  
APPROACH**



## ESG at Peak Re

### OUR APPROACH TO ESG

Sustainable development has been core to Peak Re’s business from day one

With the support of Fosun International Limited (Fosun) and the International Finance Corporation (IFC) as our founding shareholders, we began operations in 2012 with the goal of supporting the development of emerging Asian societies and beyond. We embedded IFC’s Sustainability Framework<sup>4</sup> into our own risk management and these policies have been fully integrated into our operations all along, guiding a holistic and forward-looking approach.

Our current ESG risk management approach includes ESG screening for all underwriting and investment

portfolios. The framework supports our commitment to sustainable development as well as our strategic approach to risk management more generally.

Peak Re’s reinsurance operations support the growth of developing markets in Asia and around the world. ESG factors are integral to informing our strategic business decisions. Our awareness of, and research into, ESG trends can also identify business opportunities, such as growing demand for insurance for electric vehicles and renewable energy production.



<sup>4</sup> See IFC’s Sustainability Framework.

### IFC and Peak Re Sustainability Framework



ESG considerations are integral to our risk mitigation processes, informing how we interact with clients and our own operations.

Our top-down, holistic approach to ESG allows us to proactively manage risks as they emerge, with a focus on mitigating the impacts on our business and on society.





## ESG screening

Our ESG screening policy removes companies, sectors and risk factors from our portfolios that contradict corporate responsibility or environmental goals. Our exclusions correspond to the eight Performance Standards (PS) set by IFC, which establish clear and forward-looking methods of identifying and assessing ESG impacts, risks or opportunities.

The requirements set out in the IFC Performance Standard have been in part guided by a number of international conventions and instruments, including those of the International Labour Organization (ILO) and the UN.

The standards establish parameters for avoiding, minimising or offsetting negative impacts for communities, workers or natural environments and ensure that our exposure restrictions are regularly reviewed, rated and upheld.

We exclude risks or investments where gambling, tobacco products or weapons and munitions are core tenants of a business or asset, or where invested operations could involve exposures to human rights abuses or environmental degradation. See the full chart on page 6.

At this stage in our development, we believe our exclusion policy is

appropriate and an effective way of ensuring Peak Re has a positive impact on society and the environment. ESG screening is designed to mitigate portfolio risks while still supporting financial returns. We believe it is both possible and imperative to achieve these dual objectives.

## ESG Engagement

We also actively support communication and engagement with governments, regulators, academia, research institutions and other stakeholders on the development of sustainable investment and insurance policies.



## ESG at Peak Re

### Our Performance Standards

We review each investment and underwriting business for exposure thresholds in relation to the IFC Performance Standards, which consist of the following:



### Guidelines for Screening and Tracking of S&E Exclusions

EXCLUSION LIST (INVESTMENT AND REINSURANCE CONTRACT EXPOSURE)	INDICATED PERFORMANCE STANDARDS
Illegal Production or Trading	PS 1
Weapons and Munitions	PS 4
Alcoholic Beverages	PS 4
Tobacco	PS 4
Gambling and Casinos	PS 4
Radioactive Materials	PS 3 PS 4 PS 6
Asbestos Fibers	PS 3 PS 4
Drift Net Fishing	PS 6
Human Rights, Forced or Child Labour	PS 2
Forestry and Logging	PS 5 PS 6 PS 7 PS 8



## MOVING WITH THE INDUSTRY

ESG is an evolving discipline, and we aim to align with international standards beyond exclusion guidelines.

Currently, this includes alignment with the PSI of the UN Environment Programme Finance Initiative (UNEP FI), and the adoption of core pillars from the Task Force on Climate-related Financial Disclosures (TCFD).

### Our PSI commitment

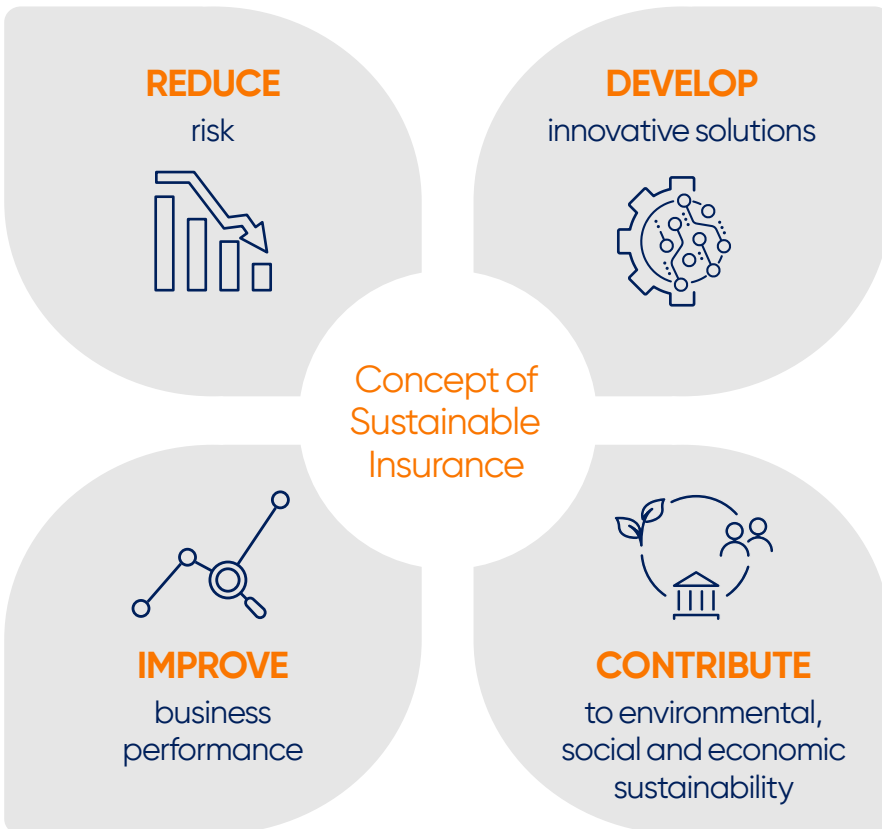
Peak Re is among the earliest signatories to the UNEP FI PSI.

PSI serves as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. The initiative promotes the concept of sustainable

insurance, which aims to reduce risk, develop innovative solutions, improve business performance and contribute to environmental, social and economic sustainability.

As a signatory, we have committed to embed ESG factors across our business and to work with our partners, regulators and stakeholders to raise awareness of ESG issues.

Transparency and accountability are fundamental to our membership of PSI. Peak Re publishes this ESG report in conjunction with our full Annual Report to present stakeholders with a holistic view of financial and non-financial performance.



## ESG at Peak Re

### RESPONDING TO CLIMATE CHANGE

Climate change presents risks and opportunities for the insurance and reinsurance industry.

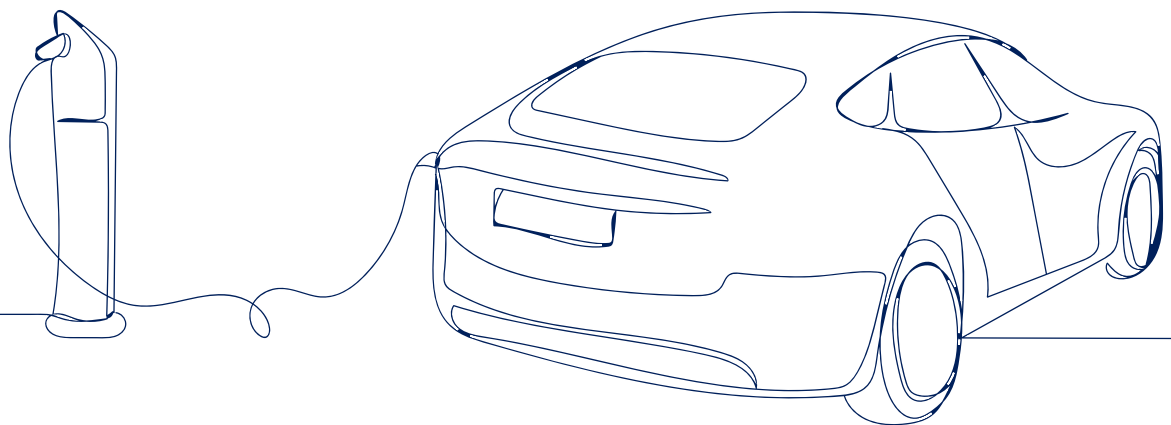
Climate science tells us that extreme weather events are becoming more severe and more frequent. An increase in climate-related claims, therefore, exposes us to higher losses in our P&C business. This in turn necessitates higher premium rates and could result in more people and properties remaining uninsured, particularly in emerging markets.

However, we also expect new insurance opportunities resulting from

efforts to accommodate climate adaptation and transition. Demand for insurance products related to renewable energy and electric vehicles has risen steadily in recent years. At the same time, innovative technologies for capturing and storing greenhouse gases are becoming commercialised.

We constantly review our risk appetite in line with developments in the modelling discipline to account for the impact of climate change on our underwriting business. We also take emerging opportunities into account in setting the direction of our business.

Demand for insurance products related to renewable energy and electric vehicles has risen steadily in recent years





## Actions and impact

A photograph showing the back of a woman and a young girl with two braids, both wearing light-colored dresses. They are looking out over a landscape with several wind turbines under a bright, hazy sky, likely at sunset or sunrise. The scene is bathed in warm, golden light.

Our impact on  
**PEOPLE AND  
ENVIRONMENT**

## Actions and impact

In 2021, we deepened efforts to integrate ESG factors across our business. In addition to applying strict exclusion criteria across underwriting and investment activities, we undertook a series of detailed and forward-looking reviews to help develop a more holistic understanding of our impact on the people and environments around us.

### Improving Alignment with TCFD

We have progressively assessed the risks to our business from climate change and energy transition, in line with the recommendations of the TCFD and the UNEP Principles for Sustainable Insurance initiative. This assessment helps us better understand our exposure to physical, transition, litigation or reputational risks resulting from climate change.

In 2021, we engaged the Business Environment Council (BEC), an independent, non-profit organisation established by the business sector in Hong Kong, to conduct a climate scenario analysis and identify key climate risks for Peak Re to evaluate different scenarios and timeframes.

The strategic assessment will help our stakeholders identify climate-related risks and opportunities in Peak Re's reinsurance business. It also helps us assess the effectiveness of our current ESG measures, while keeping an eye towards future measures that we could take to increase business resilience.

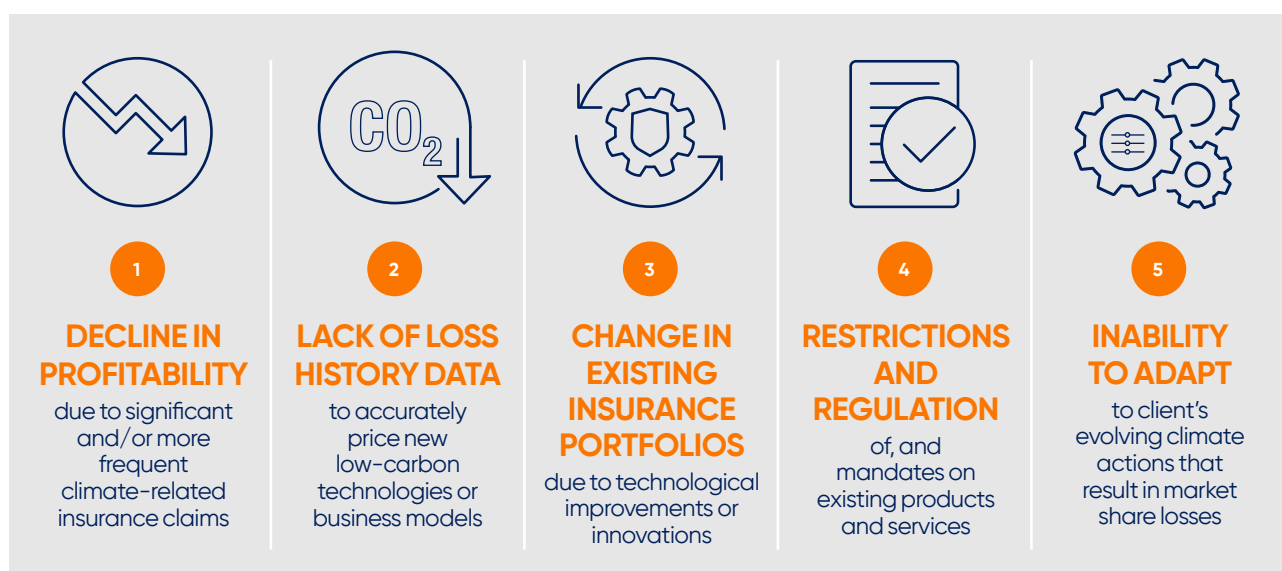
### Physical risks

We are exposed to physical climate risks predominantly through our property reinsurance business.

The Intergovernmental Panel on Climate Change (IPCC) warned in August 2021 that the physical effects of climate change are contributing to more frequent and extreme weather events.<sup>5</sup>

In a scenario analysis conducted by S&P Global in October 2021, the rating agency found that reinsurers may be underestimating their exposure to natural catastrophe risk – and therefore physical

### Top five risks identified by a BEC survey of Peak Re's stakeholders







Climate change is contributing to higher frequency and severity of natural catastrophes

climate risk – by 33%-50%.<sup>6</sup> Peak Re is not rated by S&P and was not included in this analysis. However, S&P's findings illustrate the potential for significant volatility in earnings and capital due to climate-related claims.

We continue to review our risk appetite in line with developments in modelling, and we make use of global diversification and retrocessions to manage our exposure.

We monitor meteorological trends to mitigate the growing uncertainty related to climate-change forecasting. At the same time, we partner with research institutions to increase our awareness and prepare for the risks derived from the changing climate.

Since 2015, Peak Re has partnered with the Shanghai Typhoon Institute (STI) and the Shanghai Central Meteorological Observatory (SCMO) to assist with storm tracking and analysis. Tropical cyclones have a major impact on underwriting portfolios and our partnership helps insurers to better manage and mitigate regional risks.

The platform includes cyclone monitoring in the Northwest Pacific Basin and South China Sea and provides insurers with wind and rainfall predictions as well as historical data.

## Transition risks

We believe the risks to Peak Re's business from exposure to a transition to a low-carbon economy are limited. The nature of our business allows us to respond to a transition to risks through annual renewal of contracts, regular

review of our underwriting assumptions, and by capturing new business opportunities alongside climate transition.

For example, rising insurance demand for electric vehicles will offset a shrinking portfolio of internal combustion engine cars.

This extends to other industries as well. In a rapidly decarbonising world, the valuation of carbon-intensive assets is likely to fall, and demand for reinsurance related to fossil fuel infrastructure may decline. Conversely, demand for green and sustainable insurance products is likely to rise.

As such, our ability to offer appropriate reinsurance products as industries evolve towards more green and sustainable products will be a key driver for our future market footprint.

## Litigation risks

We believe that the nature of Peak Re's business makes us less sensitive to claims from direct climate-related litigation and associated coverage disputes, and climate litigation is not currently a significant risk to the Company. However, this could change if legislation is enacted to accelerate decarbonisation, or if climate activists step up actions against the insurance and reinsurance industry. Such developments could raise our exposure to greenwashing accusations or result in low ESG ratings.

Regulators in some jurisdictions have suggested delegating more climate responsibilities to insurers. For example,

the China Banking and Insurance Regulatory Commission (CBIRC) said in 2021 that it would guide insurers to increase investment in natural disaster insurance for risks such as earthquakes, typhoons or floods as part of national emergency response. Lapses in meeting regulatory expectations could pose reputation risks to insurers.

## Opportunities

The physical and transition risks related to climate change also present opportunities for Peak Re. Our natural catastrophe reinsurance provides protection for insurance clients against physical climate risks. Protection against natural disasters is also a part of our agriculture/crop reinsurance work.

Industry transitions to a net-zero economy also bring new opportunities across sectors for Peak Re, including growth in reinsurance demand for renewable energy, electric cars, and other green and sustainable products.

<sup>5</sup> <https://www.ipcc.ch/report/ar6/>

<sup>6</sup> <https://www.spglobal.com/ratings/en/research/articles/210923-global-reinsurers-grapple-with-climate-change-risks-12116706-wg1/>



## Actions and impact

### UNDERWRITING

Peak Re actively explores opportunities to close (re)insurance protection gaps, design products that meet the needs of customers and communities and promote social equity.

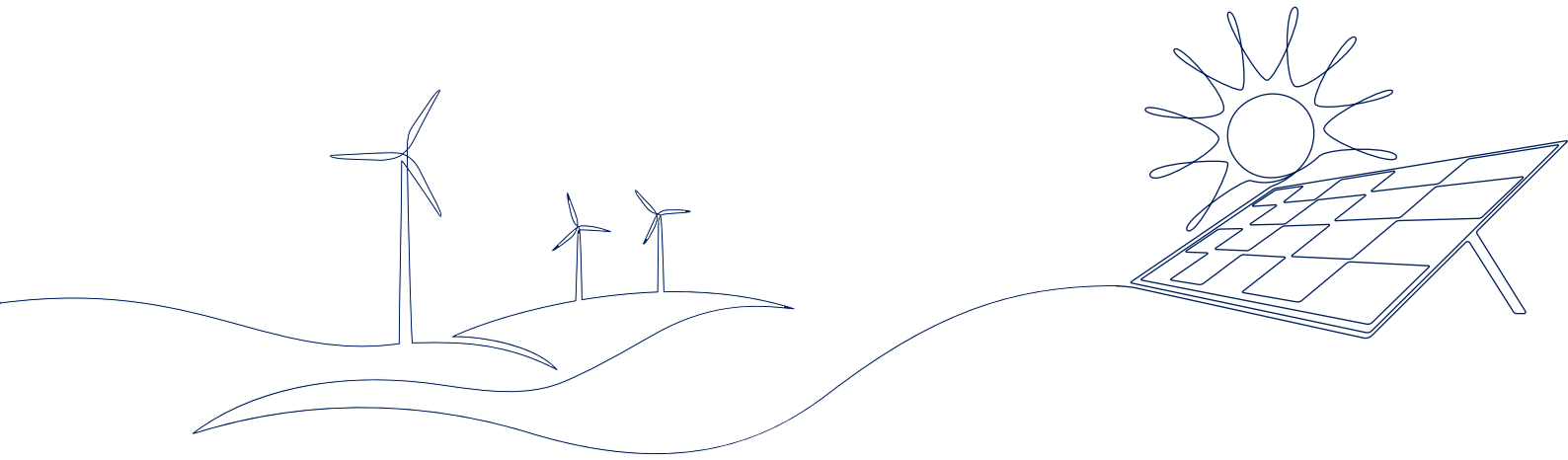
#### Responsible insurance products

Through reinsurance solutions, we also enable a faster energy transition, helping to advance sustainable development and secure a better future.

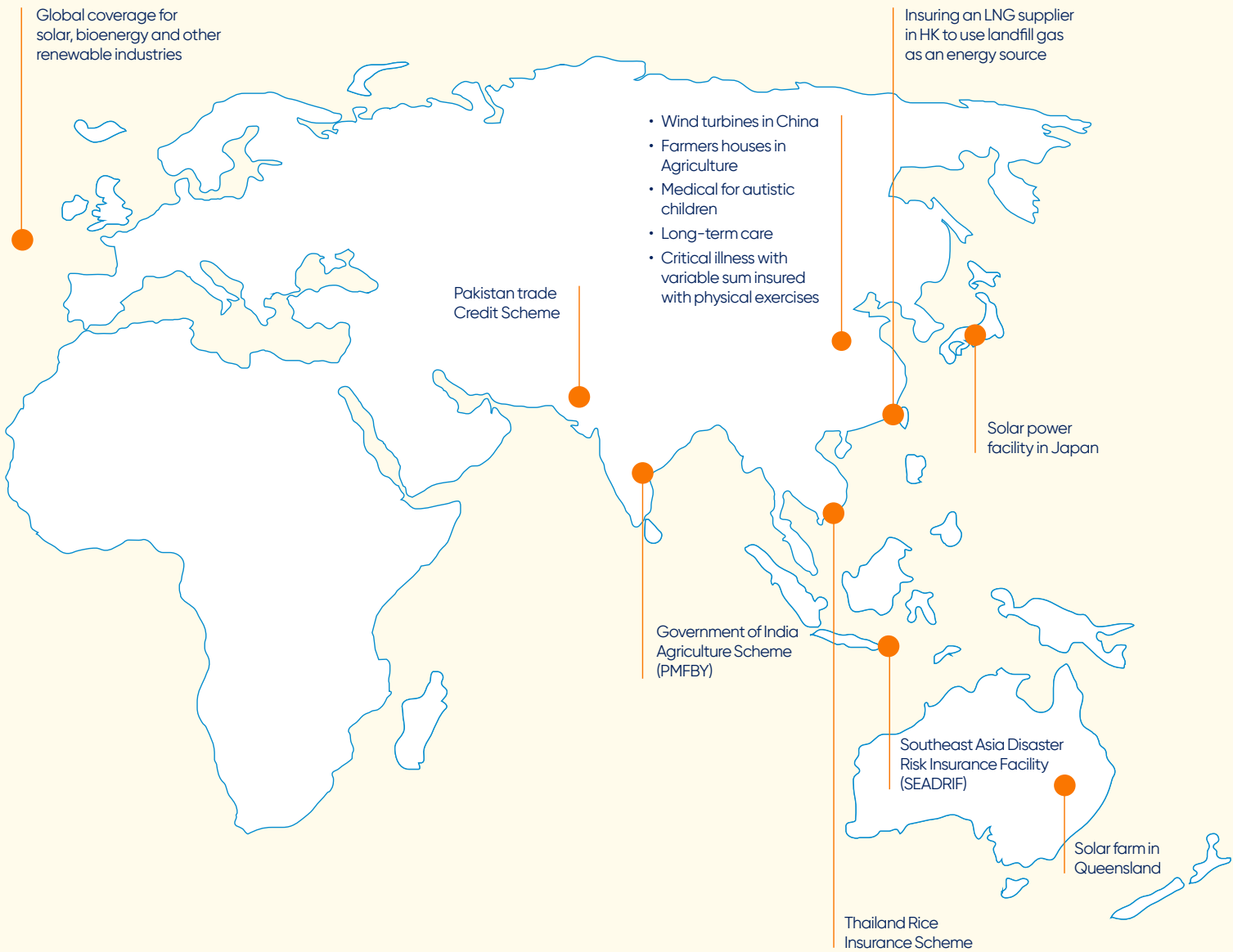
Our responsible underwriting efforts include:

- **Renewable energy**  
In 2020/21, together with our business partners, we provided reinsurance support for the adoption of renewable energy, including solar, bioenergy and wind energy, in different markets. This included support on environmental assessment and loss control, risk management and mitigation associated with pollution, and support for innovative projects such as energy from waste.
- **Climate risks**  
Peak Re offers protection against natural perils to Southeast Asian markets through the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). This is a key regional facility for providing climate and disaster risk financing and insurance solutions through a partnership between ASEAN+3 (Japan, China and South Korea) and the World Bank. Through pre-disaster planning and funding of post-disaster relief and reconstruction, SEADRIF protects people and their livelihoods, reinforces ongoing economic development and contributes to poverty reduction.
- Our reinsurance services support parametric flood-risk insurance products.
- **Trade credit**  
A landmark achievement for Peak Re has been its support of Pakistan's first trade credit insurance scheme. Trade credit insurance plays an important role in facilitating trade in emerging economies by protecting businesses from losses related to credit risks, such as defaults, insolvency or bankruptcy. We developed our bespoke trade credit partnership scheme to empower medium-sized local insurers in emerging markets. The reinsurance scheme aligns with our mission to narrow protection gaps in emerging markets and supports sustainable development for local businesses while enabling local insurers to deliver better customer experiences and build a knowledge base for future growth opportunities.
- **Farm insurance and farm loans**  
Flooding and typhoons pose a significant threat to farm livelihoods in Asia's emerging markets. To safeguard those incomes in the event of crop destruction, Peak Re works with the Thailand Rice Insurance scheme, the Government of India Agriculture scheme (PMFBY) and area banks to provide loans and insurance protection to farmers against potential crop losses from natural disasters.
- **Autism**  
Together with our business partners, we have developed a solution to provide critical illness insurance for children with autism. This is a rare reinsurance solution for vulnerable groups in the market.
- **Critical illness products with wellness components**  
Reliable data to support actuarial decisions about discounted premiums or increased benefits in the healthcare and wellness industries may not be readily available. Peak Re engaged with a Chinese insurance company to structure approaches so that incentives are meaningful, uncertainties are minimised and profitability is likely to be stable. A resulting concept of using daily step-counts as a metric for computing discounts or benefit improvements is now becoming an established methodology within China's Critical Illness insurance market.
- **Worker's salary bond**  
Construction workers face a variety of vulnerabilities including lapses in salary due to developer bankruptcies, work stoppages or other actions not related to an individual's own actions. The Worker's Salary Bond is a coverage that protects workers and helps them receive salary payments on time, supporting their families and society. We co-developed this socially conscious product with our insurance partners and under encouragement from governing bodies within the construction industry.





## Supported facilities



## Actions and impact

### INVESTMENTS

ESG exclusions have been in place for our investments since Peak Re's inception and remain a core part of our risk management framework.

In 2021, we conducted a benchmarking exercise to better understand our exposure to various ESG factors and our position relative to our peer group. This exercise will provide the foundation for further ESG commitments for our investment portfolio.

We partnered with an external organisation to assess a snapshot of our investment portfolio as of 31 December 2021, across equities and fixed income. This assessment studied our exposure to companies

with different ESG ratings, as well as climate risks and ESG controversies in our investment portfolio. It also provided data on the total carbon emissions from our investments and an indicative carbon intensity benchmark.

These benchmarking exercises help us to identify significant current and potential risks, ensure that we are on par with global peers, and that our ability to create long-term value for clients and shareholders remains intact.





### SDGs

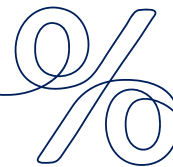
We increasingly look at the impact of our business through an SDG lens.

Because our founding mission includes a special focus on developing markets and supporting the needs of the emerging middle class, we have consistently been active in some of the poorest countries in the world. That imperative aligns directly with the goal of ending poverty everywhere (SDG1).

Our exclusion framework, which, for example, removes tobacco and alcoholic beverages (excluding beer and wine) from our portfolios, also supports SDG3, which seeks to ensure healthy lives and promote well-being for all at all ages.

Further portfolio exclusions, such as illegal production or trading, can also be mapped to several SDGs, including SDG6 – clean water, and SDG12 – responsible production and consumption. Our drift-net fishing exclusions correlate with SDG14 – life below water, and the asbestos exclusion supports SDG15 – life on land.

An analysis of Peak Re's equity portfolio at the end of 2021 showed that it had 12.4% of revenue contributing to the achievement of UN SDGs, mainly in terms of supporting good health and well-being, and the development of affordable and clean energy. The fixed income portfolio had a revenue contribution of 4.9%.



### SDG Revenue Contribution

**12.4%**

Equities portfolio revenue share

**4.9%**

Fixed income portfolio revenue share





## Actions and impact

### OPERATIONS

Our underwriting and investment policies reflect our risk-management culture and our board approves all major decisions around exposures. ESG and sustainability fundamentals are core to our governance and compliance structures.

We believe reliance on these fundamentals is behind our continued strong financial results. In 2021, we recorded the ninth consecutive year of premium growth.

We continued to invest in our operations in 2021. We implemented major improvements to our data, analytics capabilities and process efficiency, which will enhance our corporate governance and allow us to better understand opportunities and risks facing our business.

#### Governance policy

As part of our standard operations, Peak Re maintains initiatives to improve our understanding of emerging or increasing risks in the markets where we underwrite reinsurance risk.

Our governance framework aims to mitigate and protect against negative impacts from our normal business operations. We have policies in place around all major decision-making processes, and we continue to strengthen our framework as new

risks emerge, such as those related to climate change or cybersecurity.

The board of directors, which oversees the Company's governance matters, meets at least four times a year, and more frequently when required. Four committees are in place to support the board of directors:

- the Audit Committee,
- the Investment Committee,
- the Risk Management and Compliance Committee,
- the Nomination and Remuneration Committee.

Besides the board committees, the Company has a "three lines of defence" model to enforce accountability. The first line refers to functions that own and manage risks, specifically the underwriting and investment teams. The second line encompasses risk management, and the third line is through an internal audit that provides an independent assessment of the adequacy and effective Enterprise Risk Management (ERM).

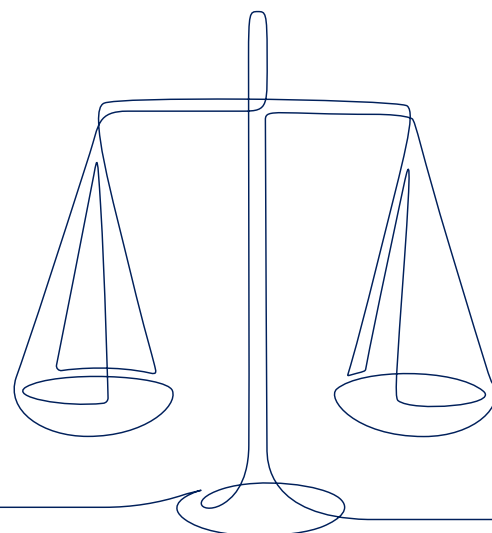
This model has served us well, even through the challenging times that the industry experienced in 2021.

#### Risk and compliance

From its establishment, Peak Re has maintained a strong risk management culture by embedding the IFC risk management framework across our operations.

Despite macro challenges and a series of severe natural disasters in our key markets, a focus on sustainable practices has helped shield returns in a fast-evolving risk landscape.

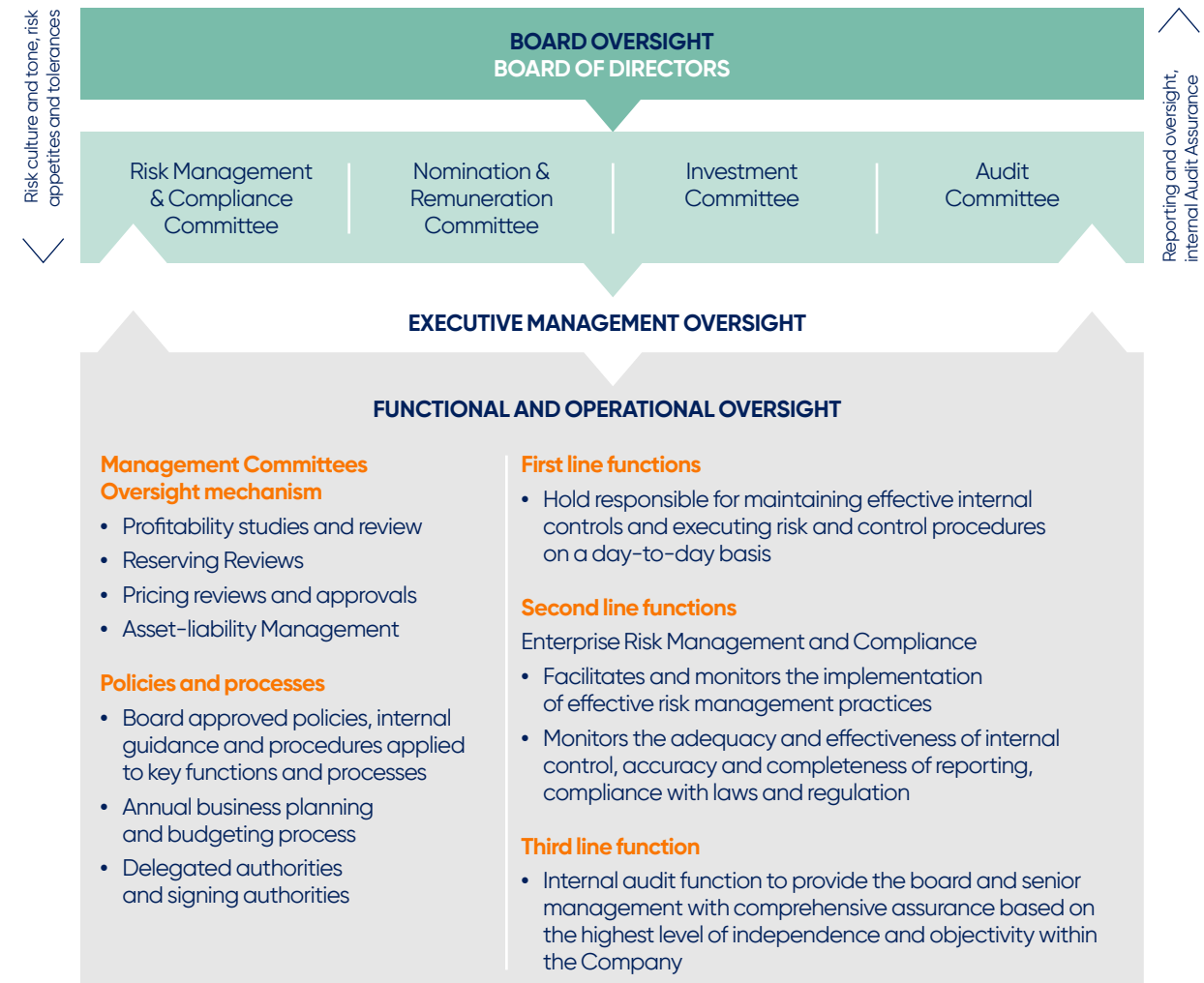
The 2020 implementation of the Own Risk and Solvency Assessment (ORSA) is one example of how a fully integrated ESG analysis informs operational decisions. ORSA is a review process that tests risk-management and solvency adequacy under normal and severe stress scenarios, such as with increasing instances of natural disasters. Under ORSA, we analyse risks to underwriting, market and operational liquidity to ensure the company can meet our reinsurance obligations.



## Three lines of defence



## Governance Model



## Actions and impact

### OPERATIONS

#### Corporate social responsibility (CSR)

We believe that alignment with the UN SDGs in our investment and underwriting portfolios should also be reflected in our internal operational policies. Our corporate mission to modernise reinsurance, foster industry growth and support emerging middle-class communities in Asia and around the world guides our overall corporate outlook and CSR activities. Within this top-down approach, we strive to help staff to grow and prosper in the communities where they live and where we do business.



**OUR CORPORATE MISSION:**  
to modernise reinsurance,  
foster industry growth and  
support emerging middle-  
class communities in Asia



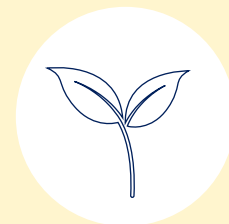
PEAK RE TEA PROJECT

#### Creating positive impact



##### Better education

The Peak Re Tea Project has supported low-income tea farmers in Yongping, in China's southwestern Yunnan Province since 2018. The unique program purchases tea to package as corporate gifts, sustaining local farmers and families. The hand-picked varieties are grown without pesticides or chemicals and the modest but tangible initiative helps families cover expenses and pay for children's education.







**Protect and preserve local environments**

Peak Re is an enthusiastic supporter of the Green Power Hike, a large-scale annual fundraising activity held along a 50km trail in Hong Kong. Green Power, the organising charity, aims to protect and preserve local environments and our planet. The event teaches hikers to minimise their impact with a "Leave-No-Trace" slogan and activities. Each year, the hike draws more than 3,000 participants, raising funds that support environmental education work.

**GREEN POWER HIKE**



**RICE PACKING PROGRAMME**



**Community care**

A Rice Packing Programme conducted in partnership with St. James' Settlement targets low-income families in Hong Kong. Food costs, sometimes accounting for up to half of household expenses are rising; donations alleviate pressure on families and help improve living conditions. Packed by Peak Re



volunteers, rice is delivered to underprivileged families through food banks or FOOD-CO, an online food donation service, operated by St. James' Settlement, a charity organisation that provides care, counselling and rehabilitation for youth and the community.



**A new partnership**

Peak Re plans to launch a new partnership in 2023 to support action and build awareness about climate change among young people in Hong Kong, fostering a new generation of innovation, building capacity and connecting with society.



**RURAL DOCTOR POVERTY ALLEVIATION PROGRAMME**



**Providing rural medical support**

Peak Re joined forces with the Fosun Foundation to support the "Rural Doctor Poverty Alleviation Programme". In remote areas of China, access to medical care is limited and underprivileged families can face difficulties in receiving treatment. Local communities and doctors often also lack medical training, equipment or facilities, which the programme aims to improve and provide in remote parts of China.

## Actions and impact

### OPERATIONS

#### Diversity and inclusion

Given the global nature of our business, diversity is a major source of strength and pride for Peak Re. Our global staff represents 21 nationalities, and speaks 18 languages. We also take pride in a healthy gender balance at our Company; among leadership (heads of functions), 46% are women.

We seek to foster a culture of inclusion and we value the perspectives, opinions, and backgrounds of all employees.

As mandated in our Code of Conduct, Peak Re prohibits discrimination on any grounds and follows all discrimination ordinances in the jurisdictions where we operate.

Our offices must be free of intolerance or bias based on an individual's age, political opinion, sexual orientation, national origin, disability, family status, gender, or race. We expect all employees to respect every individual's dignity, privacy and personal rights by promoting a diverse and inclusive environment and by applying a zero-tolerance approach to any form of discrimination or harassment.

#### Complaints process

Peak Re is committed to the principle of dealing fairly and openly with clients and business partners. We aspire to give our clients the best possible advice in making informed, reasonable decisions in their best interests. The company has proper controls and procedures to handle and resolve complaints in a fair and timely manner.

A whistle-blowing policy also provides employees with an additional channel to report concerns if they become aware or genuinely suspect malpractice or wrongdoing within the Company that is reasonably believed to be sensitive or should be escalated to an independent party within the company.

#### Training

Communication and education are principal parts of our effort to fully integrate ESG across our business. We are committed to providing training and development opportunities for all Peak Re staff, including on ESG topics. In 2021, our staff of 119 accumulated 4851 hours

of training and development globally (combining mandatory and voluntary learning hours).

We regularly curate and offer staff new training materials and learning modules, which helps teams to keep up with ESG developments and supports their engagement with clients in strategy and partnership discussions for low-carbon portfolio transitions. At the same time, we continue to make group-wide AML/CTF training programmes compulsory as part of our governance commitments.

#### Claims management

In 2021, Peak Re continued to uphold its high standard of claims settlement and paid more than 90% of claims within five days, which is a record we have maintained for seven years. The speed and accuracy of our claims payments became more critical than ever as the pandemic put individuals and businesses under severe financial strain. The ability of the management team to make fast decisions and support efficient processes addresses client pain points around timely settlement, thus strengthening the trust we build with them.

# 15

countries covered  
by our global staff

# 22

languages spoken





Continued  
commitment

**Focus on**  
**SUSTAINABLE  
DEVELOPMENT**



## Continued commitment

### THE FUTURE OF ESG AT PEAK RE

As global warming causes more frequent and intense weather events, there is an increasing need for emerging economies to equip themselves against these risks. A fully integrated and forward-looking ESG approach to investing and underwriting will be critical for our business as we support societies threatened by climate change.

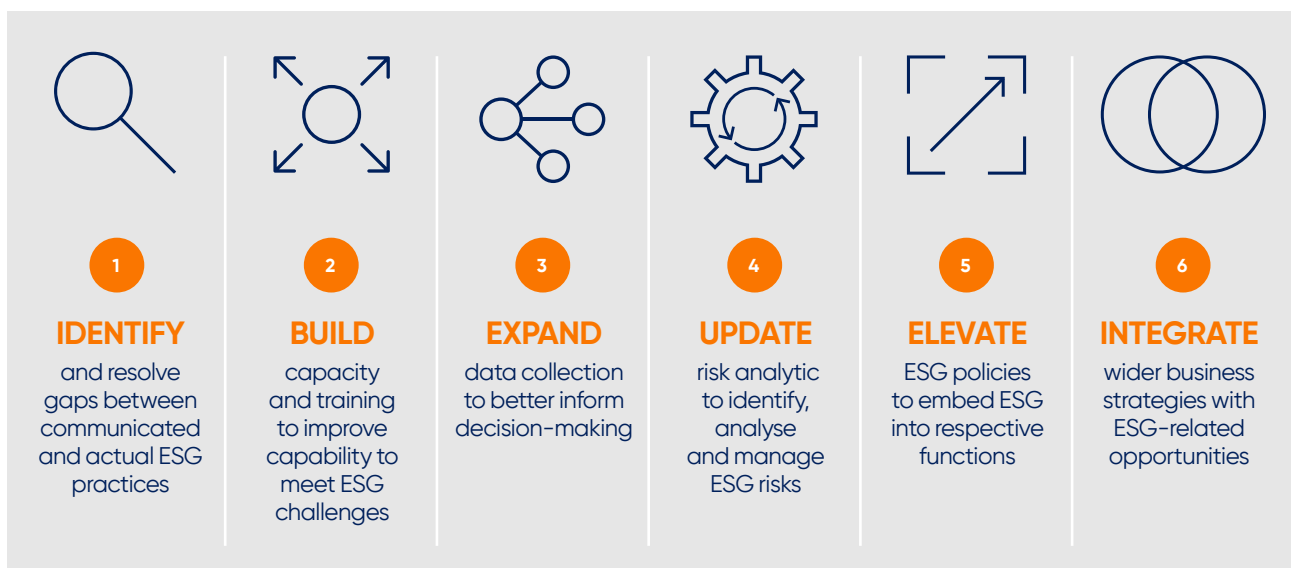
As we develop as a company, we will continue to focus on sustainable development and examine our impact through an SDG lens.

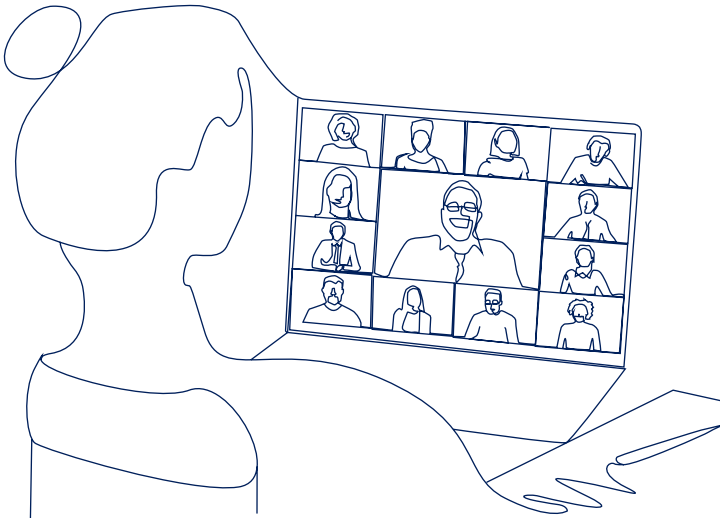
We recognise that fully integrating ESG into our operations is a long journey and we have plenty of road yet to cover.

We will continue to work towards measuring and benchmarking our performance on ESG metrics, including carbon emissions, and we will use this data to guide our contribution to a more sustainable, low-carbon future.



### Key pillars of our short, medium and long-term ESG road map





## Operational efficiency

As a services company, our most direct carbon footprint comes from travel, materials and energy use. COVID-19 greatly curtailed global travel since 2020 but as pandemic restrictions ease, we anticipate some increase in travel, contributing to emissions. We will continue to encourage the use of digital and video conferencing and seek ways to monitor the carbon footprint of our corporate travel.

In the fourth quarter of 2022 our Hong Kong headquarters moved to a new, energy-efficient commercial building that is expected to meet the Leadership in Energy and Environmental Design (LEED) standards. We expect this to reduce the carbon intensity of our own operations due to lower energy consumption and better waste management services.

The new facility has improved recycling collection services, which will have augment our current efforts to source office materials, such as paper, that use recycled or more sustainable materials (bamboo fibres vs. wood pulp).

Our new office is also expected to conform to the WELL Building Standard,<sup>7</sup> which leverages design and operational principles to support the health and well-being of office workers.

## Product innovation

We see a considerable opportunity to support the development of innovative insurance products with explicit ESG parameters.

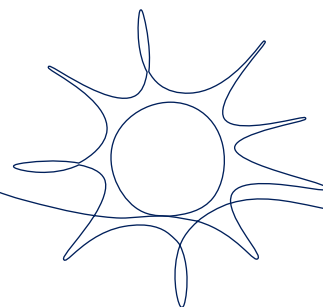
These include green insurance products that provide protection for environmentally friendly assets, such as electric vehicles or green buildings.

New insurance products will also be needed to encourage the growth of low-carbon, zero-carbon or carbon-capture technologies. Insurance can also play a role in mitigating counterparty risks in carbon credit trading. We believe reinsurance can create efficiencies in these areas and encourage low carbon transitions.

We look forward to working with our partners and stakeholders as demand for sustainable insurance products rises.

<sup>7</sup> The WELL Building Standard applies the science of how physical and social environment affect human health, well-being and performance. For more details, please see <https://www.wellcertified.com/>

## Continued commitment



### An eye on the future

Climate change remains one of the most pivotal threats the world faces. UN Secretary-General, António Guterres, has called climate change a “crisis multiplier” with profound implications for international peace and stability.<sup>8</sup>

In the reinsurance industry, we understand this threat acutely. The increasing severity of catastrophic weather events relates directly to our business, and the compounding property damage that results from more severe storms is easily observable in media reports. Warming trends also

affect human health. According to the World Health Organisation, climate change will escalate malnutrition, malaria, diarrhoea and heat stress instances, and could cause 250,000 excess deaths per year between 2030 and 2050 if temperatures do not moderate or decline.<sup>9</sup>

It is therefore imperative not only to recognise the changing environment for risk-management purposes but also to align operational processes with an ESG outlook. We will continue to take a responsible and forward-looking approach to growing and sustaining our business, and the emerging middle-class communities we serve across the globe.

As of November 2022, more than 70 countries, including China, the United States, and the European Union have set net-zero targets, covering about 76% of global emissions.

<sup>8</sup> “Climate Change ‘Biggest Threat Modern Humans Have Ever Faced’”, United Nations Press Release, February 2021

<sup>9</sup> Source: “Climate change and health”, World Health Organization, 30 October 2021, <https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health>





**Peak Reinsurance Company Limited**

15/F, WKCDA Tower,  
No. 8 Austin Road West,  
West Kowloon Cultural District,  
Kowloon, Hong Kong

+852 3509 6666

**Peak Reinsurance**

AG Fortunagasse 28,  
3rd Floor 8001 Zurich,  
Switzerland

+41 (0) 43819 20 60



[www.peak-re.com](http://www.peak-re.com)  
[linkedin.com/company/peak-re](https://linkedin.com/company/peak-re)  
[twitter.com/peakreinsurance](https://twitter.com/peakreinsurance)