

ESG DISCLOSURE  
REPORT 2022

# ABOUT PEAK RE

## Purpose

To modernise reinsurance to support the needs of communities and the emerging middle class by meeting reinsurance needs in Asia and around the globe.

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 since grown steadily to rank 27th among global reinsurance groups in terms of net reinsurance premiums written\*. The Company reported a net profit after tax of USD160 million against reinsurance revenue of USD750 million in the first half of 2023 (six months ended 30 June 2023). With a total equity of USD1,260 million as of 30 June 2023, Peak Re enjoys an "A-" rating by AM Best.

Peak Re is authorised by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap. 41). The Company offers both 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.

\* Source: S&P Global Ratings Top 40 Global Reinsurers and Reinsurers by Country: 2023

# ABOUT THIS REPORT

The Peak Re ESG Disclosure Report 2022 details our commitment to sustainable insurance practices and our Environmental, Social and Governance (ESG) principles.

This report illustrates our aim to align with global standards while informing all relevant stakeholders of our ESG frameworks and disclosure procedures across our underwriting, investment and operational activities.

As a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI), we aim to maintain business conduct in responsible and forward-looking ways that can contribute to sustainable economic development.

This disclosure report aligns with our PSI commitments to promote action among stakeholders, disclose progress in embedding ESG factors into our business, and identify risks as well as opportunities for sustainable management of these factors.

The information presented in this report covers primarily the period from 1 January 2022 to 31 December 2022. Major developments from the first half of 2023 are also included.

02

**CEO Welcome**

---

04

**ESG at Peak Re**

06

An overview of our approach

08

Governance at Peak Re

12

Performance standards

14

Implementing ESG in insurance

---

16

**Supporting inclusive growth**

18

Towards a resilient future

20

Adapting to climate change

23

ESG performance highlights

25

CSR + SDGs

---

30

**Continued commitment**

32

An ESG future at Peak Re

Franz-Josef HAHN  
Chief Executive Officer



# CEO WELCOME

Peak Re is committed to careful and sustained management of climate and environmental risks.

The stakes are high. Estimates for economic losses from natural disasters in 2022 exceeded USD300 billion.<sup>2</sup> At the same time, economies across the globe faced spiking energy and commodity prices that compounded post-disaster repair and recovery costs. More critically, nearly 60% of losses were uninsured, highlighting a persistent lack of protection in some of the world's most vulnerable societies.<sup>3</sup>

Rising losses from natural catastrophes and volatile financial markets resulted in major dislocations for global insurance and reinsurance markets in 2022. I am convinced though, that our focus on sustainable development and adherence to environmental, social, and governance (ESG) principles helped us weather that turbulence and has left us well-placed to manage risks and capitalise on emerging opportunities.

And I firmly believe that the challenges of 2022 underscore the importance of insurance and reinsurance in the markets where we operate.

Asia's emerging middle classes are the backbone of sustainable development

globally, and protecting these communities is central to Peak Re's founding mission.

Without a doubt, those protections were gravely needed in 2022. As an indication, more than 5,000 people lost their lives in 81 natural hazard events in Asia; and over 83% of those were floods or storms.<sup>4</sup>

The effect of global warming on climate systems is not abating. We expect to see more frequent and severe weather extremes in the years ahead, capable of threatening human lives and health, destroying property, and challenging food and water security.

But even as flooding devastates entire cities or regions overnight, as we saw in Pakistan, China and Australia in 2022, slower-moving disasters may hold even more risk.

Rising sea levels, desertification and droughts, all resulting from higher global temperatures, impact our planet's biodiversity, fresh water supplies and agricultural lands. The pace of change may escape sensational headlines, but these catastrophes inflict substantial

damage on communities. The World Meteorological Organization estimates economic losses from droughts alone in 2022 reached USD7.6 billion.<sup>5</sup>

Our ESG policies are designed to help mitigate material risks across our business lines and support financial performance while also helping to uplift communities. In this report, we note how this combination is both possible and imperative while demonstrating the sustainability fundamentals that fortify our underwriting, investment, and operational structures.

As a purpose-led organisation, the principle of advancing society and the reinsurance industry was at the core of Peak Re's founding principles. We seek to uphold that mission with responsible practices throughout our business.

**Franz-Joseph Hahn**  
Chief Executive Officer

<sup>2</sup> 2023 Weather, Climate and Catastrophe Insight, Aon, 2023

<sup>3</sup> Aon, *ibid.*

<sup>4</sup> State of the Climate in Asia 2022, World Meteorological Organization, 2023

<sup>5</sup> World Meteorological Organization, *ibid.*

# ESG AT PEAK RE





Protect against risks and support sustainable development

# AN OVERVIEW OF OUR APPROACH

Supporting the protection needs of developing middle classes in Emerging Asia and beyond is fundamental to our corporate mission.

From left to right:  
Pammi YEUNG, Piotr NOWAKOWSKI, Sudhir SALIAN





To better achieve our mission, we are progressing with the integration of Environmental, Social, and Governance (ESG) policies across our operations.

Since Peak Re's establishment in 2012, we have embedded the Sustainability Framework of the International Finance Corporation (IFC) into our risk management practices and operations. The framework underpins our commitment to support societies and close protection gaps while informing our strategic approach to risk management and value creation more generally.

## ESG and sustainability fundamentals

Our top-down approach allows us to proactively manage emerging risks with a focus on mitigating impact. Our underwriting and investment portfolios

undergo ESG screening while a sustainability lens helps focus corporate operations from risk management down to how we interact with clients.

Our sustainability commitments and research also help us to identify new business opportunities, such as risk solutions for biodiversity, sustainable transportation, and investments in low-carbon technologies or fuels.

As part of our benchmarking and reassessment activities, we are moving forward with data measurement activities and a review of processes to further integrate ESG factors into our underwriting, investment, and corporate operations. New initiatives in the pipeline include formalising practices for business partner and client selection, as well as client strategy and business controls to comply with sustainability and ethical standards, in addition to meeting basic legal and regulatory requirements.



# GOVERNANCE AT PEAK RE

At Peak Re, we recognise that ESG integration is an ongoing journey and that investor, regulator and stakeholder expectations are evolving.

## Three Lines of Defence

Our "Three Lines of Defence" model helps mitigate and protect against negative impacts from normal business operations. All major decision-making processes, including sustainability practices, fall under this structure.

Our ESG outlook and policies are also anchored in this rigorous approach to compliance and corporate governance.

In 2022, we took steps to gather data that can help inform our transition to a more sustainable future. We will continue to engage with policymakers, academia, research institutions and other specialists to understand best practices in our industry and enhance our ESG governance.

## Governance framework

Our governance policies inform all decision-making processes, and we continuously update this framework

to align with emerging risk and macroeconomic factors. We expect further reviews of our ESG strategy to encompass the setting of workstreams, target key performance indicators (KPIs) and reporting mechanisms.

Our Board of Directors oversees all governance matters and meets four times a year, or more frequently as may be required, to execute these responsibilities.

In support of the Board's oversight capacity, we have created formal committees in four key areas:

- > Audit
- > Investment
- > Risk Management and Compliance
- > Nomination and Remuneration

The fundamentals of this framework inform our governance and compliance structures and reflect in our risk-management and operational culture.

## Our Three Lines of Defence Model

### Internal Audit Function



#### 3rd line of defence

Provide independent validation of the risk-mitigation controls in the first two lines of defence

### Compliance and risk functions



#### 2nd line of defence

Provide independent oversight of Peak Re's risk-taking and risk-management activities and assessing informal controls

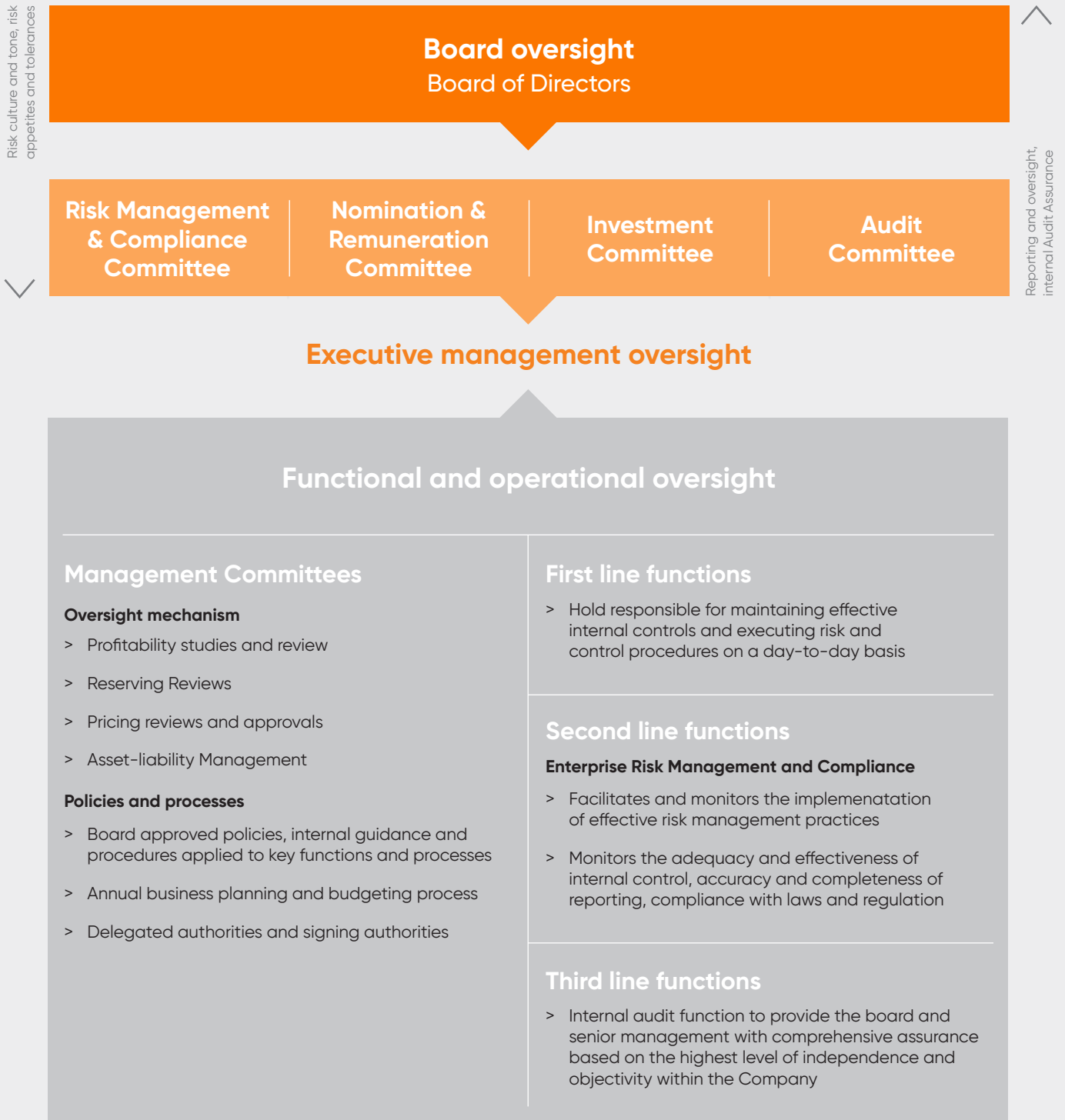
### Operating units



#### 1st line of defence

Design processes and internal control system

## Our Governance Model



# GOVERNANCE AT PEAK RE

## ESG training

Capacity building is critical to integrating ESG across our business. Sustainable product development should go beyond compliance and we embrace that concept to better meet environmental challenges and satisfy client demand for sustainable products and services. For instance, starting in 2023, we added “Diversity, Equality, and Inclusion” as a mandatory compliance learning module.

In addition to our established ESG training and communications, in 2022–23 we added a series of seminars that draw on expertise from outside consultants and business partners. These addressed recent and forward-looking sustainability trends, courses of action for combating climate change, emissions-reduction targets, and the general criteria for setting Science-Based Targets (SBTs).

Learnings from these sessions expand staff knowledge and engagement, help us communicate accurately with stakeholders, and help ensure ESG practices integrate across our entire operation.

At the same time, we continue to maintain group-wide training for anti-money laundering (AML), counter-terrorist financing (CTF), anti-bribery and anti-corruption, data protection and sanctions compliance as part of our overall governance commitment.

## Diversity and inclusion

Our ESG and Corporate Social Responsibility (CSR) approaches are closely linked and align with Peak Re's mission to support emerging middle classes and uphold the principles of sustainable insurance.

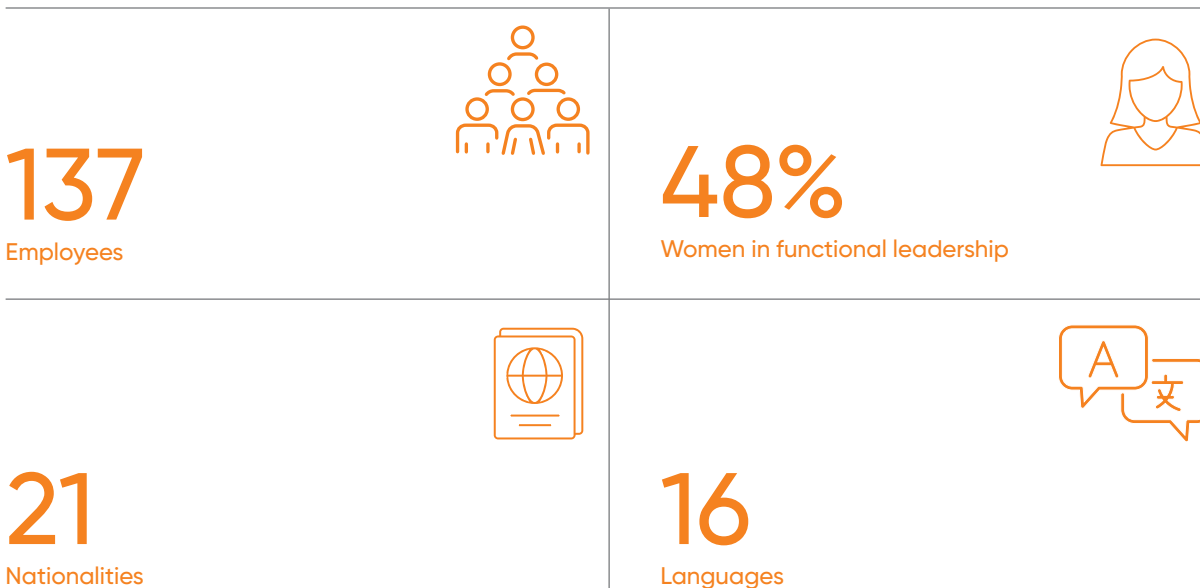
Diversity and inclusion policies can be significant sources of corporate strength in decision making and we take pride in the diversity of our global operations. Our staff represents 21 nationalities and 48% of our leadership roles are held by women.<sup>6</sup> Our Code of Conduct prohibits discrimination on any grounds and we follow all discrimination ordinances in the jurisdictions where we operate. We expect all employees to respect individual dignity, privacy, and personal rights with zero tolerance for any form of discrimination or harassment.

## Dealing fairly with complaints

We are committed to fair and open dealings with staff, clients and business partners and have well-publicised procedures, including a robust whistle-blowing policy for employees, to handle and resolve complaints.

<sup>6</sup> Figures as of 31 December 2022.

## Our people



From left to right:  
Chenwei Li, Janice YE



# PERFORMANCE STANDARDS

Our underwriting and investment portfolios undergo screening to limit exposure to companies, sectors and risk factors that conflict with our sustainability goals.

## Our performance standards

- PS1**  
Assessment and Management of Environmental and Social Risks and Impacts
- PS2**  
Labor and Working Conditions
- PS3**  
Resource Efficiency and Pollution Prevention
- PS4**  
Community, Health, Safety, and Security
- PS5**  
Land Acquisition and Involuntary Resettlement
- PS6**  
Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS7**  
Indigenous Peoples
- PS8**  
Cultural Heritage

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

EXCLUSION LIST (INVESTMENT AND REINSURANCE CONTRACT EXPOSURE)	INDICATED PERFORMANCE STANDARDS
Illegal Production or Trading	PS1
Weapons and Munitions	PS4
Alcoholic Beverages	PS4
Tobacco	PS4
Gambling and Casinos	PS4
Radioactive Materials	PS3 PS4 PS6
Asbestos Fibers	PS3 PS4
Drift Net Fishing	PS6
Human Rights, Forced or Child Labor	PS2
Forestry and Logging	PS5 PS6 PS7 PS8

## ESG screening

Our exclusions correspond to the eight Performance Standards (PS) set out by the IFC, which establish clear and forward-looking methods of identifying and assessing ESG impacts, risks or opportunities. (See the PS table for screening guidelines.)

A number of international conventions and instruments, including the International Labour Organization (ILO) and the United Nations (UN), have been influential in guiding the development of these standards.

We review each underwriting and investment opportunity for exposure thresholds and exclude those where gambling, tobacco products or munitions are core tenets of a business or asset. Operations that may involve exposure to human rights abuses or environmental degradation are also of high concern and are actively excluded whenever such issues are confirmed.

Starting in 2023, we further enhanced exclusions to better adjust for ESG risk in our underwriting processes. Business transactions must comply with not only legal and regulatory requirements but also ethical and moral standards that respect human rights and support sustainable and environmentally friendly development. Specifically, we enacted exclusions in our facultative reinsurance businesses (typically one-off single-risk reinsurance solutions) to cover new construction projects of coal-based power plants or coal mines. Guidelines also restrict underwriting for new business directly involved in the exploration, drilling or production of oil and gas from the Arctic basin as well as for projects involving fossil fuel extraction from oil or tar sands. Exceptions to this policy are only allowed where the risk relates to companies that are Paris-Agreement aligned, or where social needs for power generation are significant, such as for projects in developing countries with low electrification rates. Credible transition plans and employee health and safety coverage are also factored into decisions. Our Chief Underwriting Officer holds the final decision on guideline exceptions.

## ESG Engagement

We actively communicate and engage with governments, regulators, academia, research institutions and other stakeholders on the development of sustainable investment and insurance policies.

For example, Peak Re participated in the International Association of Insurance Supervisors (IAIS) sector-wide monitoring survey in relation to climate exposures, as well as the Hong Kong Insurance Authority's climate risk survey to help collate industry-wide data on climate-risk exposures. Peak Re employees also participated in ESG training and dialogues hosted by the Hong Kong Federation of Insurers (HKFI) and the Hong Kong Monetary Authority's (HKMA) cross-asset steering group.

To engage regional media and events on climate change and its impacts, our natural catastrophe modelling team often provides perspective on environmental and industry developments. Recent events include a panel discussion on 'Managing secondary perils in Asia Pacific' at the Asia Insurance Review conference in 2022, a panel discussion on 'Future-proofing the catastrophe models' at the 2023 Singapore Actuarial Conference, and a Bloomberg

special interview about the impact of the heavy rainstorm in Hong Kong on the insurance industry. Peak Re has also collaborated with the Shanghai Typhoon Institute (STI) and Shanghai Central Meteorological Observatory (SCMO) since 2015 to provide storm predictions in the Northwest Pacific Basin and the South China Sea to insurers.

## Aligning disclosure standards

Multiple ESG reporting frameworks may be relevant for different parts of our business and our various stakeholders, including those set by GRI Standards, the Sustainable Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the Task Force on Nature-related Financial Disclosures (TNFD).

Our core ESG principles guide us through this evolving array of international standards. As a signatory to the UNEP FI Principles for Sustainable Insurance initiative, we are committed to reporting our ESG policies and performance in a transparent and timely manner.

While we remain a private, unlisted company, we are also working towards adopting TCFD disclosure standards. Our ongoing work on TCFD alignment entails the following:

- > Incorporating climate-related factors into risk management and investment strategy.
- > Setting targets and metrics to track progress in managing climate-related risks and opportunities.
- > Establishing governance and oversight structures for climate-related issues.
- > Collaborating with clients and stakeholders to encourage climate-conscious risk mitigation and resilience measures.
- > Reporting climate-related financial disclosures to investors and stakeholders.

## Risk and compliance

Embedding the IFC risk management framework across our operations has allowed Peak Re to maintain a strong risk management culture. For example, we regularly monitor climate risk at a portfolio and operational level, while our risk management and compliance functions assess climate risk-related incidents and risk control measures.

As part of our Own Risk and Solvency Assessment (ORSA) exercise, we discuss climate risks and stress-test our balance sheet for significant increases in climate change-related risks, including greater insurance losses from physical risks and stresses from transition risks on the market value of our investments. ORSA is an annual review process that tests our solvency and capital adequacy under normal and severe stress scenarios, such as those caused by the increasing frequency of natural disasters, to ensure we can meet reinsurance obligations.

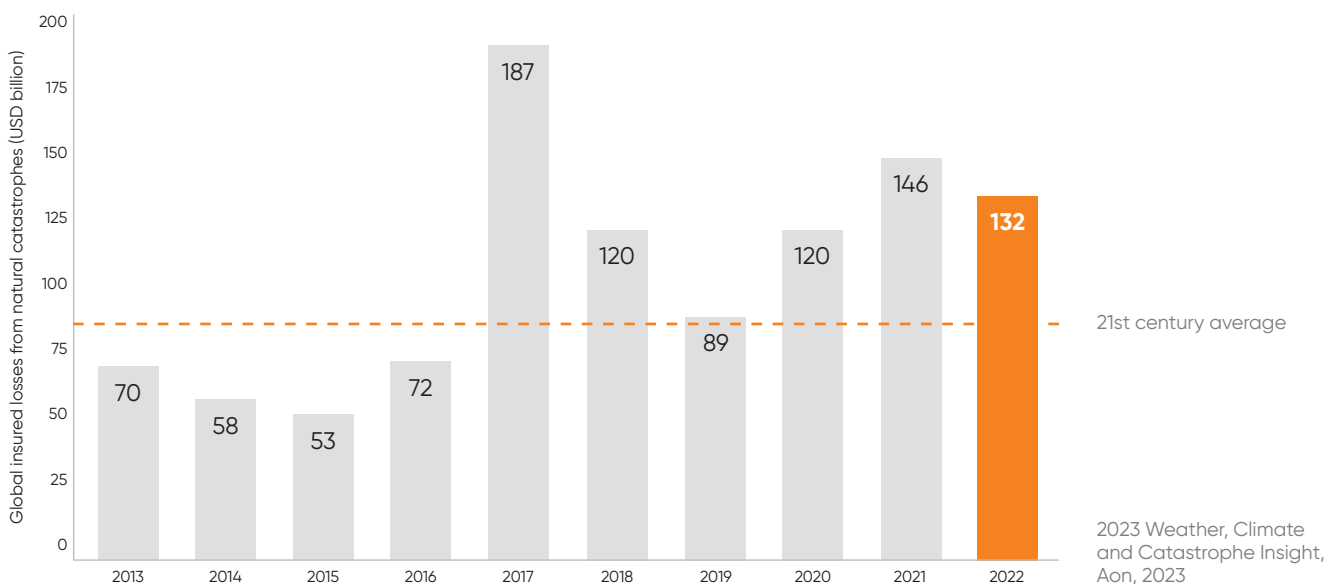
Despite macroeconomic challenges being compounded by a series of severe natural disasters in our key markets during 2022, we believe our focus on sustainable practices helped shield returns in this rapidly evolving risk landscape.

# IMPLEMENTING ESG IN INSURANCE



ESG is an evolving discipline, and we aim to align with international standards beyond our exclusion guidelines. This includes alignment with the Principles of Sustainable Insurance established by the UN Environment Programme Finance Initiative (UNEP FI) and the adoption of core pillars from the TCFD.

## Global insured losses from natural catastrophes





## Our PSI commitment

Peak Re was among the early signatories of the UNEP FI PSI in the global reinsurance industry.

The principles serve as a global framework for the insurance industry to address ESG risks and opportunities. The UN 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 embedding ESG factors across our business and to working with partners, regulators, and stakeholders to raise awareness of sustainability issues.

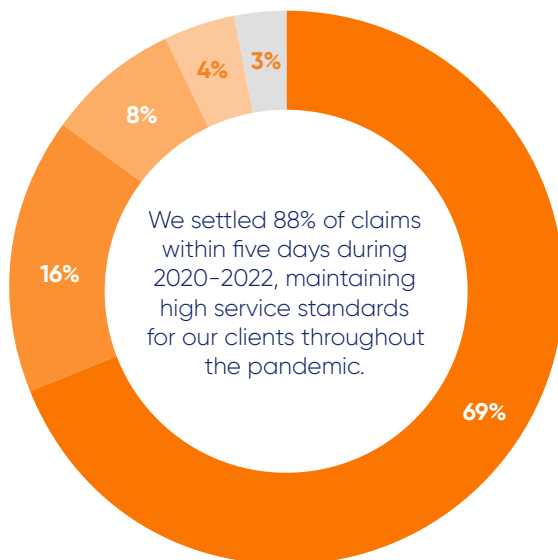
Transparency and accountability are fundamental to our PSI membership. Peak Re publishes this disclosure report in conjunction with our full Annual Report to present stakeholders with a holistic view of our financial and non-financial performance.

## Claims management

Claims settlement is fundamental to responsible business operations and is a pillar of our sustainability objectives. Our record of swift payment helps families, businesses and economies recover quickly from external shocks. In Asia alone, estimates for total economic losses from natural disasters reached USD80 billion in 2022.<sup>7</sup> As physical risks increase in frequency and severity because of climate change, the speed and accuracy of claims payments become more critical than ever. On average between 2020 and 2022, we have paid 88% of claims within five days.

### Claims settlement

Average performance for 2020–2022



- Within 3 days
- Within 5 days
- Within 10 days
- Over 10 days
- Within 1 day

## Responding to climate change

We constantly review our risk appetite in line with modelling developments to account for the impacts of climate change on our underwriting business. We also consider related emerging opportunities as we set the direction for our investments and develop new risk products.

Climate science tells us that extreme weather events are becoming more severe and more frequent. In 2022, global insured losses from natural events surpassed USD132 billion<sup>8</sup>, marking a sixth consecutive year of higher-than-average losses. The trend threatens overall industry earnings and could push P&C premiums higher, resulting in more uninsured people and properties, particularly in the emerging markets that are core to our corporate mission.

Estimates for Asia's natural catastrophe protection gap (the difference between total and insured losses) stands at about 90%.<sup>9</sup> That leaves considerable room for growth in the insurance and reinsurance industries and represents the focus of our business over the past 10 years. We are committed to developing innovative, market-relevant insurance solutions that can help expand our business and close protection gaps in Emerging Asia, which is among the fastest-growing insurance markets globally.

## Catastrophe bonds

Broadening underwriting capacity is critical to our mission to close protection gaps in Emerging Asia. To this end, in 2022, we were the first reinsurer based in Hong Kong to issue a 144A catastrophe bond (cat bond), which helped to strengthen our capital base and increase our underwriting capacity. The USD150 million issuance attracted significant investor interest, allowing for a 100% upsize from the initially announced transaction size, and enabled us to enter into a multiyear retrocession agreement to cover typhoon risk in Japan.

This landmark deal allowed us to tap into the deeper financial market for capacity and support the continued growth of our underwriting portfolio, enhancing our ability to support Asia's sustainable development.

Catastrophe bonds with parametric triggers, such as the one we issued in 2022, are designed to release funds when specific conditions are met, such as the severity of an earthquake or typhoon wind speeds. Parametric bonds are increasingly used in disaster risk financing because claims payment is expedited to support reconstruction and rehabilitation efforts.

A 2022 IMF paper characterised catastrophe bonds as among "the most prominent innovations in the field of sustainable finance in the last 15 years."<sup>10</sup>

7 Weather, Climate and Catastrophe Report: Asia Pacific Insights, Aon, 2023

8 Peak Re Annual Report 2022; page 2 - Weather, Climate and Catastrophe Insight, Aon, 2023

9 Natural catastrophe protection gap in Asia calls for collaborative innovation, Guy Carpenter, 2022

10 Sovereign Climate Debt Instruments: An Overview of the Green and Catastrophe Bond Markets; IMF, July 2022

# SUPPORTING INCLUSIVE GROWTH




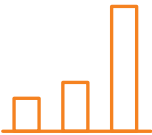

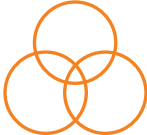


Build resilience with reinsurance  
products and programmes

# TOWARDS A RESILIENT FUTURE

The world's emerging middle classes are powerful drivers of sustainable development, yet they are among the populations most vulnerable to rapid technological, environmental and economic change.

## Concept of sustainable insurance

<p><b>137</b> Employees</p> 	<p><b>48%</b> Women in functional leadership</p> 
<p><b>21</b> Nationalities</p> 	<p><b>16</b> Languages</p> 

Global transition to a low-carbon economy is necessary to mitigate the impact of climate change. We believe that companies and governments have a responsibility to pursue decarbonisation in sustainable, fair, and inclusive ways.

Commitment to a "just transition" aligns with our founding mission to modernise reinsurance while supporting the needs of emerging middle classes. This approach informs how we think about ESG integration across our operations, including our latest underwriting exclusions for coal-fired power plants that allow for exemptions in communities with low electrification rates.

These guidelines allow for balance in Peak Re's support for climate transition while maintaining our long-standing commitment to closing protection gaps in emerging markets.

## Responsible insurance

Reinsurance can be a tool for narrowing protection gaps and supporting sustainable development. As part of our core corporate mission, we work with clients and local governments to design protection products that reinforce sustainable development across Emerging Asia and beyond.

The nature of our business allows us to respond to climate and transition risks while seeking to capture new opportunities that emerge from addressing vulnerabilities. The annual treaty renewals require regular reviews of underwriting assumptions and monitoring of impacts on the people and environments around us.

Peak Re supports sustainable change with reinsurance products and programmes that:

- > Bolster critical illness coverage for children with autism.
- > Accelerate emerging Asia's adoption of renewable energy with environmental assessment, loss control and risk mitigations.
- > Ease access to mental health, critical illness, and wellness products.
- > Protect the financial interests of farmers.
- > Support food security with inclusive insurance products tailored to rural populations.
- > Expand the market for catastrophe risk coverage through insurance-linked securities.
- > Ensure vulnerable construction workers get their salary on time.



### Farm insurance and farm loans

To safeguard farmer incomes in India, Peak Re participates in agriculture insurance schemes to provide protection to farmers against crop failure arising from unforeseen perils.



### Autism

As a rare insurance solution for vulnerable groups, Peak Re, along with business partners in China, created a solution to provide critical illness coverage for children with autism.



### Critical illness products

Peak Re has engaged an insurance client in China to structure products that incentivise physical activity for policyholders through variable sum insured options. This helps reduce the policyholders' risks of critical and chronic illnesses, while also improving the health data available to the insurer.



### Worker's salary bond

Peak Re supported a Worker's Salary Bond to protect construction workers in China from non-payment or delayed payment of salaries by contracting companies. The bond helps workers receive their salary on time, supporting their families and the wider community.

# ADAPTING TO CLIMATE CHANGE

Through protection policies and our influence on our customers and stakeholders, we aim to play a pivotal role in helping communities manage climate-related risks.



## Physical risks

Physical risks refer to the direct consequences of climate change, such as extreme weather, rising sea levels, the effects of increased heat and other hazards. All insurers bear physical risk exposure, particularly through P&C business lines.

Physical risks are core to our business, and we monitor exposures using catastrophe models as well as public and private data sources. To conduct thorough risk assessments, we forecast seasonal climate-event losses and mitigate exposures by refining our risk selection and securing adequate retrocession cover. Continuous improvement to our understanding of risks and exposures enables more accurate risk pricing.

Beyond catastrophic weather events, a deeper challenge from climate change comes from smaller, more localized secondary perils – such as lower-intensity but higher frequency thunderstorms, hail, droughts, flash floods, landslides, or wildfires.

Economic losses from secondary perils are trending higher. In 2022, estimates for overall losses from natural disasters reached USD360 billion; more than half (USD211 billion or 59%) came from secondary perils. Insured loss estimates amounted to USD140 billion, with 52% (USD73 billion) coming from secondary perils.<sup>11</sup> These are generally less well-modelled, given the

granularity of data needed for monitoring smaller and more localised events.

Multiple studies have attributed the rising frequency of extreme weather to human-influenced climate change and warmer global temperatures.<sup>12</sup> With this perspective, we also stress-test our underwriting portfolios for loss impacts due to an increasing frequency of secondary perils.

Peak Re practices data and research sharing with academic and scientific groups to enhance insight into climate-related risks and potential impacts. Our collaboration with Shanghai Typhoon Institute (STI) and Shanghai Central Meteorological Observatory (SCMO) on storm tracking are examples. The partnership supports insurers in their managing and mitigating regional risks from storms. The platform offers cyclone monitoring in the Northwest Pacific Basin and the South China Sea, providing insurers with wind and rainfall predictions along with historical climate data.

By investing in our understanding of secondary perils and better assessing the financial consequences associated with climate change, we help to heighten global awareness and resilience.

## Transition risks

The global transition towards net zero emissions is gaining momentum along with a shift in consumers' perception and public policy incentives. The impact of this shift is already visible in sectors such as power and transportation, and we expect change to broaden to other industries.

We believe risks to Peak Re's business from low-carbon transitions are limited. The nature of our business allows us to accommodate transition risks via annual treaty renewals, regular reviews of underwriting assumptions and new business opportunities arising from industry shifts.

For example, in a rapidly decarbonising world, demand for carbon-intensive assets is likely to fall, diminishing their value and need for related reinsurance coverage. Conversely, demand for green and sustainable insurance products is likely to rise. As such, we expect our ability to offer appropriate reinsurance products as industries evolve to be a key driver for our future market footprint.

As a further transition-risk mitigation, we have refined underwriting guidelines to include coal mining restrictions and new thermal-coal-based power plant construction (see our performance standards detailed on p12-13).

Concurrently, we are investing in resources to enhance our understanding of carbon and climate exposures within our invested assets. We intend to employ a data-based approach and work with asset managers to raise the sustainability profile of our investment portfolio.

<sup>11</sup> Gallagher Re Natural Catastrophe Report 2022

<sup>12</sup> Carbon Brief: Attributing extreme weather to climate change

<sup>13</sup> McKinsey & Company, Capturing the climate opportunity in insurance, September 2022

## Legal and reputational risks

We are aware of and regularly review potential legal and reputational risks that the reinsurance industry faces with ESG investing and underwriting. These could arise from:

- > Inaction or insufficient actions on the part of companies to support global decarbonisation efforts or national net zero targets.
- > Potential miscommunications by companies about or during their decarbonisation efforts.
- > Quickly evolving public expectations that may outpace delivery by the re/insurance and financial services industries.
- > Regulators delegating more climate responsibilities to insurers and reinsurers.

For example, in 2021, the China Banking and Insurance Regulatory Commission (CBIRC) issued guidance that insurers should increase investment in natural disaster insurance. In 2022, it further guided insurers to promote green finance and reduce carbon intensity in asset portfolios.

To mitigate legal and reputational risks, we monitor regulatory developments in our jurisdictions and globally, and make ESG disclosures, such as with this document, to ensure our sustainability efforts and actions are accurately represented.

We are also assessing stakeholder sentiment for evolving expectations on ESG taxonomies, metrics, and methodologies.

## ESG as a reinsurance opportunity

The transition to a more sustainable, low-carbon world will require innovation and investment to support new technologies and scale up sustainable solutions across every industry and country.

According to business consultancy McKinsey, companies could be spending more than USD800 billion on new decarbonisation business models by 2030. That corresponds to roughly USD10 billion to USD15 billion of insurance premiums on capital expenditures.<sup>13</sup>

New re/insurance opportunities may arise from transition projects to develop low-carbon alternatives in energy, transportation, property, and other sectors. We have already seen rising market demand for insurance products related to renewable energy and electric vehicles. Reinsurance may also support additional investment in clean energy and the scaling up of new low-carbon technologies. Carbon offset insurance is another potential area of interest for our risk solutions.

We view these as significant business opportunities for our clients and partners. However, a lack of historical data on losses and risks with new technologies may make underwriting more complicated and costly. Moreover, innovative green technologies and their applications are still in their infancy in much of Emerging Asia's markets.

# ADAPTING TO CLIMATE CHANGE

## Opportunities globally

### Low-carbon transition

In conjunction with business partners, we provide reinsurance for renewable energy adoption, including solar, wind, and bioenergy in Asia, the US and Europe. Our efforts include support for environmental assessments and loss control, risk management and mitigation of pollution, and sustainable innovations such as energy from waste materials.

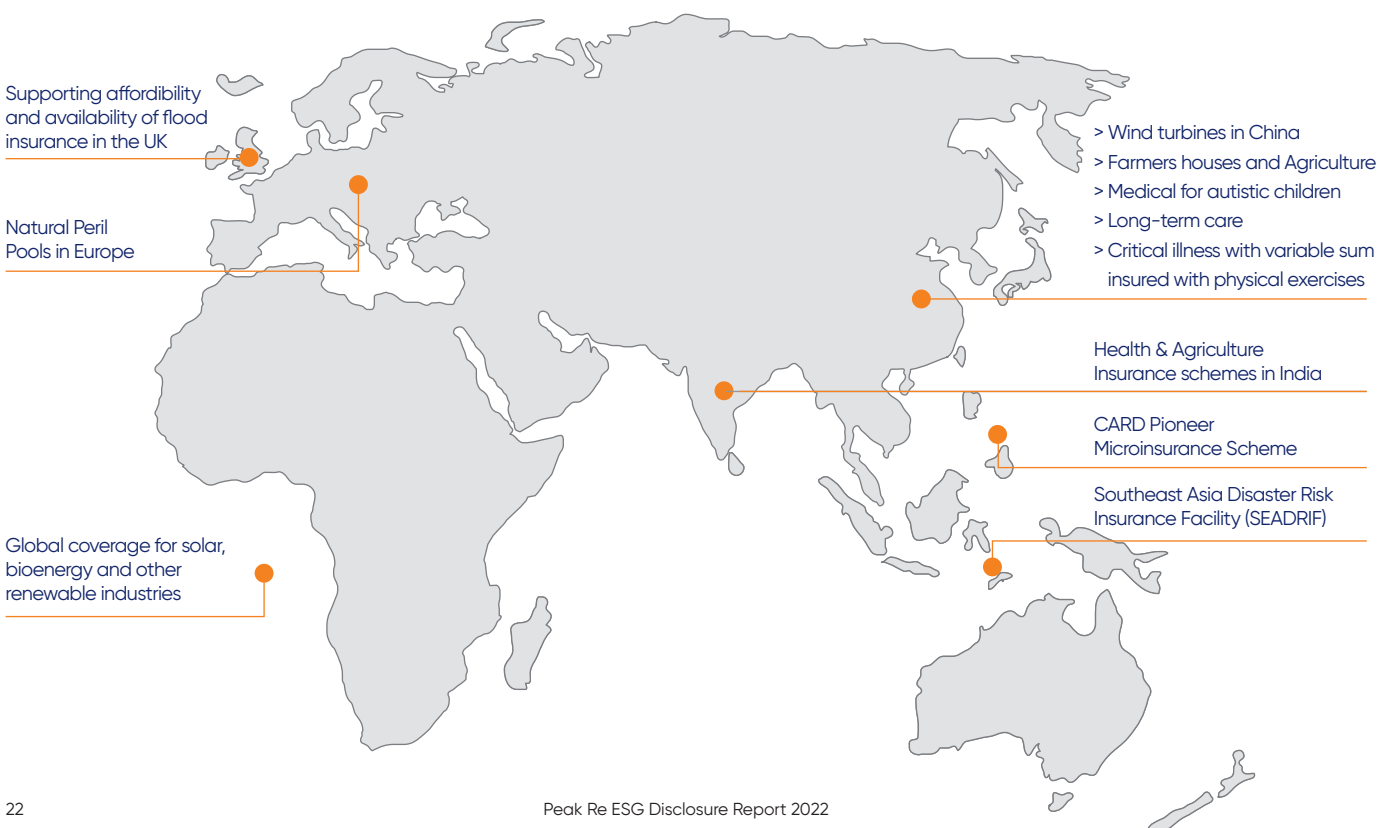
### Disaster-relief

In Southeast Asian markets, we offer protection against natural catastrophes through our participation in the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). Through pre-disaster planning and post-disaster relief and reconstruction funding, SEADRIF protects people and livelihoods, reinforces ongoing economic development and contributes to poverty reduction. This regional facility provides risk financing and insurance solutions through a partnership between the ASEAN+3 grouping (the 10 countries of the Association of Southeast Asian Nations as well as Japan, China and South Korea) and the World Bank. Our reinsurance services support parametric flood-risk coverage.

### Natural peril pools

We participate in several natural peril pools globally, which provide affordable natural peril insurance for homeowners in high-risk areas where protections would otherwise become unaffordable. These are critical, financially sustainable protections that help close protection gaps in vulnerable areas.

## Peak Re projects worldwide






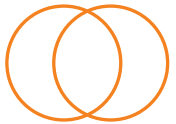




# ESG PERFORMANCE HIGHLIGHTS

Since 2012, Peak Re has grown from a Hong Kong-based start-up to a global reinsurance provider. We believe our growth aligns with our founding principle of supporting sustainable economic development.

## ESG road map: short, medium and long-term

<p><b>Identify</b></p>  <p>and resolve gaps between communicated and actual ESG practices</p>	<p><b>Build</b></p>  <p>capacity and training to improve capability to meet ESG challenges</p>	<p><b>Expand</b></p>  <p>data collection to better inform decision-making</p>
<p><b>Update</b></p>  <p>risk analytic to identify, analyse and manage ESG risks</p>	<p><b>Elevate</b></p>  <p>ESG policies to embed ESG into respective functions</p>	<p><b>Integrate</b></p>  <p>Wider business strategies with ESG-related opportunities</p>

# ADAPTING TO CLIMATE CHANGE

## Sustainability in our operations

As a services company, our most direct carbon footprint comes from corporate travel and energy use.

After the easing of pandemic restrictions, our travel mileage per headcount increased from 1352 miles in 2021 to 4891 miles in 2022. But even as we resume global travel we continue to encourage staff to use digital and video conferencing when possible and to seek options for monitoring and mitigating carbon emissions associated with their corporate travel.

## LEED by example

In November 2022, we relocated our Hong Kong headquarters to the West Kowloon Cultural District Authority (WKCDA) Tower. The energy-efficient complex was designed to help reduce the carbon intensity of our daily operations and provides us with about 38,000 square feet of office space that aligns with our environmental stewardship strategy.

Our office meets the Leadership in Energy and Environmental Design (LEED) Gold standard, which is based on an assessment of multiple factors, including building materials, workstations, air quality, lighting, noise levels, use of indoor plants, accessibility to public transport and local food options, as well as the provision of healthy snack options for employees

Designed with agility and sustainability in mind, the WKCDA tower's construction relied on rapidly renewable, recycled or reused materials that were locally manufactured and sourced. The surrounding grounds, designed to mimic natural landscapes, include a 'dry river' that creates passive water filtration to minimise flood risks.

Adjusted for square footage, our new office provides about 15% greater energy efficiency. Though twice the size of our previous space, our average monthly electricity use is about 21,975 kWh so far for 2023 versus 12,745 in 2022 representing about a 15% reduction. Our annual electricity consumption of 166,804 kWh for 2022 was largely unchanged from 165,873 in 2021.<sup>14</sup>

We also recorded a drop in paper printing from 426,125 pcs in 2021 to 214,782 pcs in 2022, which we attribute to both the new headquarters' waste handling and an increased use of digital automation in our processes.

These metrics demonstrate progress in improving our operational efficiency and lowering our carbon footprint intensity.

On a holistic level, our relocation also provides an abundance of open and shared spaces to help promote the transparency of our corporate culture and cultivate staff health and well-being. The cutting-edge facility should also help attract quality talent, contributing to the expansion of our business and helping to drive our mission to support the emerging middle classes of Asia and beyond.

<sup>14</sup> Electricity provider disclosed the average CO<sub>2</sub>e emission per unit of electricity billed to Peak Re in 2022 was 0.39kg, while their average emissions intensity for electricity sold was 0.55kg CO<sub>2</sub>e/kWh



# CSR + SDGs

We believe the alignment of our business with the United Nations (UN) Sustainable Development Goals (SDGs) is a competitive advantage in our industry.

Because we already exclude, for example, controversial weapons and tobacco from our portfolios, we see natural alignment with SDG 3, which seeks to ensure healthy lives and promote well-being. And the core of our founding mission, of course, relates directly to SDG 1 to reduce poverty and SDG 8 to support economic growth.

ESG and sustainability are core to our governance and compliance structures, and we believe this reliance underpins our continued strong financial results. In 2022, we recorded a 10th consecutive year of premium growth.

On a corporate level, SDG influence should go beyond investment or underwriting and drive internal operations and external outreach. At Peak Re, SDGs help optimise CSR programmes, which support growth and prosperity in the communities where we do business.

## We also remain committed to:

- > Enhancing the ESG profile of our operations through waste reduction, energy savings, and standing firmly behind our diversity and inclusion policies, all of which align with the SDGs;
- > Ensuring health and wellness in our employee policies, physical workspace and health-related benefits;
- > Contributing to the well-being of society and supporting communities in need through charity and Corporate Social Responsibility (CSR) activities.

## United Nations' Sustainable Development Goals



# SDGs + CSR

## Creating a positive impact with CSR

Our staff regularly engage in CSR activities, charity and outreach programmes and contribute to local communities through poverty alleviation projects, knowledge sharing and activities that help build sustainable lifestyles. The following examples demonstrate how we amplify monetary donations with time, energy and commitment.



### Building children's confidence through art

#### Dali, China

In 2022, Peak Re supported an art competition to aid poverty-stricken children in rural Yunnan. The event allowed children to express themselves creatively and all entrants received painting supplies and a monetary donation. Contest winners, voted for by Peak Re's art-inclined staff from offices around the world, received further monetary prizes, which again help to support the children and their families. Our goal is to bolster the community while giving children educational opportunities they may otherwise miss.



### Supporting local craftsmen

#### Jingdezhen, China

With the aim of supporting sustainable development and the conservation of cultural heritage, Peak Re commissioned a porcelain maker in Jingdezhen, China's porcelain capital, to produce corporate gifts.

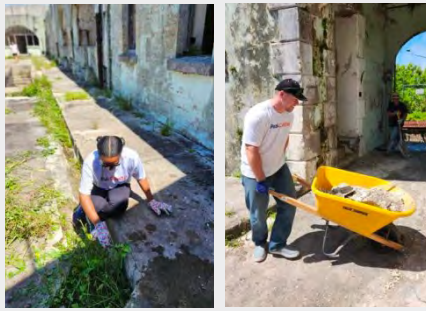
The city has been renowned for producing high-quality pottery for over 1,700 years. Commissioning these gifts supports the community and its cultural heritage while raising awareness with our clients and partners about the region and our support for its conservation.



### Building climate change awareness with youth

#### Hong Kong

In 2022, we established a new two-year strategic partnership with CarbonCare InnoLab (CCIL), an NGO dedicated to helping Hong Kong youth and students develop sustainable low-carbon lifestyles through innovation, education and action. Throughout the engagement, Peak Re and CCIL will jointly organise awareness-building activities with an emphasis on climate solutions and making a positive impact across the community. Activities include ESG engagement exercises, an energy awareness challenge and the Hack4Sustainability event, which calls on specialists and enthusiasts in disciplines including IT, social media, AI, architecture and engineering to gather and explore tech and development trends for climate action.



## UNESCO World Heritage: Restoration and clean-up

### Bermuda

In partnership with the St. George Foundation, Peak Capital Bermuda volunteered to clean and restore Fort Cunningham – a UNESCO World Heritage Site. Peak Re volunteers worked to clean and repair the surrounding grounds with the goal of giving back to their community in a meaningful way.



## Small efforts for larger impact

### Hong Kong

The Peak Re Biz-Dress Green Day exemplifies how small changes can make a big difference. By asking staff to dress in smart-casual clothing, we drove air conditioning intensity reductions and saved energy.



## Promoting sustainable lifestyles

### Hong Kong

In partnership with CCIL, Peak Re staff engaged with their family members in a day of organic eco-farming. Teams helped with ploughing, planting, weeding, watering, and harvesting as well as preparing – and eating – organic fruits and vegetables.

Participants' first-hand experience in farm work demonstrated the practical challenges involved and gave them greater insight into how environmental protection is integral to sustainable development.

## Promoting local community education

### Hong Kong

Peak Re partnered with Tasse Coffee, a local Hong Kong community education project. Tasse teaches coffee culture and business skills with the goal of supporting disadvantaged communities and empowering women. As part of the initiative, Peak Re sponsored coffee, prepared by Tasse trainees, for our Hong Kong office. Our initiative provides support for underprivileged workers to retrain for jobs or re-enter the workforce, ultimately supporting Hong Kong's sustainable development.

## Promoting knowledge

### Hong Kong

Peak Re partners with the University of Hong Kong Foundation to support research and academic development in the local community. Our donation of books to an ARTathon promoted the value of reading for younger generations.

We also provide flexible internships to local Hong Kong students, giving them the opportunity to gain hands-on business experience and learn from mentors. This programme gives leaders of tomorrow an opportunity to gain skills relevant for tackling critical issues, such as sustainability, that are increasingly defining this century.

# SDGs + CSR

## Supporting Yongping

“Helping this community transition crops and livelihood to a sustainable and profitable practice of tea growing has been a rewarding and emotional experience.”

**Zoe Wang**  
Chief of Staff, Peak Re

Peak Re staff make regular visits to Yongping for quality assurance and community support



The handpicked teas emphasises our commitment to sustainability and responsible sourcing while contributing to local livelihoods.



## Nurturing ties with the Yongping community

### Yongping, China



This project contributes to multiple dimensions of our ESG and SDG ambitions

In a dedicated project to address poverty and foster sustainable development in Yongping, China, Peak Re has established a deep and ongoing relationship with tea farmers in an initiative centred on procuring, packaging and promoting exceptional teas for corporate gifts.

The project meticulously sources tea from the Dapingtan Tea Garden, which is renowned for its organic and chemical-free farming practices. The selection of teas, handpicked by local farmers, emphasises our commitment to sustainability and responsible sourcing while contributing to local livelihoods.

### Knowledge sharing

Our regular visits and dialogue with the farmers have included sharing ideas on marketing and packaging of products, using Peak Re's packaging as an example, and the benefit that it could have for the tea farmers in terms of their margins. We also share our perspective on climate risks for the region, and what can be done in the case of natural disasters. Additionally, we conduct a quality check on the teas, testing them for any heavy metal or pesticide contamination, and provide feedback to farmers.

### Sustainable development

This project contributes to multiple dimensions of our ESG and SDG ambitions as well as our core corporate mission. First and foremost, it fosters economic growth and poverty reduction with a reliable and fair source of income for the Yongping community. Enhancing their standard of living and supporting education addresses social welfare concerns to align with SDG 1 on eradicating poverty and SDG 4 for ensuring quality education – a particularly pressing cross-section of need during the pandemic.

By promoting environmentally friendly and socially responsible products, our initiative also aligns with SDG 12 for responsible consumption and production and SDG 2 for sustainable agriculture.

Peak Re's staff actively engage in this undertaking, dedicating time and effort to packaging teas with the farmers. Our team not only facilitates the project but also forges personal connections, leading to a deeper sense of community and social responsibility, aligning with SDG 17 for fostering partnerships for sustainable development.

# CONTINUED COMMITMENT

The background features a series of overlapping, semi-transparent planes in shades of yellow and orange, creating a sense of depth and movement. The planes are oriented at various angles, some horizontal and some vertical, forming a complex, layered structure. The lighting is soft and even, highlighting the edges and surfaces of the planes.



The background is an abstract composition of overlapping, semi-transparent geometric shapes in various shades of yellow and orange. The shapes create a sense of depth and movement, with some appearing as if they are receding into the distance. The overall effect is warm and dynamic.

Adapt and innovate  
for a robust future

# AN ESG FUTURE AT PEAK RE

We recognise that integration of ESG into our operations is a long-term journey. In 2023 and beyond, we will continue to work towards measuring and benchmarking performance on relevant metrics and improve data collection to guide our transition to a more sustainable and low-carbon future.

## Long-term road map



Honing  
our focus



Setting  
targets



An eye on  
the future

# 15.3%



increase in the cost of data breaches in 2023

This compares to 2020. Cyberattack instances have steadily risen with global digitalisation

## Honing our focus

We believe that identifying and monitoring ESG factors most relevant to our core stakeholders will help us to focus on reinsurance solutions and investments that also support key SDGs, such as poverty alleviation and climate action.

We are closely following regulatory developments, including the introduction of the first two IFRS Sustainability Disclosure Standards (IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures) from the International Sustainability Standards Board (ISSB) and the International Accounting Standards Board (IASB) in 2023. We are also monitoring regulatory progress related to recommendations from the TNFD.

## Setting targets

In 2023, we plan to advance and refine our ESG strategies via a firm-wide exercise encompassing internal and external stakeholder views on the materiality and impact of our business on the environment and society. These reviews will help further hone our ESG ambition and optimise our KPIs for ESG implementation across different workstreams.

We also expect to establish a new ESG monitoring and governance system to follow up on functional KPIs or progress towards all ESG targets. We see a considerable opportunity to support the development of re/insurance products that will contribute to these goals.

## An eye on the future

While this report focuses on the 2022 calendar year, it is important to note that ESG considerations are only becoming more relevant to our business with each passing year.

As we work to refine our ESG targets, we expect

- > to reduce our carbon footprint,
- > help our clients address climate risks and
- > deepen our support of the SDG objectives.

We believe our industry has a vital role to play in the development of new risk management solutions to support the low-carbon transition and continued economic growth – and we look forward to working with partners and stakeholders as demand for sustainable insurance products expands.

### Disclaimer

Peak Re provides the information contained in this document for general information purposes only. No representation or guarantee is made as to the accuracy, completeness, reasonableness or suitability of this information or any other linked information presented, referenced or implied. All critical information should be independently verified and Peak Re accepts no responsibility or liability for any loss arising or which may arise from reliance on the information provided.

All information and/or data contained in this document is provided as of the date of this document and is subject to change without notice. Neither Peak Re nor any of its affiliates accepts any responsibility or liability for any loss caused or occasioned to any person acting or refraining from acting on the basis of any statement, fact, text, graphic, figure or expression of belief contained in this document or communication.

All rights reserved. The information contained in this document is for your information only and no part of this document may be reproduced, stored or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Peak Re. Any other information relating to this document, whether verbal, written or in any other form, given by Peak Re either before or after your receipt of this document shall be provided on the same basis as set out in this disclaimer.

This document is not intended to constitute advice or recommendation, and should not be relied upon or treated as a substitute for advice or recommendation appropriate to any particular circumstances.

© 2023 Peak Reinsurance Company Limited.

## Credits

Published by: Peak Reinsurance Company Limited  
Content and  
production: Ashbury Communications  
Design: Sedgwick Richardson  
Photography: Harold de Puymorin

---

# PeakRe >

## Peak Reinsurance Company Limited

15/F, WKCDA Tower,  
No. 8 Austin Road West,  
West Kowloon Cultural District,  
Kowloon, Hong Kong  
T: +852 3509 6666  
E: [info@peak-re.com](mailto:info@peak-re.com)

## Peak Reinsurance AG

Fortunagasse 28, 3rd Floor,  
8001 Zurich,  
Switzerland  
T: +41 (0) 43819 20 60  
E: [info@peak-re.com](mailto:info@peak-re.com)



[www.peak-re.com](http://www.peak-re.com)

 Peak-Re