

Climate Charter

Zurich Hong Kong

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Under the Insurance Industry Climate Charter
of The Hong Kong Federation of Insurers (HKFI)



Foreword

Zurich Insurance Group's ("Zurich", "Group", "Zurich Group") Climate Transition Plan, published in 2024, continues the sustainability journey started in 2019 and sheds further light on how we are going to execute on our ambition to become net-zero by 2050 across our insurance business, investments and operations, and contribute to the wider society in our role as an insurer.

The effects of climate change are all around us. The record-breaking heatwaves, floods, droughts and wildfires we have witnessed in recent years are expected to become even more frequent and severe in the next years. These consequences should be addressed by helping society become more resilient while enabling an economy-wide transition to net-zero. Indeed, we are determined to help the society of the future. This means we must act now, because climate risks are becoming too expensive and too painful. We want to provide a solution through what we do best: risk management. Through prevention, resilience and adaptation, we can better manage the physical impacts of climate change and reduce the size and frequency of potential losses, ensuring the world remains insurable.

This must be a collaborative effort in which all actors play their part. Today, the economy-wide transition is not progressing fast enough to meet the ambition of the Paris Agreement to limit the rise in temperatures to 1.5° C above pre-industrial levels and to avoid the worst impacts. To change course, we need radical collaboration across and between the public and private sectors.

Public policy must provide the right frameworks and incentives, but there is also a need for new technology, new solutions and considerable investments. Supporting a successful transition offers the prospect of a stronger, more prosperous future that will ultimately benefit our customers, the companies we invest in, and our own business. There will be setbacks and challenges, but the price we pay for inaction is far higher than the price of protection. As a global insurer, Zurich will be part of a collaborative solution.



Mario Greco
Group Chief Executive Officer

Zurich Hong Kong⁽¹⁾ adheres to our Zurich Group's sustainability framework and governance and localizes our strategies to deliver solutions relevant to the local market. We have long been committed in putting our sustainability vision into practice, supporting healthy living and driving positive changes.



Eric Hui
Greater China Chief Executive Officer

As one of the key players in the industry, we have the responsibility to take lead and shape a brighter future – together with our partners, customers, people and community.

Through this charter, we hope to publish our ambitions and goals by 2030 and beyond. We communicate with our stakeholders our principles and action plans to achieve these goals. Zurich Group publishes its Sustainability Report every year as part of the annual report. Locally, Zurich Hong Kong aims to also enhance our transparency of our sustainability efforts by reporting our local progress, as well as to inspire ideas and solution with the industry and our customers.

“ We are supporting the net-zero transition while helping make society more resilient, so that together, we can build a better future for the next generations.”

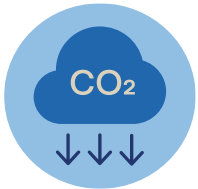
[Quote from Zurich Group: Climate Transition Plan.](#)

Note: (1) Zurich Hong Kong includes Zurich Assurance Limited, Zurich Insurance Company Limited, Zurich International Life Limited, Zurich Life Insurance (Hong Kong) Limited

Our Ambition as Zurich Group



- Grow Sustainable Revenue
- Grow insurance and advisory solutions to enable climate mitigation and adaptation for resilience



- Net-zero operational emissions by 2030, removing residual operational emissions by purchasing high-quality carbon removal credits
- 20% reduction in the intensity of insurance associated emissions (IAE) in our large corporate customer portfolio by 2030, starting from a 2022 baseline¹
- 55% reduction in emissions intensity of our listed equity & corporate bonds investments² and 45% reduction in intensity of our direct real estate investments³ by 2030, both against a 2019 baseline



- Continue and expand our collaboration with partners and regulators, enhance employee capabilities and awareness
- Support society and communities to address the changing climate and become more resilient

1. Determined by scope 1 & 2 for our customers' emissions using the PCAF (Partnership for Carbon Accounting Financials) insurance associated emissions methodology for commercial lines, covering customers with revenues > USD 1bn
2. Reduction of emissions intensity (Scope 1 and Scope 2). Emissions intensity is defined as metric tons CO2 equivalent per USD million invested
3. Reduction of emissions intensity (Scope 1 and Scope 2). Emissions intensity is defined as kilograms CO2 equivalent per square meter

Our Role as Zurich Group



Enabling an economy-wide transition to net-zero

For more than 150 years, we have protected individuals and organizations against risk so they can invest in the future with confidence. Today, this includes supporting our customers and investee companies to succeed in the transition to net-zero. We believe a successful transition will support our business.

We do so by:

- Engaging with our customers and investee companies on their transitions.
- Scaling climate solutions through our products, services and investments.
- Aligning each of our portfolios for insurance and investments to support emission reductions.



Making society more resilient

Climate hazards are likely to intensify for decades to come, even if the world reaches net-zero by 2050. So, we are using our expertise to help more companies, cities and communities better understand, prevent and reduce risks before they materialize, while also supporting them to build back better after loss and damage.

We do so by:

- Further integrating resilience insights into our insurance business.
- Growing our specialized risk advisory business.
- Collaborating beyond our business to support the communities we operate in.



Advocating for supportive policies

Our net-zero ambition is dependent on the transition of the real-world economy and an effective public policy framework. That's why we want to put our data, expertise and global network to use in shaping and advocating for policies that can help achieve a just, resilient and economically successful transition.

We do so by:

- Supporting and informing public policies, regulation and standards to support the real economy's transition.
- Collaborating with partners to maximize our efforts.



Evolving how we operate

We are continuing to decarbonize our own operations and supply chain. We are investing in our people and fostering a culture of learning and knowledge-sharing so that our organization evolves with our ambition. This enables our employees to engage with customers, suppliers and the companies we invest in on their transition journey.

We do so by:

- Reducing our own emissions to achieve net-zero operations by 2030.
- Aligning with suppliers and sharing expertise to decarbonize our supply chain.
- Growing our training and upskilling offerings to develop our employees' skills and capabilities.

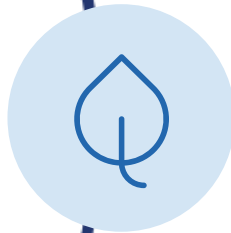
Our ambition: Scaling climate solutions through our products and grow sustainable revenue



Grow our sustainable revenue and expand insurance and advisory solutions to enable climate mitigation and adaptation for resilience



Both Zurich Group and Zurich Hong Kong are focusing on channeling our insurance capacity across all lines, profitably expanding our range of sustainable products and services, and deploying and growing our expertise to support key net-zero technologies and infrastructure.



We look to create innovative, sustainable products that are designed to support activities that generate positive environmental or social impact, and contribute to the mitigation of climate risks:

- Offering insurance products that **encourage low-carbon choices** within our pricing and risk selection framework
- Developing **coverage for renewable energy projects or green infrastructure**
- **Creating risk transfer solutions for climate adaptation**, such as flood, wildfire, or drought insurance tailored to changing weather patterns.
- **Enhancing climate resilience** by applying our expertise and experience in our insurance offerings and risk management/ mitigation services



Our aim is to grow our **sustainable revenue**⁽¹⁾ especially climate solutions that support our customers' transition and resilience.

(1) More details on sustainable revenue definition can be found in our Group Annual Report

Enabling an economy-wide transition to net-zero:

Our ambition: Align our insurance and investment portfolios with net-zero by 2050⁽¹⁾

Zurich Group ambition:

2030 Interim Targets




Align our insurance and investment portfolios with net-zero by 2050

Reduce intensity of insurance associated emissions (IAE) in our large corporate customer portfolio by 20%⁽²⁾

Reduce emissions intensity of our listed equity and corporate bond investments by 55% and direct real estate investments by 45%⁽³⁾

Both insurance and investment portfolios with net-zero by 2050⁽¹⁾

Investing in climate solutions

As an investor, Zurich Group put our own capital to work to help scale climate solutions. We invest in a range of climate solutions investments across different asset classes, including:

Green and sustainability bonds
from both government and corporate entities where proceeds are linked to specific projects

Private debt for clean infrastructure projects
such as transport and renewable energy

Real estate
including reducing energy use and carbon emissions across our commercial and residential portfolio

Private equity
with third-party fund managers whose investment strategies can support our impact objectives

Note: (1) Zurich's net-zero investment management target by 2050 refers to achieving this goal by the end of calendar year 2050 (YE 2050), in line with industry standards and climate science. (2) Starting from a 2022 baseline. Determined by scope 1 & 2 for our customers' emissions using the PCAF (Partnership for Carbon Accounting Financials) insurance associated emissions methodology for commercial lines, covering customers with revenues > USD 1 bn. (3) Against a 2019 baseline and based on 2029 year's end data. Reduction of emissions intensity (Scope 1 and Scope 2). Emissions intensity is defined as kilograms CO2 equivalent per USD million invested (for equity and corporate bond) or square meter (for real estate)

Evolving how we operate:

Our ambition: Aim to achieve net-zero operational emissions by 2030⁽¹⁾



Below are ambition, Initiatives and metrics of Zurich Hong Kong

Energy & Utilities

- Install smart meters and motion-sensor
- Keep office temperature at 24 °C
- Continue to commit to RE100
- Participate in Earth Hour
- Install automatic sensor faucets to reduce water waste

Resources Efficiency

- Reduce the number of printers
- Mandate double-sided printing
- Introduce printing target to departments
- Recycling bins for paper, plastic, aluminum cans and glass bottles
- Partner with waste vendors for waste recycling reporting

Real Estate and Carbon Footprints

- Designate remote workdays to reduce commuting emissions and office space
- Use EVs for our car fleet
- Manage air travel to support the Group's target to reduce air travel emissions by 70% from a 2019 baseline

Sustainable Procurement

- Prioritize suppliers complying with Zurich's Supplier Code of Conduct & ESG direction

Measured and tracked through Operational Emission Metrics

Grid electricity emissions

Air travel emissions

Rail travel emissions

Printed paper emissions

Waste emissions

Employee commuting emissions

(1) Zurich Group's net-zero operational emissions target by 2030 refers to achieving this goal by the end of calendar year 2030. The target includes direct reductions and offsets for residual emissions, with "residual" referring to the approximately 30% of operational emissions that are currently not technically or economically feasible to eliminate. These residual emissions will be addressed through credible carbon removal solutions.

Our accomplishments: Scaling climate solutions through our P&C products

Below are products of Zurich Hong Kong



Breezy Home insurance plan

2023

Proposition Focus and Key Features

- Distribution on digital basis, replacing printable product brochure by user friendly product website, and more.
- Encourage sustainable living style by offering incentives to customers demonstrating savings in electricity consumption and carbon emission
- Offer coverages on damages to EV charger or Solar PV panel
- Encourage repair over replacement upon claims
- Provide recycle referral service

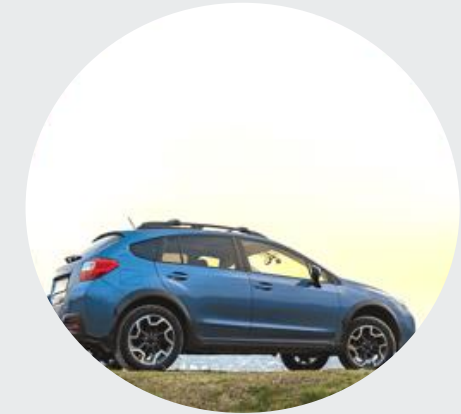


Breezy Travel Insurance plan

2024

Proposition Focus and Key Features

- Distribution on digital basis, replace printable product brochure by user friendly product website, and more.
- Offer carbon emission benefits to customers taking scheduled flights
- Encourage repair of accidental damage of mobile phones or other electronic devices over replacement in product design
- Referral of recycling services for electronic devices or gadgets
- Encourage customers to choose EV rental on road trips by providing more benefits upon claims



Private Motor Insurance – Electric Vehicle

2024

Proposition Focus and Key Features

- New-for-old EV replacement and betterment contribution waiver
- Advanced technology coverage
- Charging protection
- Breakdown and charging support
- Cover the cost of environmentally responsible disposal of your EV's battery in cases of total loss

Our accomplishments: Scaling climate solutions through our Life products



Zurich Hong Kong has a strong market presence in Investment Linked Assurance Scheme (“ILAS”) sold in the broker channel.

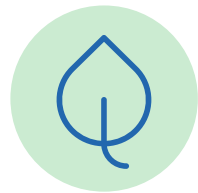
Securities and Futures Commission (“SFC”) maintains a list of ESG funds separately, a subset of the SFC authorized funds which incorporate environmental, social and governance (ESG) factors as the key investment focus. Of more than 2,000 funds authorized by the SFC, around 200 (~10%) are ESG funds⁽¹⁾.

Supporting the sustainable choices of our customers, one of Zurich Hong Kong primary Life products (namely “Swiss Elite”) offers 38 (~20%) ESG funds amongst the 195 investment choices⁽¹⁾. We continue to strive our ESG fund leading proposition for ILAS.

“For our Investment Linked Assurance Scheme (ILAS) business, Zurich Hong Kong provides the highest number of underlying fund choices which are ESG funds in nature⁽¹⁾”

Our accomplishments: Aligning our claim management to support sustainability

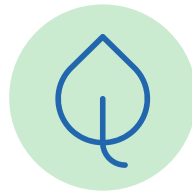
Ambition, Initiatives and achievements of Zurich Hong Kong



Sustainable Practices

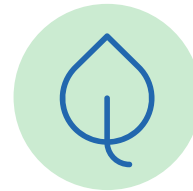
eClaim platform from 2019; paper claim form usage rate less than 5%

Digital documentation and electronic payment methods (FPS/bank transfer) since 2016



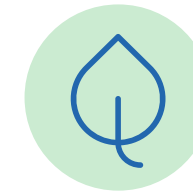
Green Claims Handling

Support Green Claims handling for eco-friendly solutions



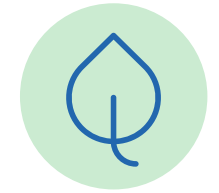
Data & Reporting

Regular meetings to monitor and track progress and achievements



Collaboration with Green Vendors

Required vendors to comply with ISO 14001 and align and comply with our group initiative & ESG direction



Sustainability Training and Awareness

Provide regular training on eco-friendly claims handling to claim vendors

Claim Management

Making society more resilient:

Our accomplishments: Offering of Zurich Resilience Solutions (ZRS) - Climate Resilience

In addition to our insurance solutions, Zurich Group offers specialised risk advisory services through Zurich Resilience Solutions (ZRS).

ZRS helps organisations strengthen their resilience by providing expert guidance to prevent, mitigate, and manage risks—including those driven by climate change.

Through risk assessments and insights ZRS supports businesses in identifying, evaluating, and adapting to both current and emerging climate-related risks, such as extreme weather events. By promoting a clear understanding of climate risk exposure, ZRS enables organisations to better protect business assets, operations, and people.

In Hong Kong, we continue to promote and grow ZRS' climate resilience related services to our customers.



Risk Identification and Adaptation

Identify your exposure to climate risks up to the year 2100, across 4 IPCC scenarios, to deploy risk management at your most vulnerable sites



Climate Risk Reporting

Complete your reporting with confidence using Zurich's proprietary climate data for insights that align to TCFD and CSRD recommendations

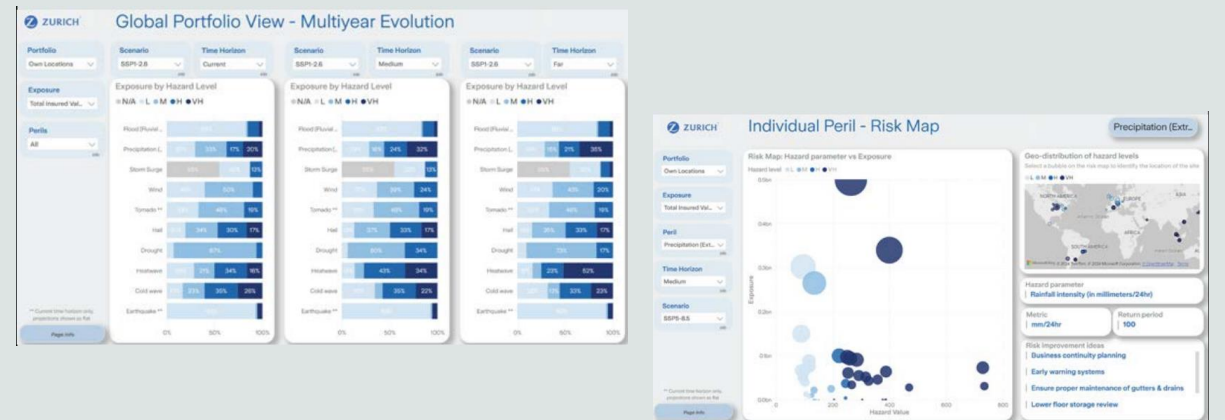


Invest with Confidence

Uncovering climate risk is a crucial part of due diligence when investing in capex climate adaptation, or real estate and greenfield acquisitions

Launch of Climate Spotlight

- In 2024, ZRS launched [Climate Spotlight](#), an interactive digital solution to help organizations assess their exposure to climate risks up to the year 2100.
- It is available through two customer products: Climate Spotlight Core and Expert, which have been designed to meet the needs of both mature and young organizations with varying priorities, resources, and budgets to tackle climate-related risks.
- Both products provide a present-day and future-looking analysis accessed via an intuitive dashboard and downloadable risk report, providing insights used to inform adaptation decisions across operations and investment.



Advocating for supportive policies and evolving how we operate:

Our accomplishments: Collaboration and build together with our partners, employees and society

Collaboration with Partners



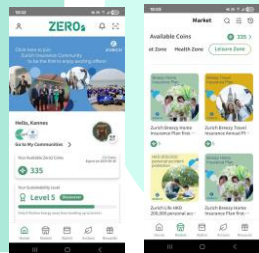
To scale our impact, we continuously seek partners who can maximise our effort to enable and support a sustainable future.

Zurich Hong Kong began our partnership with ZERO2 - one of Hong Kong's leading ESG engagement apps - in late 2024.

Together, we aim to educate individuals about sustainable living and reward positive behaviours who complete certain task such as recycling.

Customers can access to our insurance products with sustainability features through ZERO2 app, supporting them to make environmentally conscious choices.

Globally, we have been working with Instituto Terra, a Brazil-based non-profit on the “Zurich Forest project”, to help restore part of the vast Atlantic Forest that once dominated Brazil’s eastern coast



Employee Capability and Awareness Building



Zurich Hong Kong has held “Climate Month” and a variety of training programs has been/ are aimed to be provided to equip our Hong Kong employees with the knowledge and skills to contribute to sustainability efforts. Here are some types of training offering:

- Climate Change Awareness and Education
- Climate Resilience and Adaptation
- Sustainability Leadership and Management
- Sustainable Practices and Lifestyle Changes

This can help them to build the capacity to engage in climate action and advocacy and sustainable practices.

Organize volunteering activities for our staff e.g. Office Spring Clean-up Day, Beach Clean-up Day, Eco-green energy upcycling workshop to combat climate change through initiatives, aimed at reducing waste and fostering environmental responsibility.



Corporate Social Responsibility



The Z Zurich Foundation⁽¹⁾ is a charitable foundation funded by various members of Zurich.

It is the main vehicle by which Zurich Group delivers on its global community investment strategy, aligning with Zurich’s sustainability agenda, purpose, values and culture.

Z Zurich Foundation continues to fund the charitable work to develop targeted tools, technologies and solutions that address the resilience needs of communities worldwide.

Since 2013, the Zurich Climate Resilience Alliance has successfully been developing and implementing Flood Resilience Measurement for Communities, now in over 400 communities globally. Additionally, the Urban Climate Resilience Program launched in 2023 in nine countries.



Note: (1) The Foundation is a Swiss-based charitable foundation established and funded by various members of the Group

Zurich Hong Kong Achievements

Awards and Activities of Zurich Hong Kong



Won the "Excellence in ESG and Sustainability Award" top honor for four consecutive years at the Hong Kong Insurance Awards



InsuranceAsia News Awards for Excellence 2024
ESG Leader of the Year



Insurance Industry Climate Charter signatory

"It's more than just a purpose, it's about putting it into actions that make a difference."

Eric Hui
CEO, Zurich Insurance (Greater China)



Green Performance Pledge
Gold Rating



Governance: Board and Management



The **Board** of Zurich Insurance Group Ltd has ultimate responsibility for the Group’s success, for delivering long-term sustainable value. As part of its strategic responsibility, the Board approves the Group’s sustainability strategy and objectives. It is supported by its Board committees within their respective core mandates.

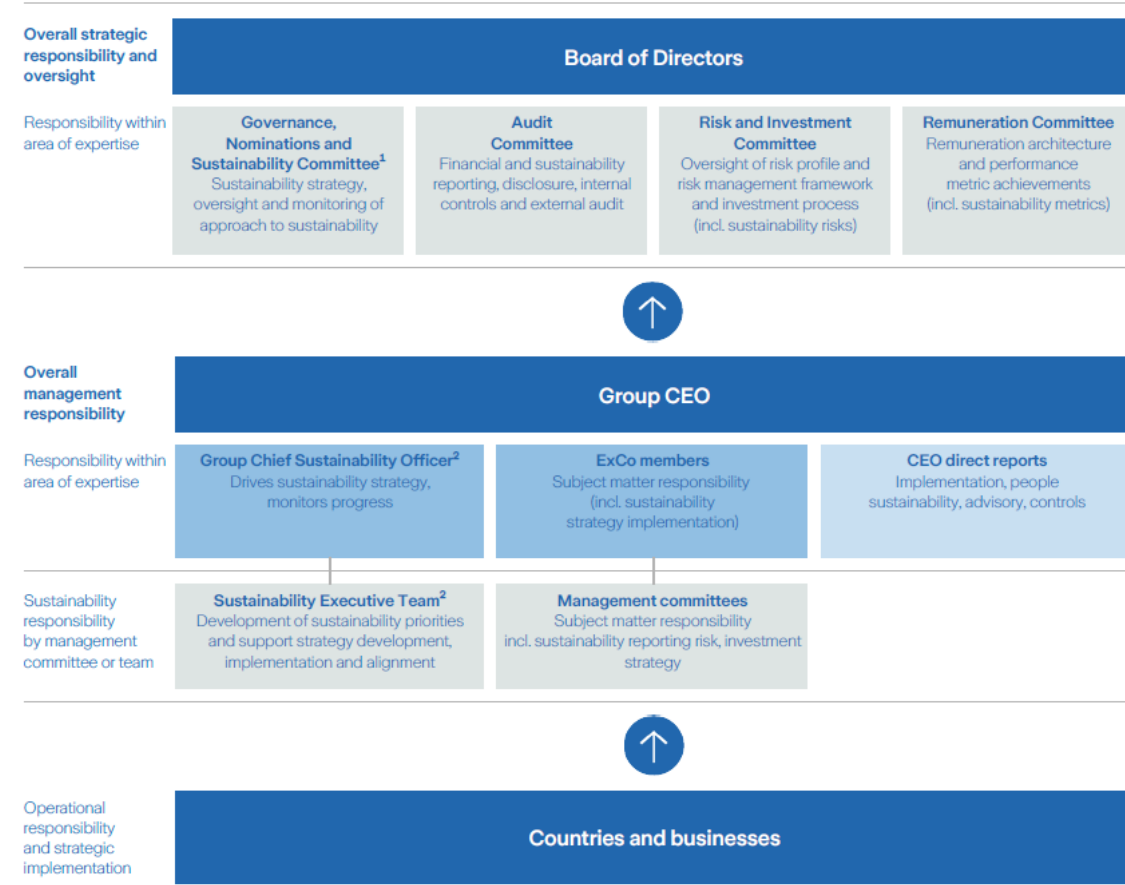
In particular **Governance, Nominations and Sustainability Committee (GNSC)** recommends the Group’s sustainability strategy and objectives, reviews the Plan and exercises oversight on sustainability-related matters.

At the Group management level, **Executive Committee (ExCo)** members are accountable for sustainability aspects within their areas. The **Group Chief Sustainability Officer (CSO)** drives the Sustainability Framework and acts as a sounding board for strategic alignment, reporting to the Group CEO and the GNSC.

A multi-functional **Sustainability Executive Team**, under the guidance of the Group Chief Sustainability Officer, drives the development of sustainability priorities across the Group and supports regions, business units and functions with implementation by providing centralized expertise, facilitating collaboration/ knowledge sharing and ensuring action plans are in place.

Regions and countries are operationally responsible for implementing the sustainability strategy developed at Group level.

In **Hong Kong**, the **Head of Sustainability** is responsible for localising the sustainability strategy developed at Group level. The **Hong Kong ExCo** is operationally accountable for implementing the localised strategy and for embedding sustainability within their respective functions, steering the company towards being future-ready and sustainable for its people, customers, planet, and shareholders.



1. Specific sustainability responsibility.
 2. Dedicated sustainability responsibility.

Governance: Managing Climate Risk



Zurich Group consider impacts from climate change to be drivers for other risks. Our approach to managing climate risk is embedded in our Group-wide risk management framework. Given climate-impacts will unfold over decades, we consider both short-and long term perspectives to support informed and disciplined risk taking, and to evaluate the resilience of our strategy.

Navigating short-term volatility

Our near-term focus is on understanding and managing the impacts of physical climate risks. We model our exposures to climate-related natural catastrophes with a focus on our Property and Casualty portfolio.

This analysis contributes to our risk view and informs the structuring and purchase of reinsurance along with the profitability assessment and strategic capacity allocation for the risks we assume from our customers. We set risk appetite limits to guard against excessive risk taking.

We regularly revisit our underlying models to ensure they reflect the real-world trends in climate-related hazards.

Navigating medium and long-term uncertainty

We use scenario analysis to explore risks and opportunities over the medium (3–10 years) and long-term (to 2050). We published the modelled impacts across our underwriting and investment activities under two scenarios; one where the world successfully reaches net-zero by 2050 and limits the average rise in temperatures to 1.5°C, and another where no new policies are implemented to tackle climate change and temperatures rise 3°C.

This analysis suggests our investment and insurance strategy is climate resilient. Our diversified portfolios, across both geographic and business lines, alongside strong risk management practices and a customer-focused approach, continues to provide the resilience and flexibility necessary to be able to adapt to climate impacts. In both scenarios, the modelled impacts on our business were not considered material at the Group level.

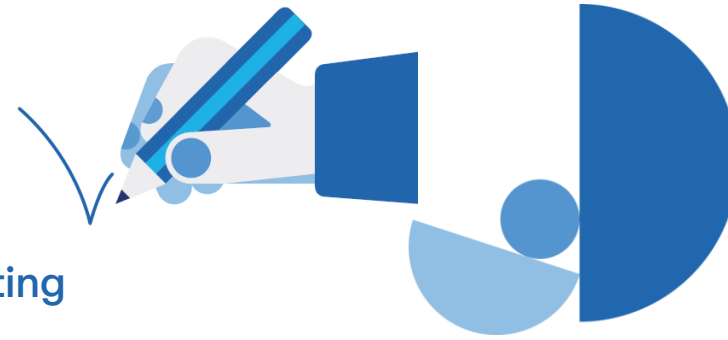
Reporting

Signatories

Zurich Group believe sustainability is too complex and interconnected a topic to be tackled on our own. Therefore, we have become a signatory of a number of global initiatives that help us advance our work in collaboration with industry and global peers:

- Principles for Responsible Investment
- UNEP FI Net-Zero Asset Owner Alliance
- UNEP FI Principles for Sustainable Insurance
- United Nations Global Compact
- WEF's Good Work Alliance

Zurich Hong Kong is a signatory of the Insurance Industry Climate Charter of HKFI and continue to support Hong Kong's Green and Sustainable Finance Cross-Agency Steering Group (CASG).



Reporting

Zurich Group publish our Sustainability Report (as part of our Annual Report) every year, tracking progress against our Climate Transition Plan (published in 2024). Our reports are in adherence to the most respected sustainability reporting standards and our own broader internal definition and framework:



We participate in a number of ESG ratings and indices, such as:

- FTSE4Good
- EcoVadis CSR Performance Monitoring Platform
- MSCI ESG and Sustainalytics

Zurich Hong Kong published this Climate Charter in 2026. Moving forward, to enhance our transparency of our sustainability efforts, we aim to continue to report our progress. This is also to demonstrate our support towards sustainability reporting as the Hong Kong government and regulator working to align with ISSB standards to establish a comprehensive and sustainability reporting framework.

(1) SASB: Sustainability Accounting Standard Board – standard for the insurance industry
(2) TCFD: Task Force on Climate-related Financial Disclosures
(3) WEF: 21 core metrics World Economic Forum – Stakeholder Capitalism Metrics
(4) ISSB: International Sustainability Standards Board

In closing

Our commitment

Zurich is committed to enabling and supporting a sustainable future through execution of our climate strategy. The Group aim to achieve net-zero emissions for our operations by end of 2030 and across our insurance and investment and activities by end of 2050.

Our Approach

To achieve these goals, we follow clear principles of transparency, accountability, and ongoing improvement, backed by strong governance. We also partner with organizations that share our values, working together with industry peers, providers, customers, and the wider community to amplify our positive impact in combating climate change.

Our Team

The leadership team plays a crucial role in driving our sustainability efforts, providing vision and support to implement innovative solutions. We will implement these strategies and principles with actions across various functions spanning operations, investment, products and underwriting, claims, marketing, as well as HR.

Our Future

Zurich will be part of a collaborative solution to addressing the changing climate. We are supporting the net-zero transition while helping make society more resilient, so that together, we can build a better future for the next generations.

Thank you.



Disclaimer

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