

April 2021  
Version 1.1

---



Zurich Insurance (Hong Kong)  
Sustainability at Zurich Hong Kong

**Table of Contents**

|            |   |          |
|------------|---|----------|
| <b>1.</b>  | <b>SUSTAINABILITY AT ZURICH HONG KONG</b> | <b>3</b> |
| <b>1.1</b> | <b>OUR SUSTAINABILITY COMMITMENT</b>      | <b>3</b> |
| 1.1.1      | Why we do it                              | 3        |
| 1.1.2      | What matters most                         | 3        |
| 1.1.3      | How we will do it                         | 3        |
| <b>2.</b>  | <b>RESPONSIBLE AND IMPACTFUL</b>          | <b>4</b> |
| <b>2.1</b> | <b>OUR ROLE AS AN INSURER</b>             | <b>4</b> |
| <b>2.2</b> | <b>OUR ROLE AS AN EMPLOYER</b>            | <b>4</b> |
| <b>2.3</b> | <b>OUR ROLE IN SOCIETY</b>                | <b>5</b> |
| <b>2.4</b> | <b>OUR ROLE IN INVESTMENT</b>             | <b>6</b> |
| <b>3.</b>  | <b>ABOUT THIS DOCUMENT</b>                | <b>7</b> |

# 1. Sustainability at Zurich Hong Kong

## 1.1 Our sustainability commitment

The world is transforming at an unprecedented pace. At Zurich we believe we can have a positive impact in our role as insurer, investor, employer and in society. We have the knowledge, skills and capabilities and spirit to make a difference.

Zurich recognizes the vital role science-based targets play to meet the Paris Agreement's targets by specifying how much and how quickly companies need to reduce emissions. As part of [Zurich's Pledge](#), it is playing an active role in developing industry methodology for measuring the carbon footprint of liabilities to enable setting such targets. Zurich has also joined the Stakeholder Advisory Group of the Science Based Target initiative, a project to help financial institutions align their lending and investment portfolios with the Paris Agreement ambition.

We made a commitment that we will use only renewable energy as power by 2022, and as such have formally joined the RE100, a global leadership initiative bringing together influential businesses committed to 100% renewable electricity. In Hong Kong, we achieved RE100 status in January 2021, 12 months ahead of target.

In addition, we are taking aggressive actions to eliminate single-use plastics and reduce internal paper usage by 80%. With extreme weather events already causing devastation around the world, we will also continue to help those communities most impacted by flooding through its award-winning program to enhance flood resilience, which has already benefitted 225,000 people across nine countries.

Zurich began instituting environmental, social and governance (ESG) considerations into its core business practices in 2012 and became carbon neutral in 2014.

### 1.1.1 Why we do it

Society is transforming. No single actor can solve complex societal issues like globalization, digitalization or climate change alone. To help manage the risks and benefit from the opportunities they present, we must take bold action.

### 1.1.2 What matters most

#### 1. Changing climate

Actively tackling climate change as a risk and opportunity

#### 2. Confidence in a digital society

Making people and organizations more resilient by enabling and inspiring confidence in a digital society

#### 3. Work sustainability

Supporting our employees and customers navigating the impact of the changing nature of work

### 1.1.3 How we will do it

1. Sharpen our focus on innovative sustainable solutions, investments, and operations
2. Develop clear positions on sustainability issues and stand up for what is right
3. Manage our own exposure to sustainability risks

## 2. Responsible and impactful

### 2.1 Our role as an insurer

We will continuously work to develop relevant products and services that help solve today's most pressing societal and environmental issues.

Here in Hong Kong, we have firmly established sustainability into our underwriting, products, investment, and culture. As part of our sustainability commitment, we urge Zurich employees, in the course of doing business with existing customers, and writing new business with new customers, to be mindful of the environmental, social and ethical impacts of our business transactions. We encourage all Zurich employees, not just underwriters, to make all to make effort, to incorporate this into their day to day roles.

As highlighted in the CI Sustainability Guidelines ([CRiBT](#)), a company of our size and stature can make a significant positive contribution to society by proactively working with our corporate customers to identify, assess and mitigate environmental, social and governance risks.

It's extremely important that we manage these risks and construct the ethical signposts that we use, for how, where, and with whom we do business, which is directly linked to our reputation. If customers, business partners, regulators, and employees, see us as trustworthy, and ethical – financially, environmentally, and socially – the sustainability of our business will be positively impacted. We also ask Zurich employees to be mindful, that consequences for failing to act could be significant.

### 2.2 Our role as an employer

People are Zurich's most important asset. They enable us to achieve our strategy and deliver for our stakeholders. Their varied skills, perspectives and experiences drive innovation. And they reflect the breadth and diversity of our customers, suppliers, communities, and investors around the world. To succeed, Zurich needs to attract, select, develop, and retain these talented people.

That is why we aim to create a workplace where people thrive, in an environment where everyone is treated as equally important. We also carry out initiatives to embed and maintain a zero-tolerance approach to harassment, discrimination, bullying and disrespectful behavior in the workplace.

It's not just the right thing to do, it makes us succeed as a company. It is part of how we achieve our purpose: to create a brighter future together.

Diversity refers to the visible and invisible differences that exist between people. Zurich does not tolerate harassment or discrimination, including based on race, ethnicity, color, age, sex, gender, gender identity or expression, sexual orientation, national origin, religion, disability, pregnancy, veteran status, or any other relevant characteristic protected under applicable law. It also refers to diverse ways of thinking and ways of working.

Here in Hong Kong, our voluntary, employee-led [Employee Resource Group's](#) play a key role in raising awareness and promoting these behaviours amongst our workforce.

Our employees have supported [PaperLess Future campaign](#) that was designed to address behaviors and beliefs behind why people print and how we created a global paperless mindset, thanks to increasing our awareness of digital tools. We encourage all employees to drive [sustainable change](#), sharing best practices with other areas of our business.

## 2.3 Our Role in Society

Insurance creates value for society. It allows people and businesses to protect themselves from risk and helps them become – and remain – prosperous and resilient. Risks are becoming more complex and interconnected because of issues like climate change, globalization, urbanization and technological development. Insurers are increasingly expected to use their core skills to help communities and society become more resilient to these interconnected risks. The premiums we invest in capital markets also help to finance businesses and projects that are important for society.

Community investment is at the heart of Zurich's sustainability strategy. Through investment from the Z Zurich Foundation and from our local offices around the world, we share our resources and expertise to help build more resilient communities, adding value beyond our core business activity. Community investment is also an important part of our employee engagement strategy, and the knowledge and experience employees gain from our community programs often help us shape our products and services, leading to better customer outcomes.

As an insurer, our commitment includes helping communities reduce flood risks. Working with our flood resilience alliance, we can secure lives and livelihoods, so people's hopes, ambitions and futures remain intact, despite floods.

It is also important for Zurich to take accountability for the impact our operations have on the environment. Zurich is taking steps to reduce carbon emissions from its own operations to help mitigate climate change, reduce energy consumption, and conserve valuable natural resources.

Here in [Hong Kong](#), we strongly believe that through supporting the community, we can ensure a more sustainable society and create a brighter future. Empowering the vulnerable, aspiring for a more equal world, and strengthening our focus in well-being and inclusion will remain as our visions.

Over the past few years, we have partnered with different NGOs for youth empowerment and charity work. We pledged full support via sponsorship from [Z Zurich Foundation](#) for two flagship projects hosted by Breakthrough, namely "MineCity" and "Trial and Error Lab HK" by providing funding of more than HKD8 million.

During the COVID-19 Pandemic, we donated a total of HKD4.6 million to establish the "Online Learning Computer Donation Program". Stewarded by two social welfare organizations, Pok Oi Hospital and HandsOn Hong Kong, more than 1,500 primary and secondary school underprivileged and special needs students will be supplied with laptops, tablets and SIM cards, to equip them with core resources for online learning during the suspension of face-to-face classes and school closures, and to close the continuous learning gap.

We strongly believe that these programs will ensure the sustainable development of the entire society and help youngsters to build skills and confidence.

Leveraging the capabilities of Zurich and our partners, we will continue to devote and engage in local community work. Every small act counts.

Since 2009, Zurich has been building awareness on social issues via staff volunteerism. The [Z-Volunteer Recognition Program](#) is launched to recognize employees who are willing to devote their own time to tackle these issues and are passionate about our communities.

Zurich is working together with VICE to help explain why we should care about the World Economic Forum's [Global Risks Report](#).

## 2.4 Our Role in Investment

Responsible investment is integral to our investment philosophy and approach. For us, it is about managing our assets of approximately USD 200 billion in a way that creates sustainable value - in other words, to do well and do good. When we do 'well', we generate superior risk-adjusted returns for our customers and shareholders and when we do 'good' we have a positive impact on society and the communities where we live and work.

Zurich Insurance Group is the leading insurer of the [Dow Jones Sustainability Index](#). The Dow Jones Sustainability Index is one of the most highly regarded measures of sustainability performance of industry, evaluating the sustainability of thousands of publicly traded companies. The fact that Zurich is ranked ahead of so many other financial institutions clearly shows that our commitment to sustainability is real and that our efforts to be known as one of the most responsible and impactful businesses in the world are beginning recognized.

The Group exceeded the USD 5 billion target for its impact investment portfolio set three years ago. Our impact investment portfolio grew from USD 3.8 billion in 2018 to more than USD 5.4 billion in 2020.

The portfolio includes green bonds, as well as social and sustainability bonds, and commitments to seven private equity funds active in areas such as financial inclusion and clean technology, as well as private debt impact infrastructure investments such as wind or solar farms. In 2018, we developed an impact measurement framework to track the success of our impact portfolio. Zurich is proud that its impact investments portfolio helped to avoid 2.9 million tons of CO<sub>2</sub>-equivalent emissions and, separately, improves the lives of 4 million people annually, as of November 2020.

Zurich will continue building a portfolio to deliver on its targets, going beyond the USD 5 billion investments originally targeted. Having said that, Investment Management has now decided to take the next step in impact investing, which includes not setting a higher asset volume target. Instead, we are leading the industry by shifting the focus, away from monetary targets to actual impact achieved. We will also invest what is needed to meet our targets of avoiding 5 million metric tons of CO<sub>2</sub> equivalent emissions annually and improving the lives of 5 million people a year.

Zurich's impact investment portfolio of USD 5.4 billion includes green bonds, social and sustainability bonds, private equity funds active in areas such as financial inclusion and clean technology, as well as impact infrastructure loans for projects such as wind or solar farms. Zurich will continue building a portfolio to deliver on its targets, going beyond the USD 5 billion investments originally targeted.

Here in Hong Kong, our investments represent roughly 1% of our global investment portfolio, however our contribution is significant. Our asset managers in Hong Kong are signatories of the UN-supported PRI (principles of responsible investment) and we have a growing portfolio of ESG and Green Bonds.

### 3. About this document

|                 |                              |             |  |
|-----------------|------------------------------|-------------|--|
| Status:         | DRAFT                        |             |  |
| Owner:          | Zurich Insurance (Hong Kong) |             |  |
| Effective Date: | N/A                          |             |  |
| History:        | <i>Version</i>               | <i>Date</i> | <i>Author</i>  |
|                 | 1.0                          | 20.11.2020  | Elliott Howes – Head of Commercial Underwriting, Hong Kong |
|                 | 1.1                          | 14.04.2021  | Elliott Howes – Head of Commercial Underwriting, Hong Kong |
|                 |                              |             |  |