



香港保險業聯會

The Hong Kong Federation of Insurers



The Hong Kong Federation of Insurers: Consultancy Study On Green Insurance

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Executive Summary

Introduction

Climate change is increasingly being recognised as a significant emerging risk. In light of this, the HKFI Task Force on Green Insurance engaged KPMG to conduct research across three workstreams covering different areas related to climate risk and present the findings. The workstreams' coverage included developing an Insurance Industry Climate Charter, a Climate Reporting Framework, and a Climate Data Framework primarily focused on Property and Health Insurance. The findings also incorporate feedback received during consultations held with local Hong Kong insurers.

This document presents the final report covering Workstream 1 as highlighted here.



Workstream 1: Insurance Industry Climate Charter

Propose an industry charter for the Hong Kong insurance sector. The charter is based on high level principles based on leading global insurance climate charters and localised for the Hong Kong market through feedback and consultation with Hong Kong insurers.



Workstream 2: Climate Reporting Framework

Propose a climate reporting framework for the Hong Kong insurance sector, that accounts for the size and complexity of the market. The framework provides non-binding guidance on what could be disclosed following the ISSB Exposure Draft S2 requirements and sets out additional considerations relevant to specific insurance sector business lines (where appropriate).



Workstream 3: Climate Data Report

Prepare a climate data report which focuses on proposing a data collection framework and potential roadmaps to enable collection of climate data for the purpose of monitoring the effects of climate change on Property and Health insurance products in Hong Kong.

Note: Workstream 2 and 3 are not covered in this report.

Workstream 1 – Insurance Industry Climate Charter

What is an insurance industry climate charter?

An insurance industry climate charter is a document that outlines a set of climate principles and commitments which signatories are expected to comply with.

- As part of global efforts to address climate change, the HKFI, joining various other national and international insurance associations and bodies, has proposed an insurance industry climate charter for its members to follow.
- To ensure the charter is fit for the Hong Kong insurance market, it has been presented to all HKFI members for feedback and comments. Sign-up to the charter is voluntary.
- Key sections of the charter are summarised below.



Workstream 1 – Insurance Industry Climate Charter Sections Summary

Charter Section	Section Summary
01. Introduction	<ul style="list-style-type: none"> • Outlines the global and Hong Kong Government-led climate change initiatives to which the charter is aligned (i.e., Hong Kong Climate Action Plan 2050, Paris - Climate Agreement, United Nations Sustainable Development Goals). • Insurers commit to placing their efforts towards making sustainability an integral part of their own business operations, investments, underwriting, and product design.
02. Business Operations & Governance	<ul style="list-style-type: none"> • Insurers are dedicated to supporting responsible and sustainable business processes.
03. Investments	<ul style="list-style-type: none"> • Insurers aim to support sustainable investment and actively assume their significant role in transforming the economy and contributing to a just transition. • Insurers also aim towards achieving carbon neutral GHG emissions in their investment portfolios by 2050. Insurers will use relevant measurement techniques to work towards reducing CO₂ emissions in their portfolios.
04. Claims Management, Products & Underwriting	<ul style="list-style-type: none"> • Insurers will advance the integration of sustainability criteria in their underwriting guidelines and claims management practices. • Insurers identify with the long-term objective of achieving a carbon neutral economy by 2050. Insurers include in their action plans a transitional strategy on how to work with their clients to achieve carbon neutrality.
05. Societal Engagement	<ul style="list-style-type: none"> • Insurers will work with government, regulators, and other key stakeholders to promote environmental awareness and action.
06. Reporting & Disclosures	<ul style="list-style-type: none"> • Insurers also commit to (1) setting and publishing incremental climate targets for 2030 and (2) reporting actions taken to contribute to meeting the requirements of the Paris Agreement and the Hong Kong Action Plan 2050 as appropriate. • Insurers will regularly report on the progress of implementation of the climate charter.
07. Glossary	<ul style="list-style-type: none"> • Defines key climate concepts highlighted in the charter.



Insurance Industry Climate Charter



Background

What is a climate charter?

An insurance industry climate charter is a document that outlines a set of climate principles and commitments which signatories are expected to comply with.

What are the benefits of having an industry charter?

- It is beneficial to have an industry charter as more customers of insurers seek to assess whether their “suppliers” are making commitments to reduce their carbon emissions.
- Measurement and reporting the progress of charter implementation has been evidenced to incentivise progress on climate commitments.
- Engaging other stakeholders will further enhance collective climate risk mitigation efforts, as climate risk is not managed in isolation by insurers.
- Clear reference to a benchmark climate agreement such as the Hong Kong Climate Action Plan 2050 promotes alignment with ongoing national climate efforts.

Approach

The draft charter was developed through analysing overseas charters, identifying their core components and common themes, and localising for Hong Kong requirements such as the Hong Kong Climate Action Plan 2050. Two industry briefing sessions were held with HKFI members to explain the draft charter and provide the industry with a view of what to expect in it.

As part of a consultation process, the draft charter was shared with all HKFI members and more than 100 comments were received covering various parts of the draft charter. Each insurer’s comments were noted. The charter was revised, and further discussed with the Task Force on Green Insurance.

In the next section we outline the proposed charter. It is important to note that:

- Sign-up to the charter is voluntary but encouraged.
- Incorporating the consultation feedback into the proposed charter worked to balance the needs of insurers and their circumstances in Asia, with the need to make meaningful progress in in this space given the seriousness of climate change.
- For insurers that are signing up to global frameworks, the requirements have been set so as to not contradict i.e., the charter requirements are not intended to create more administrative effort for insurers that are already making climate commitments.



Insurance Industry Climate Charter (English version)

A. Introduction

A1 Recognizing that:

- Hong Kong acceded to the Paris Agreement on Climate Change (“the Paris Agreement”) in 2016.
- In response to the Paris Agreement, Hong Kong has developed a Climate Action Plan 2050 (“HKCAP”) outlining four major decarbonization strategies namely “net-zero electricity generation”, “energy saving and green buildings”, “green transport” and “waste reduction”.
- The goals agreed in the HKCAP translate to achieving carbon neutrality across greenhouse gas (“GHG”) emissions in the second half of the twenty-first century.
- The International Sustainability Standards Board (ISSB) published the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards in June 2023.
- The ISSB standards have been built on and expanded from the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The Green and Sustainable Finance Cross-Agency Steering Group (CASG) welcomes the release of these standards which aim at becoming the global baseline for corporate disclosure of climate and sustainability-related information¹.

A2 This Climate Charter sets out the principles to facilitate Hong Kong’s insurance industry in meeting the climate-related goals of the Climate Charter.

A3 To support the goals of the HKCAP, Sustainable Development Goals of the United Nations (“SDGs”) and the Paris Agreement, Hong Kong insurers (“We”) commit to achieving:

- Carbon neutrality across scope 1, 2 and 3 GHG emissions by 2050
- and placing efforts towards making sustainability an integral part of our business operations, investments, underwriting and product design.^{2,3}

B. Business Operations and Governance

B1 We are dedicated to supporting responsible and sustainable business processes by improving our energy efficiency, reducing carbon emissions, and offsetting any remaining emissions through initiatives such as promoting energy conservation, adopting flexible work arrangement, encouraging green transport, reducing waste and improving energy efficiency of occupied buildings.

C. Investments

C1 We support sustainable investment and actively assume our significant role in transforming the economy and contributing to a just transition. Being long-term investors, life insurers can align their investments to sustainability requirement by developing climate-related investment targets based on sustainable concepts such as

¹ Cross-Agency Steering Group welcomes publication of IFRS Sustainability Disclosure Standards, 27 June 2023.

² This Climate Charter sets out the principles to facilitate Hong Kong’s insurance industry in meeting the climate-related goals of the Climate Charter.

³ Please be aware that certain commitments within this Climate Charter may be more applicable to different sectors of the insurance industry. Please also note that all examples of actions referenced herein are not prescriptive nor do they represent a comprehensive list of possible actions.



portfolio carbon intensity reduction, engagement, sector targets, financing of transition, best-in-class investment, sub-portfolio emission targets, and ESG Integration.

- C2 We aim towards achieving carbon neutral GHG emissions in our investment portfolios by 2050. We will use relevant measurement techniques to work towards reducing CO₂ emissions in our portfolios.

D. Claims Management, Products and Underwriting

- D1 We will advance the integration of sustainability criteria in our underwriting guidelines and claims management practices. We will facilitate sustainable decision-making of our policyholders by educating claimants on green choices for repairs, innovating solutions/product with focus on green financing, providing insurance incentives for green products.
- D2 We identify with the HKCAP's long-term objective of achieving a carbon neutral economy by 2050. We will work with our clients to decrease emissions arising from their business and industrial risks⁴ that would directly conflict with the goal of creating a carbon neutral economy. To meet this goal, signatories will include in their action plans a transitional strategy on how to work with their clients to achieve carbon neutrality.

E. Societal Engagement

- E1 We will work with government, regulators, and other key stakeholders to promote environmental awareness and action through, inter alia, collaborating with public bodies, supporting the development of regulatory requirements, raising stakeholder awareness for ESG.
- E2 We also commit to support the efforts of the CASG's Centre for Green and Sustainable Finance to work with financial regulators, relevant government agencies, industry stakeholders and academia in capacity building and improving data availability for the financial industry.⁵

F. Reporting and disclosures

- F1 We will set and publish incremental targets for 2030 for our emissions and initial action plans towards the Paris Agreement and the Hong Kong Climate Action Plan as appropriate. Implementation progress including challenges faced, actions taken to date and further plans, will be suitably disclosed at regular intervals including scope 1, scope 2, and scope 3, towards achieving the 2050 goal. We will publish our incremental targets and initial action plans for Scope 1 and Scope 2 emissions within 2 years of becoming a signatory to the Climate Charter, with targets and initial action plans for Scope 3 emissions to be published as soon as feasible thereafter.
- F2 We will report on the progress of implementation of this charter every 2 years after publishing such targets per F1. This reporting may include:
- A description of challenges faced during the implementation
 - Progress towards the published incremental targets, as well as the 2050 goal
 - Actions taken to date, their results, and further actions planned.

⁴HKCAP targets carbon emissions reductions in power generation, transport, and waste (mainly from landfills) which account for 66%, 18% and 7% of Hong Kong's carbon emissions respectively.

⁵ <https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/green-and-sustainable-finance/centre-for-green-and-sustainable-finance/>



We will provide climate-related disclosures aligned with the CASG's strategy⁶ for sustainability reporting after becoming a signatory to the Climate Charter.

This charter may be subject to revisions as a result of key changes to the underlying agreements highlighted in A1 and upon agreement of the charter signatories.

List of signatories in the charter

[This section is a placeholder. Signatories can be included in the charter document, or often maintained as a separate document or page on the website.]

⁶ Cross-Agency Steering Group Launches its Strategic Plan to Strengthen Hong Kong's Financial Ecosystem to Support a Greener and More Sustainable Future, 17 Dec 2020.

Insurers that meet the requirements for proportionality will be able to report on a "disclose or explain" basis for their first report but shall need to disclose in line with CASG strategy for sustainability reporting fully from their 2nd report onwards. Signatories that are subsidiaries of a wider group shall be able to submit group reports if generally aligned with the reporting requirements of this Climate Charter.



Glossary

ESG Concepts

- **Best-in-class investment** – this is the approach of selecting companies that are leaders in their industry or equity sector in terms of ESG criteria.
- **Carbon Neutrality** – Carbon neutrality is achieved when anthropogenic CO₂ emissions are balanced globally by anthropogenic carbon dioxide removals over a specified period. Carbon neutrality is also referred to as net-zero carbon dioxide emission. Achieving carbon neutrality helps limit the rise in carbon concentration and global temperature, and reduce the risks and damages caused by climate change.
- **ESG Engagement** – a long-term active dialogue between investors and companies on ESG issues. In these conversations, investors get the opportunity to discuss sustainability risks of companies and provide companies with insights into investor expectations of ESG practices by companies.
- **ESG integration** – the systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions.
- **Financing of transition** – any form of financial support which promotes high-carbon companies start to implement long-term, strategic changes or initiatives to become greener.
- **Net Zero** – Balancing anthropogenic release of greenhouse gas (GHG) with removal of emissions from the atmosphere so that the net addition of GHG to the atmosphere is zero. This can be done by reducing emissions and absorbing GHGs from the atmosphere.
- **Portfolio carbon intensity reduction** – the reduction of the carbon intensity attributed to a portfolio of investments.
- **Sub-portfolio emission target** – refers to the portfolio emissions targets which apply later in time i.e., these indicate the emissions targets the insurer aims to have achieved at future time e.g., aim for 30% portfolio carbon intensity reduction by 2025.

GHG emissions scope levels

- **Scope 1** refers to all direct GHG emissions from sources owned or controlled by the insurer. Examples include emissions from an insurer's car fleets, generators, and air conditioning systems owned by the insurer.
- **Scope 2** refers to indirect GHG emissions from consumption of purchased electricity or heat; these emissions physically occur at the facility where electricity is generated. Examples include emissions associated with the production of heat and electricity for buildings used but not owned by the insurer.
- **Scope 3** refers to all other indirect emissions not covered under Scope 2 that occur in the value chain of the reporting company. It can be broken down into upstream and downstream emissions. Upstream emissions are emissions that occur in the supply chain while downstream emissions are emissions which occur because of using the organization's products or services. Examples include financed emissions (which are emissions from investment portfolios), insurance-associated emissions (which are emissions associated with (re)insurance underwriting portfolios), employee commuting and business travel.



While some scope 3 emissions such as business travel are common to both life and non-life insurers, other scope 3 emissions may be unique or more significantly attributed to either life or non-life insurers. This is due to the difference in the business models and the nature of the risks insured by life and non-life insurers.

For example: with **life insurers**, financed emissions may generally be more substantial since life insurers are significant and long-term investors. Meanwhile, with **non-life insurers**, emissions associated with insurance provided to non-life sectors typically associated with high emissions such as property, motor insurance and marine may be more significant.



Insurance Industry Climate Charter (Chinese version):

A. 簡介

A1 知悉：

- 香港於 2016 年加入了關於氣候變化的《巴黎協定》。
- 為響應《巴黎協定》，香港已制定了《香港氣候行動藍圖 2050》（HKCAP），概述了四大減碳策略，即「淨零發電」、「節能綠建」、「綠色運輸」和「全民減廢」。
- HKCAP 定立的目標是致力於在 21 世紀下半葉實現溫室氣體（GHG）排放的碳中和。
- 國際可持續發展準則理事會（ISSB）於 2023 年 6 月發布了國際財務報告（IFRS）可持續披露準則。
- ISSB 準則建基並拓展於金融穩定理事會設立的氣候相關財務披露工作小組（Task Force on Climate-Related Financial Disclosures，簡稱 TCFD）的建議。綠色和可持續金融跨機構督導小組（CASG）歡迎該準則的發布，該準則旨在成為企業披露氣候和可持續發展相關資訊的全球通用基準¹。

A2 本氣候約章訂明了原則，以促進香港保險業實現氣候約章的氣候相關目標。

A3 為支持 HKCAP 的目標、聯合國可持續發展目標（SDGs）和《巴黎協定》，香港保險公司（我們）承諾：

- 於 2050 年前實現範圍 1、2 和 3 溫室氣體排放碳中和

並努力使可持續發展成為我們業務運作、投資、承保和產品設計不可或缺的一部分^{2,3}。

B. 業務運作與管治

B1 我們致力於透過提高能源效率、減少碳排放的措施來支持負責任和可持續的業務流程，並透過促進節能、採取靈活工作安排、鼓勵綠色運輸、減少浪費和提高使用中建築物的能源效率等措施來抵消任何剩餘排放。

C. 投資

C1 我們支持可持續投資，並積極發揮我們在經濟轉型和促進公正轉型方面的重要作用。作為長期投資者，壽險公司可根據可持續概念制定與氣候相關的投資目標，例如投資組合碳強度降低、參與度、行業目標、轉型融資、同類最優投資、次投資組合排放目標和環境、社會及管治(ESG) 整合等，從而使自己的投資符合可持續發展要求。

¹ 跨機構督導小組歡迎國際財務報告可持續披露準則的發布，2023 年 6 月 27 日。

² 本氣候約章訂明了原則，以促進香港保險業實現氣候約章的氣候相關目標。

³ 本氣候約章中的某些承諾可能更適用於保險業的不同部門。此處引用的所有行動範例並非規定性的，也不代表可能行動的完整清單。



C2 我們的目標是爭取 2050 年前在我們的投資組合中實現溫室氣體排放碳中和。我們將使用相關的量計技術來努力減少我們投資組合中的二氧化碳排放。

D. 理賠管理、產品和承保

D1 我們將推動在我們的承保指南和理賠管理中納入可持續標準。我們將透過教育索賠人綠色維修選擇、以綠色融資為重點的創新解決方案/產品、並為綠色產品提供保險激勵方式，促進保單持有人作出可持續決定。

D2 我們認同 HKCAP 在 2050 年前實現碳中和經濟的長期目標。我們將與客戶合作，減少其業務和工業風險⁴ 所產生的與創建碳中和經濟的目標直接衝突的排放。為了實現這一目標，簽署方將在其行動計劃中納入關於如何與其客戶合作實現碳中和的過渡策略。

E. 社會參與

E1 我們將與政府、監管機構和其他主要持份者合作，透過與公共機構合作、支持監管措施的制定、提高持份者對 ESG 的認識等方式，促進環境意識和行動。

E2 我們也承諾支持 CASG 的綠色與可持續金融工作⁵，與金融監管機構、相關政府機構、業界持份者和學術界合作，進行能力建構並提高金融業數據的可用性。

F. 報告和披露

F1 我們將基於《巴黎協定》和《香港氣候行動藍圖》，如適用並視情況制定及發布 2030 年減排遞增目標以及初步行動計劃。為實現 2050 年目標，我們將定期適當地披露所面臨的挑戰、迄今為止採取的行動和進一步計劃，包括範圍 1、範圍 2 和範圍 3 的情況。我們將在成為氣候約章簽署方後的兩年內發佈範圍 1 和範圍 2 的減排遞增目標和初步行動計劃，並在此後儘快公佈範圍 3 的排放目標和初步行動計劃。

F2 在根據 F1 發布目標後，我們將每兩年報告一次本約章的實施進度。該報告可能包括：

- 實施過程中所面臨的挑戰
- 已公佈的減排遞增目標以及達至 2050 年目標的進展情況
- 迄今為止採取的行動、結果以及計劃採取的進一步行動

成為氣候約章簽署方後，我們將提供符合 CASG 可持續發展報告策略⁶的氣候相關披露。

⁴ HKCAP 聚焦於減少發電、運輸和廢棄物（主要來自堆填區）的碳排放，這些領域分別佔香港碳排放量的 66%、18%和 7%。

⁵ <https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/green-and-sustainable-finance/centre-for-green-and-sustainable-finance/>

⁶ 綠色和可持續金融跨機構督導小組推出策略計劃 鞏固香港金融生態系統 共建更綠和更可持續未來, 2020 年 12 月 17 日。

符合比例性要求的保險公司將能夠在第一份報告中以「揭露或解釋」為基礎進行報告，但從第二份報告開始，需要根據 CASG 的可持續發展報告策略進行全面揭露。作為集團子公司的簽署方應能夠提交集團報告，假如該報告總體上符合本氣候約章的報告要求。



如 A1 中的基礎原則有重大變更並獲得簽署方同意，本約章可能會進行修訂。

約章簽署方名單

[此部分展示約章簽署方名單。簽署方名單可以出現在本文件內, 或通常出現在單獨的文件或在網頁上。]



詞彙表

ESG 概念

- **同類最優投資** - 這是選擇在 ESG 標準方面處於行業或股票領域領先地位的公司的方法
- **ESG 參與** - 投資者和公司之間就 ESG 議題進行長期積極對話。在這些對話中，投資者有機會討論公司的可持續發展風險，並為公司提供有關投資者對公司 ESG 實踐的期望的見解
- **碳中和** - 當全球人為二氧化碳排放量與特定時期內人為二氧化碳清除量達到平衡時，就實現了碳中和。碳中和又稱為二氧化碳淨零排放。實現碳中和有助於限制碳濃度和全球氣溫上升，減少氣候變遷的風險和傷害。
- **ESG 整合** - 系統性和明確性地將重大 ESG 因素納入投資分析與投資決策
- **轉型融資** - 任何形式的財務支持，促進高碳公司開始實施長期的策略變革或舉措，以變得更加綠色
- **淨零排放** - 平衡人為溫室氣體 (GHG) 排放與大氣中排放量的消除，使大氣中溫室氣體的淨添加量為零。這可以透過減少排放和吸收大氣中的溫室氣體來實現。
- **投資組合碳強度降低** - 投資組合的碳強度降低
- **次投資組合排放目標** - 指稍後應用的投資組合排放目標，即這些表明保險公司希望在未來某個時間實現的排放目標，例如，目標是到 2025 年將投資組合碳強度降低 30%

溫室氣體排放範圍水平

- **範圍 1** 指保險公司擁有或控制的來源的所有直接溫室氣體排放。例如，保險公司擁有的車隊、發電機和空調系統的排放。
- **範圍 2** 指因消耗外購電力或熱力而產生的間接溫室氣體排放；這些排放實際上發生在發電設施中。例子包括與保險公司使用但不擁有的建築物的熱能和電力生產相關的排放。
- **範圍 3** 是指所有其他報告公司價值鏈中發生的範圍 2 未涵蓋的間接排放。它可以分為上游排放和下游排放。上游排放是供應鏈中發生的排放，而下游排放則是由於使用組織的產品或服務而發生的排放。例子包括融資排放（來自投資組合的排放）、與保險相關的排放（與（再）保險承保投資組合相關的排放）、員工通勤和商務旅行。

雖然商務旅行等某些範圍 3 排放對於壽險和非壽險保險公司很常見，但其他範圍 3 排放可能是獨特的，或更主要地歸屬於壽險或非壽險保險公司。這是由於人壽保險公司和非人壽保險公司的業務模式以及承保風險的性質不同。



例如：對於**人壽保險公司**來說，融資排放量通常可能更大，因為人壽保險公司是重大的長期投資者。同時，對於**非壽險公司**來說，通常向高排放的非壽險部門（例如財產保險、汽車保險和海事保險）提供的保險的相關排放可能更為重大。

[本氣候約章的中文版本只供參考。如中文與英文版本有任何歧異，請以英文版本為準。]

