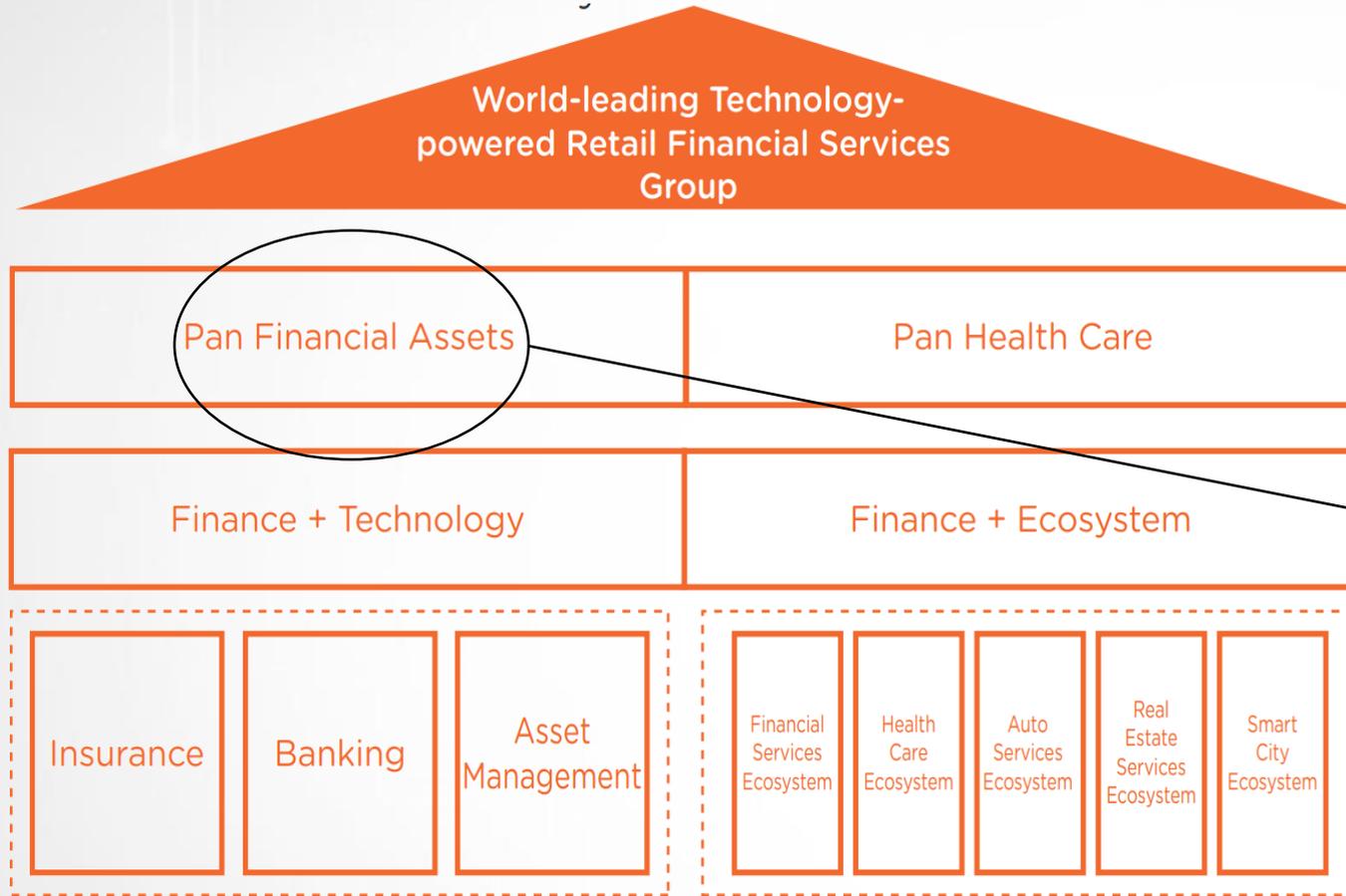


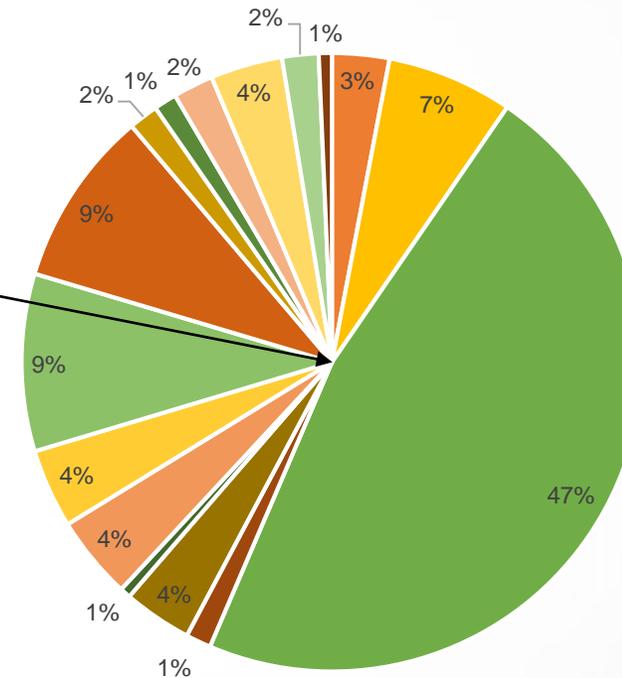
# ESG & Climate change in Ping An Group

Crystal GENG, Group ESG Expert  
Ping An Group ESG office

**Total investments is 3,208 billion RMB as of end of December 2019**



Business in Ping An



- Cash and cash equivalents
- Term deposits
- Bond investments
- Bond funds
- Preferred stocks
- Perpetual bonds
- Policy loans
- Debt schemes
- Wealth management products (Debt)
- Stocks
- Equity funds
- Wealth management products (Equity)
- Unlisted equities
- Long-term equity stakes
- Investment properties
- Other investments

# 1. ESG express in Ping An

# Core Issues of our Sustainable Development

<p><b>Corporate Governance</b></p>	<p><b>Business Code Of Conduct</b></p> <p>Integrate an independent, comprehensive business code for external disclosure</p> <p><i>Business Code of Conduct</i></p>	<p><b>Board Management</b></p> <p>Ping An takes both domestic and international board management experiences in the establishment of a series of board and director regulations to increase transparency and credibility.</p>	
<p><b>Sustainable Business Integration</b></p>	<p><b>Responsible Investment</b></p> <p>Achieving a systematic and responsible investment system, seize the opportunity and become the domestic benchmark first</p> <p><i>Ping An Group Responsible Investment Policy</i></p>	<p><b>Sustainable Insurance</b></p> <p>Achieve reasonable ESG risk pricing for insurance products; enrich ESG insurance products</p> <p><i>Ping An Group Sustainable Insurance System</i></p>	<p><b>Information Security and AI Governance</b></p> <p>Strict management to evade the corresponding risks, matching the ranking and status of peace</p> <p><i>Ping An Group AI ethics Governance Policy, Ping An Group Information Security Policy, Ping An Group Privacy Protection Policy</i></p>
	<p><b>Responsible Product</b></p> <p>Restrict all product and service policy systems, regulate the entire life cycle</p> <p><i>Ping An Group Responsible Product Policy</i> ( Temporarily not public )</p>	<p><b>Sustainable Supply Chain</b></p> <p>Screen, monitor, and evaluate suppliers with ESG standards to create a sustainable supply chain</p> <p><i>Ping An Group Sustainable Supply Chain</i></p>	<p><b>Employee Rights and Welfare</b></p> <p>Improve employee satisfaction while avoiding labor disputes and other public opinion risks</p> <p><i>Employee Rights and Benefits Policy</i></p>
<p><b>Community and Environment</b></p>	<p><b>Low-carbon Business And Product</b></p> <p>Conduct Group's low-carbon operation policy to avoid negative ecological impacts</p> <p><i>Ping An Group Low Carbon Business and Operations</i></p>		<p><b>Community Impact</b></p> <p>Support the country's poverty alleviation strategy; achieving the unity of business and social values</p> <p><i>Ping An Group Community Impact Guide</i></p>

# The latest result of Ping An ESG in 2019

How do others invest in Ping An?



How do we invest in others?

## Rating (Leading Position in China Financial Industry)

## Responsible Investment

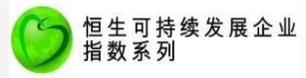
MSCI

2019

BBB



Included



A+

恒生國指ESG指數  
HSCEI ESG Index

2<sup>nd</sup> largest constituent



B First time responded

Ping An incorporates responsible investment concepts into all investment activities to promote ESG integration in business development for stable returns.

In 2019, Ping An joined United Nations-supported Principles for Responsible Investment (UNPRI), Climate Action 100+ (CA100+), Green Investment Principles (GIP), CBI, China Green Finance Committee, etc.



# The latest result of Ping An ESG in 2019

Through the positioning of the five roles of Ping An, we continuously exert the influence on E S G

## A Responsible Investor

**Objective:** investing to create economic, environmental and social value

- Responsible investment: **nearly RMB1 trillion**
- Loan balance of green credit : **RMB24.3 billion**
- Loan balance of inclusive credit : **RMB898.9 billion**

## A Trustworthy Insurance Company

**Objective:** exploring sustainable insurance, while enhancing customer experience

- Sustainable insurance products: **1,053**
- Insured amount: **RMB121 trillion**

## An Attractive Employer

**Objective:** making employees an important and long term driver of the business

- Employee remunerations: **RMB59,144 million**
- Employees covered by Long-term service plan: **30 thousand+**
- Score of employee satisfaction: **4.33**

## An Upright and Transparent Listed Company

**Objective:** achieving long-term stable operation with excellent corporate governance

- Integrity promotion activities: **2,046**
- Suppliers received ESG training: **100**

## A Caring Corporate Citizen

**Objective:** environment friendly and promoting harmonious community

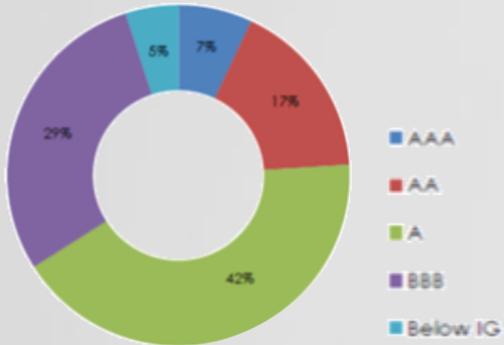
- Poverty alleviation provide: **RMB15,745 million**
- Village doctors: **11,175**
- Village teachers: **11,826**
- Carbon emissions: **797,251 tCO<sub>2</sub>e**
- Carbon emissions reduction potential: **64,497 tCO<sub>2</sub>e**

# Green Bond Fund—BY Ping An asset mgt HK



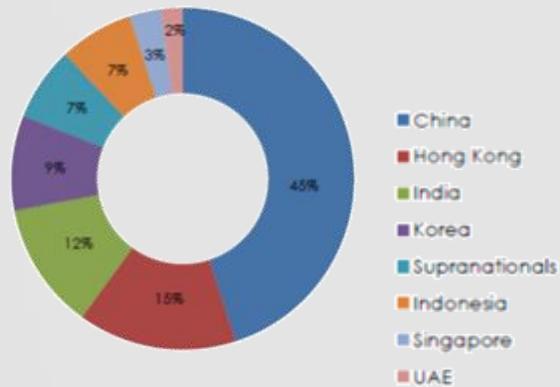
## Model portfolio

### By Ratings



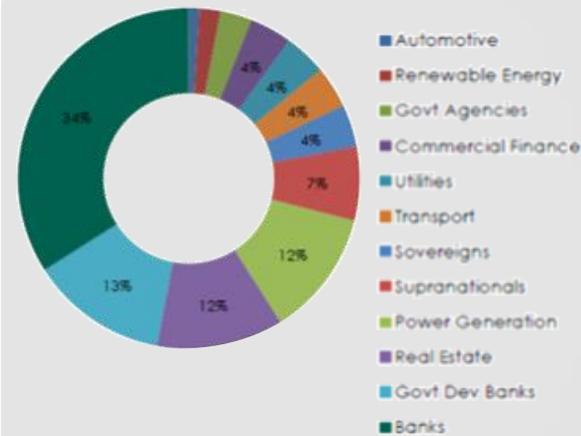
AVERAGE credit rating as high as A-.

### By Country



Focusing in China EM green bond offerings, complimentary to existing Developed Market in regard to ESG

### By Sector



Well recognized CBI green standard to ensure ongoing green requirements compliance by issuers, maximizing environmental impact of investment.

Expected yield per annum

**3-5%**



Expected duration

**3-6 years**



Expected credit rating

**A-BBB-**



Annualized volatility ex-ante

**2.12%**



## 2 Climate change under TCFD

# Overview of Report Framework

Align with 4 core elements of TCFD Recommendations:

## Report Content

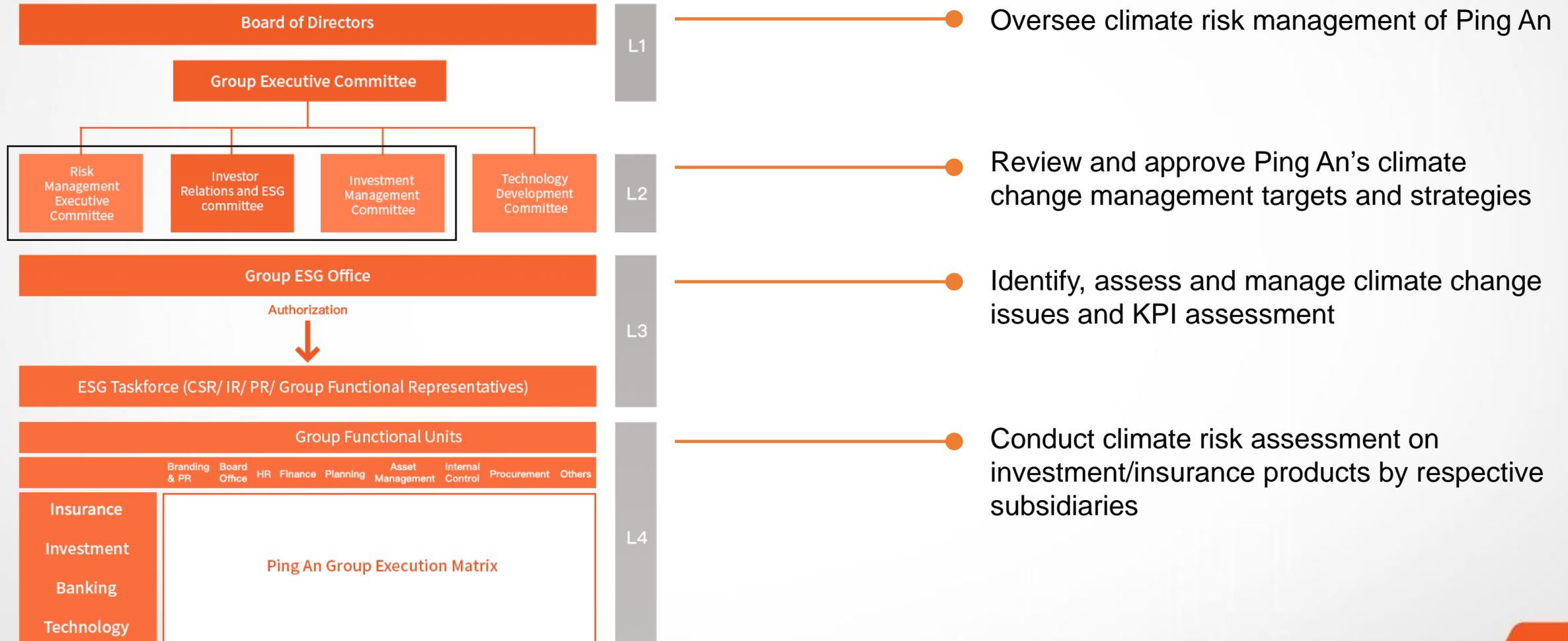
## Description of TCFD Recommendations



[http://www.pingan.com/app\\_upload/images/info/upload/9444926f-d35c-42ee-a9b7-f0e565fbc8ad.pdf](http://www.pingan.com/app_upload/images/info/upload/9444926f-d35c-42ee-a9b7-f0e565fbc8ad.pdf)

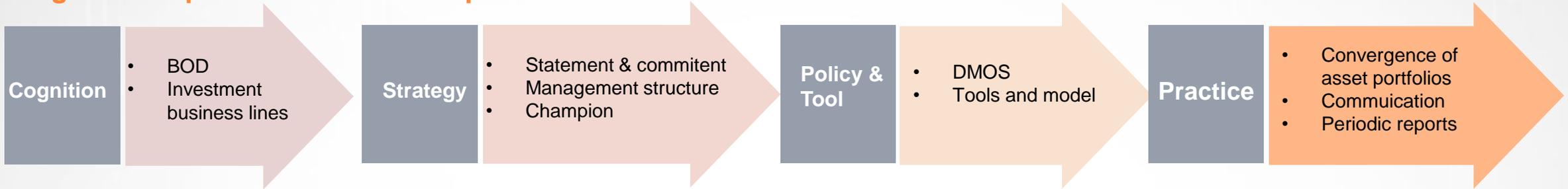
# 1 Governance – Integrating climate risks into ESG governance structure

Ping An understands climate change poses impacts to Company’s business. Thus, Ping An integrates climate risks into ESG governance structure, reiterating the Board’s and senior management’s responsibility in monitoring and managing ESG-related risks and opportunities.



## 2 Strategy - Responsible Investment

### Ping An's responsible investment procedure



### Ping An's responsible investment strategy



#### 1.Exclusion

**Equities/Fixed income/  
other equity assets**

eg: Coal, thermal power, tobacco, alcohol and other industries can be excluded conditionally



#### 2.ESG integration

**Equities/Fixed income/  
other equity assets**

All industries become necessary factors for investment risk control.



#### 3.Positive screening

**Equities/Fixed income/  
other equity assets**

Comprehensive evaluation of ESG performance & White list



#### 4.Impact investing other equity assets

Focus on the industry segments in poverty alleviation, environmental protection and other directions



#### 5.Norm-based screening

**Equities/Fixed income/  
other equity assets**

Referring to international conventions, investment in gambling, pornography and controversial areas should be eliminated



#### 6.Active Owership

**Equities/other equity assets**

Through communication and guidance, we will guide sound development and initially focus on finance, energy and infrastructure construction



#### 7.Sustainability themed investing

**Equities/Fixed income/  
other equity assets**

Focus on the industry segments in climate change and population health structure change

## 2 Strategy – Low carbon Investment & Sustainable Insurance Strategy

### PING AN GROUP Coal Business

Defined the investment exclusion list of coal related industry.

Actively engage existing investee companies/underwriting clients to improve climate resilience in their business operations.

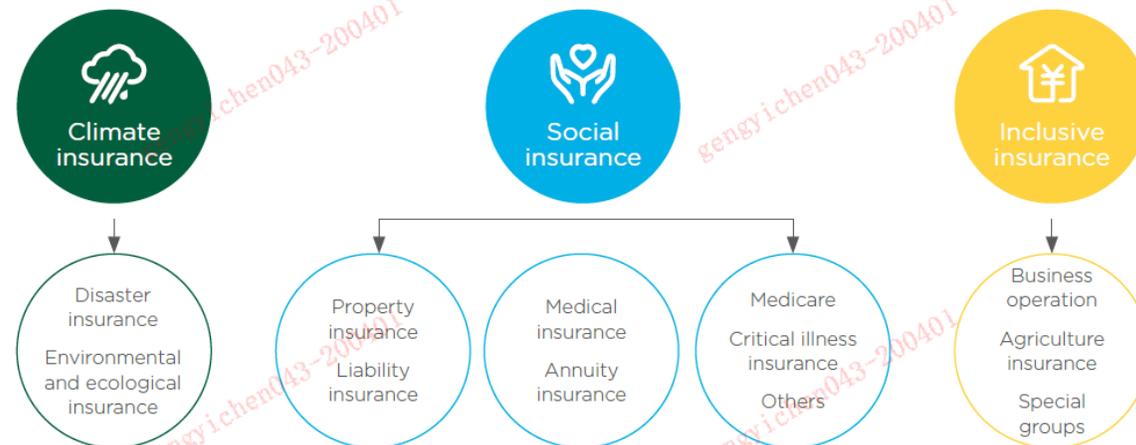
#### Low carbon investment



Reduce **30%** of coal related industry by 2030<sup>1</sup>  
Increase investment and underwritings of clean energy each year

### Sustainable Insurance Product Development

#### Category of sustainable insurance products

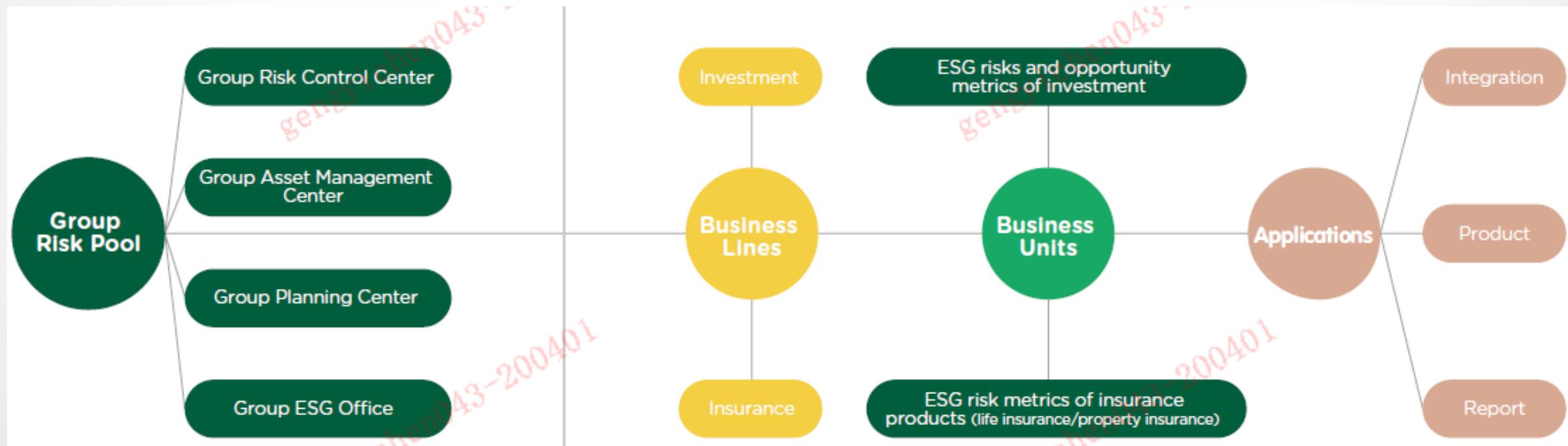


- **Product development:** : Research on climate change and resilience for fair pricing and reasonable coverage
- **Risk prevention, underwriting and claim settlement:**
- **Product management:** Accurately identify and monitor ESG risks
- **Reinsurance:** Reasonably arrange catastrophe insurance

Note:  
1 Using 2015 as the baseline

### 3 Climate risk management action taken by Ping An

Ping An has a very robust and comprehensive risk management system. Climate risk is part of ESG risk mgt in Ping An, which is correlated with the Group General risk mgt.



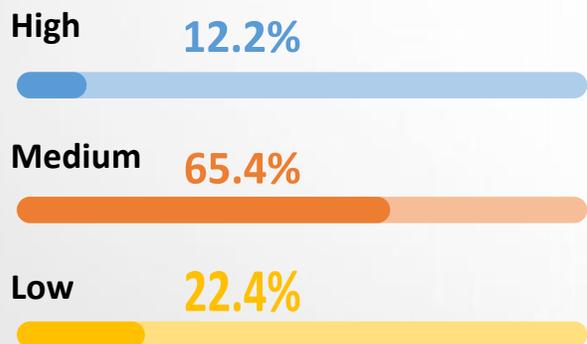
# 3 Risk Management – Climate Risk in Investment

## Transition Risk Analysis

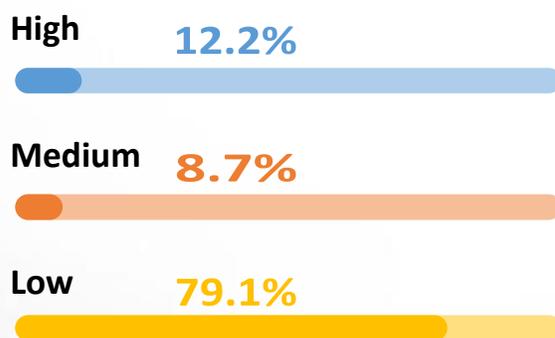
Regulatory change, technology development etc. , low carbon economy transition can affect long term investment return.

		Risk ratings		
		Low	Medium	High
Opportunity ratings	Low	Transport and logistic (railway)		
	Medium	Bank, Non-bank FI	Real Estate	
	High			Construction and Decoration, Utilities (power generation)

### Opportunity Ratings<sup>1</sup>



### Risk Ratings<sup>2</sup>

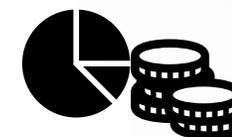


Note:  
1,2 by investment amount

## PACTA Analysis

Paris Agreement Capital Transition Assessment (PACTA) tool helps to assess the gap of our investment to align with Paris Agreement goals.

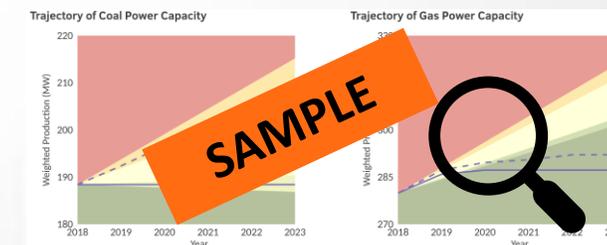
**Step 1**  
Input Ping An's investment portfolio into the PACTA tool



**Step 2**  
PACTA tool analyzes portfolio's performance in the upcoming 5 years and benchmark it using IEA's climate scenarios.



**Step 3**  
Ping An reviews and adjust investment portfolio based on the outcome of the PACTA tool.



# Matrix and Targets

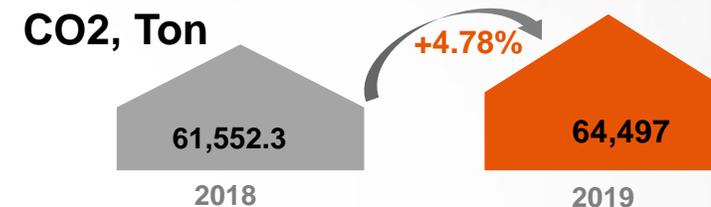
## Listed Company ESG Disclosure

Companies maintain partial disclosure, especially on environmental data.

- A-share companies only disclosed **9.4%**<sup>1</sup> of ESG KPIs on average
- Only **38%** of the sampled Hong Kong listed companies complied with all 11 aspects<sup>2</sup>

In the near future, more engagement with investee companies and disclosure carbon emission of the top 10 companies by investment amount.

## Ping An's Low carbon potential



Low carbon potential (emission reduced by online business)

## Major 2025/2030 Environmental Targets of Ping An

- **Coal business:** Using 2015 as baseline, reduce at least **30%** of coal related industry by 2030
- **Carbon intensity:** Using 2018 as baseline, reduce **5%**, **10%** and **20%** in 2020, 2025 and 2030 respectively;
- **Low carbon potential:** Using 2016 as baseline, increase **60%** and **80%** in 3 and 5 years respectively, realizing routine business digitalization eventually;
- **Green building:** All Ping An's newly built buildings obtained **CGB 2 stars or LEED certification**. Green building retrofitting of Ping An's headquarter will be completed by 2020.

Note & Source:

1 <https://baijiahao.baidu.com/s?id=1620986138747997468&wfr=spider&for=pc>

2018, Ping An indirectly reduced 61,552.3 tons of carbon emission, increased by 18.7% from 2017.

2 HKEx's Analysis of Environment, Social and Governance Practice Disclosure in 2016/2017

4 In 2018, Ping An's GHG emissions is 197,904 tonnes CO<sub>2</sub>e, increased by 14.4% from 2017.

3 In

The background features a large, stylized orange shape on the left side, resembling a letter 'A' or a similar geometric form. This shape is set against a white background that contains faint, light-colored circuit board patterns. The overall aesthetic is clean and modern, with a focus on technology and design.

# THANKS!