

PING AN GROUP POLICY ON INVESTMENT IN COAL AND THERMAL POWER BASED INDUSTRIES (2021)

Background

As climate change has become a more salient issue, there has been a global consensus on the need to address climate change. In December 2015, the Paris Agreement set the goal to limit the global warming to less than 2°C above pre-industrial levels by the end of the 21st century, and aimed to limit the increase to 1.5°C in the long term. In September 2020, Chinese President Xi Jinping announced that China would peak carbon emissions by 2030 and achieve carbon neutrality by 2060 at the general debate of the 75th session of the UN General Assembly. In 2021, China released the 14th Five-Year Plan, which provided a roadmap for reaching carbon emission peak and carbon neutrality, and offered guidance for the future development of energy and related enterprises.

Our position

Ping An Insurance (Group) Company of China, Ltd. (hereafter referred to as “Ping An”, the “Company” or the “Group”) has taken strict control measures for the industries with high pollution, high energy consumption and overcapacity. Ping An prudently provides companies in those sectors with loan, investment and insurance products and services and regularly review the impact of their asset portfolio on climate change.

Objective

In response to China’s strategic targets to peak carbon emissions and reach carbon neutrality, Ping An has released a five-year plan for its Green Finance Initiative (2021-2025), with a view to increasing its green assets to RMB 400 billion by 2025 and committed to achieving carbon neutrality of its asset portfolios by 2060. Under this target, it is necessary for Ping An to focus on limiting coal mining projects with low efficiency and high emission, and coal-fired power projects. Meanwhile, it is worth noting that coal will remain an important energy source for China in the short term, given the need to balance the country's electric power supply, social impacts (such as employment stability) and environmental impacts (such as climate change).

Policy

In conclusion, we have enhanced investment management measures as follows.

- 1) Direct investment: From 2022 onwards, evaluation of all thermal coal mining and coal-fired power generation projects will be required and put down in the evaluation report for record-keeping purpose. In principle, it is expected

- that Ping An will divest all unlisted projects such as direct equity or debt by the end of 2035 (except for projects that can achieve net-zero emissions).
- 2) Capital market securities investments: it is expected that Ping An will exit from holding of shares, and bonds and other capital market securities investment in companies with more than 30% of revenue generated from thermal coal and coal-fired power businesses by the end of 2035.
 - 3) Proactive engagement and communication: Communicate with key carbon emission customers to make it clear that financial support needs to be linked to their transition path and transition goals. Those companies will be requested to develop transition plans, such as a goal that carbon intensity will decline at a rate of no less than a certain percentage per year (the extent of control at different time stages is determined by the interval reduction rate in the carbon emission roadmap). At the same time, Ping An will support their transition financing through green bonds, green loans as well as green asset securitization, and follow up on implementation over time.

Disclosure

The Group releases the Task Force on Climate-related Financial Disclosures (TCFD) Report.

Scope

The Policy applies to Ping An Group and all its subsidiaries.

This policy takes effect immediately, while the old version of Coal Related Business Statement (2020) is repealed. At the same time, Ping An will make dynamic adjustments to investment divestment, exit plans and carbon neutrality targets in accordance with relevant national policies and market reactions. For other commitments and policies regarding Ping An's responsible investment and sustainable insurance, please refer to the Group's website at <https://group.pingan.com/ESG.html>