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# Press release

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## Sustainability-Linked Insurance: Innovating to Inspire Investment in Climate Resilience

**AXA Hong Kong & Macau** (AXA), Marsh, and Link Asset Management (Link), with support from the Hong Kong Green Finance Association (HKGFA), today jointly released a white paper titled "Sustainability-Linked Insurance: Rewarding Climate Risk Adaptation". The white paper introduces **Sustainability-Linked Insurance (SLI)**, an innovative property insurance solution that integrates the impact and mitigation of climate risks, to inspire wider adoption and investment in resilience building by rewarding companies for creative, proactive and ultimately sustainable actions.

### Growing Financial Risks for Real Estate and Insurance

As extreme weather events become more severe and frequent due to climate change, Asia's real estate and insurance industries face significant financial risks, alongside emerging opportunities. The real estate industry is experiencing soaring insurance premiums, with significant hikes observed after events like Super Typhoon Mangkhut in 2018. Simultaneously, insurers are incurring higher losses, with total insured losses from natural disasters reaching US\$140 billion globally in 2024.<sup>1</sup> While insurers have responded by raising premiums and imposing stricter terms, these measures are increasingly unsustainable.

### From Risk Awareness to Rewarding Active Resilience

The white paper features a showcase of how Sustainability-Linked Insurance can create a win-win scenario for both industries, demonstrating how a proactive approach to climate resilience can unlock significant financial rewards for real estate companies. Traditionally, the response to extreme weather conditions has been reactive, focused on claims, loss absorbency, and anticipating inevitable premium increases. However, Link decided to reframe its strategy by adopting a fresh and unique approach. Instead of treating resilience as a cost, it considered it as an investment – one that could be quantified, optimised, and ultimately rewarded.

By assessing climate risk and making targeted resilience investments, Link, with the support of its insurance broker Marsh Hong Kong, achieved an impressive 11.7% reduction in property insurance premiums — significantly outperforming the industry's ~3% average.<sup>2</sup> Even more importantly, Link negotiated an additional 7.5% premium reduction tied to its loss ratio, creating a direct financial incentive to invest in long-term climate preparedness.

**Edward Farrelly, Senior Vice President and Real Estate Industry Leader at Marsh Asia, said:** "At Marsh, we understand the critical importance of addressing the challenges posed by climate change within the property sector. Our contributions to the Risk Management program and the development of innovative

<sup>1</sup> "Climate change is showing its claws" Munich Re NatCatService. (2025)

<sup>2</sup> Marsh Global / Asia Insurance Market Index Q4 2024 <https://www.marsh.com/my/services/international-placement-services/insights/asia-insurance-market-index.html>



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new insurance products reflect our commitment to advancing resilience strategies that align with evolving climate realities. By engaging with industry stakeholders, we aim to foster a framework that mitigates risks and promotes sound mitigation practices, ultimately supporting a more resilient future for businesses and communities alike."

**Dr Calvin Lee Kwan, Link's Managing Director - Sustainability and Risk Governance, said:** "Rising climate risks will continue to challenge traditional insurance models, and our resilience-linked insurance structure offers a replicable blueprint for other asset owners to reframe climate adaptation as not only a defensive measure, but also a creator of value."

### AXA's Innovative Approach to Rewarding Climate Adaptation

Building on this successful case study, AXA is working to develop the first sustainability-linked insurance product in Asia. This innovative solution addresses the impact and mitigation of climate risks while rewarding and further incentivising companies' resilience measures. Key aspects of this solution include 1) a comprehensive climate and engineering risk assessment, 2) a set of sustainability-linked KPIs at peril basis defined and aligned between the insured and insurer, 3) a preferential treatment in coverage and premiums terms granted to the insured and finally, 4) periodic monitoring will be conducted to ensure pre-agreed KPIs will be achieved, with adjustments made as necessary, 5) insured companies continue to invest in climate change to enhance resilience and achieve KPIs.

AXA and Link have already successfully conducted a proof of concept at Temple Mall, demonstrating how its flood resilience measures can reduce potential losses by 10-20%. By integrating risk identification, targeted mitigation and transparent insurer engagement, AXA's SLI product aims to transform resilience from a defensive measure to a financial advantage for both insurance companies and property owners in Asia.

**Sally Wan, Chief Executive Officer, AXA Greater China, said:** "We are excited to partner with Link and Marsh to release this white paper, marking the first collaboration between the real estate and insurance sectors to share insights on how to address climate change and enhance preparedness. Through this partnership, we aim to advocate Sustainability-Linked Insurance, our market-first solution that takes into account the impact of climate risks and mitigation efforts, rewarding and incentivising corporates for their resilience and sustainable actions. The findings of the white paper demonstrate the potential of this approach, and we hope to inspire the entire industry to collectively build a better future for our planet and communities."

### Key Actions for Real Estate Leaders and Insurers

The white paper outlines four key actions for real estate executives and insurers to drive the adoption of sustainability linked insurance. For real estate leaders, these actions include establishing a robust action plan for physical climate risk resilience, engaging internal teams and insurance brokers, quantifying and communicating climate risk exposure and adaptation efforts to the insurance market, and leveraging insurance brokers to negotiate better terms. For insurers, key actions include engaging real estate clients to obtain detailed information on climate adaptation efforts, formally incorporating and incentivizing resilience activities into the underwriting process, refining underwriting methodologies to account for changing weather and climate



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patterns, and innovating product design to optimise coverage, terms, and premiums to better manage climate-related risks.

**Dr Ma Jun, Chairman and President of HKGFA, said:** "HKGFA is delighted to support the launch and publication of this whitepaper. New and innovative financial products and solutions are essential to bridging the financing gaps to address the challenges of climate change. We applaud the collaborative efforts of the insurance and real estate sectors to develop products that reward and incentivise climate resilient actions and investments."

Please click to access ["Sustainability-Linked Insurance: Rewarding Climate Risk Adaptation"](#)

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### Photo caption:



Edward Farrelly, Senior Vice President and Real Estate Industry Leader at Marsh Asia (left); Calvin Lee Kwan, Managing Director - Sustainability and Risk Governance at Link (second from left); Chelsea Jiang, Chief Technical & Innovation Officer, General Insurance, AXA Greater China (third from left); Tsun Chen, Secretary General, Hong Kong Green Finance Association (second from right); and Jingwei Jia - Insurance Workstream Lead, Hong Kong Green Finance Association (right), share insights on scaling Sustainability-Linked Insurance into a broader, viable product at a workshop in Hong Kong today.

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### About AXA Hong Kong and Macau

AXA Hong Kong and Macau is a member of the AXA Group, a leading global insurer with presence in 50 markets and serving 95 million customers worldwide. Our purpose is to act for human progress by protecting what matters.

As one of the most diversified insurers in Hong Kong, we offer integrated solutions across Life, Health and General Insurance. We are the largest General Insurance provider and a major Health and Employee Benefits provider. Our aim is to not only be the insurer to provide comprehensive protection to our customers, but also a holistic partner to the individuals, businesses and community we serve. At the core of our service commitment is continuous product & service innovation and customer experience enrichment, which is achieved through actively listening to our customers' needs and leveraging and investing in technology and digital transformation.

We embrace our responsibility to be a driving force against climate change and a force for good to create shared value for our community. We are proud to be the first to address the importance of mental health through different products and services and thought leading iconic research. Our overall Sustainability Strategy, with emphasis on climate strategy and biodiversity commitment, is developed based on TCFD recommendations. We are committed to integrating environmental, social and governance factors across our business and strive to contribute to a sustainable future through 3 distinct roles - as an investor, an insurer and an exemplary company.

### About Marsh

[Marsh](#), a business of [Marsh McLennan](#) (NYSE: MMC), is the world's top insurance broker and risk advisor. Marsh McLennan is a global leader in risk, strategy and people, advising clients in 130 countries across four businesses: [Marsh](#), [Guy Carpenter](#), [Mercer](#) and [Oliver Wyman](#). With annual revenue of over \$24 billion and more than 90,000 colleagues, Marsh McLennan helps build the confidence to thrive through the power of perspective. For more information, visit [marshmclennan.com](#), follow us on [LinkedIn](#) and [X](#).

### About Link Asset Management Limited

Link Asset Management Limited (Link) is a leading, independent, and fully integrated real estate investor and manager focusing on the APAC region. It manages Link Real Estate Investment Trust (Link REIT, Hong Kong stock code: 823), the largest REIT in Asia, and its real estate investment portfolio. Link also aims to leverage its investment management capabilities to serve as a trusted investment manager to capital partners through its business line, Link Real Estate Partners.

Building on its strong track record over almost two decades, Link targets to deliver resilient returns and growth to its unitholders. Link offers a "REIT plus" investment case through its strategic focus on diversifying the Link REIT Portfolio across geographies and asset classes in APAC and expanding its investment management business.

Link aspires to be the trusted partner in APAC real estate sector for unitholders, capital partners, tenants, and the wider communities it serves.

For more information about Link, please visit [www.laml.com](http://www.laml.com).

### About Hong Kong Green Finance Association

Founded in September 2018, Hong Kong Green Finance Association (HKGFA) provides a unique platform that supports the development of green finance and sustainable investments in Hong Kong and beyond. It aims to mobilise both public and private sector resources and talents in developing green finance policies, to promote green finance business and product innovation within financial institutions.

### FOR MORE INFORMATION:

#### AXA Hong Kong

Sadie Lam +852 3702 2583  
Erica Liu +852 3702 2793

#### Link Asset Management Limited

Frederick Yeung +852 2175 1331  
Sophia Fong +852 2175 1363

#### Marsh

Fei Tierney +65 9800 9984  
[fei.tierney@mmc.com](mailto:fei.tierney@mmc.com)

#### Hong Kong Green Finance Association

Flora Xu +852 3579 4393

#### CDR

Jobie Cheung +852 3103 0107  
Angela Wong +852 3103 0113



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The HKGFA's main goal is to position Hong Kong as a leading international green tech and green finance hub by providing greater access and opportunities for Hong Kong's financial institutions and corporates to participate in green financing transactions locally, in mainland China, and in markets along the Belt & Road. This is in line with the global path to implementing the UN Sustainable Development Goals and the Paris Agreement.

HKGFA's key activities are organised through five working groups, namely Banking – Financing the Transition, Product Innovation and Solutions, Sustainability-related Disclosures, Policy and Standards, Greater Bay Area Green Finance Alliance, and Real Estate.

Please visit <https://www.hkgreenfinance.org/> for more information.

**THIS PRESS RELEASE IS AVAILABLE ON AXA'S WEBSITE: [AXA.COM.HK](https://www.axa.com.hk)**

### IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements contained herein may be forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause AXA's actual results to differ materially from those expressed or implied in the forward-looking statements. Please refer to Part 4 - "Risk factors and risk management" of AXA's Universal Registration Document for the year ended December 31, 2019, for a description of certain important factors, risks and uncertainties that may affect AXA's business, and/or results of operations. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as part of applicable regulatory or legal obligations.