



Our ESG Approach

June 2021

Version 1.0



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Our ESG Approach V1.0

Review and Approval Form

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Notwithstanding the review date, as shown, this policy shall remain effective until approved otherwise by the Group Board. It may be subjected to a review on an earlier date as deemed necessary.

OUR ESG APPROACH

**Guiding Principle: We Will Play Our Part to
Ensure A Safer World**

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1.0 Introduction

We pledge to continuously improve on our contribution in the fight to sustain our world. We consider the Environmental, Social, and Governance (ESG) issues relevant to our industry and society at large. Therefore, in providing insurance, investing our resources, and our people relationships, we have integrated our ESG factors into our transactions through the Group-wide corporate rules on principled performance and risk management.

ESG factors can influence, and be affected by, our business activities. If the ESG factors are not addressed appropriately, they can escalate into substantial issues and risks. These include human rights violations, illegal activities, or severe corruption allegations. We diligently manage ESG risks to ensure they do not develop further. They also present opportunities to induce positive change, such as offering solutions for emerging risks.

2.0 ESG Background and Rationale

WAICA Re is fundamentally committed to building long-term, sustainable businesses, which will grow, provide employment, and generate economic benefit in an environmentally and socially responsible manner. Responsible investment, and subsequently responsible ownership, require proper analysis, judgement, and mitigation of risk. WAICA Re aims to take a responsible approach towards the environment, society and corporate governance.

Therefore, our responsibility map shows our efforts and achievement on the various ESG factors as captured by the Group key Ideologies:

Group Vision:	Develop and provide a diversified financial capacity to enhance economic and financial development in Africa and beyond.
Group Mission:	To deliver unparalleled financial service through technology.
Tagline:	Together Towards Tomorrow This Tagline signifies that we are in partnership with our stakeholders and working towards our collective future, industry, and countries.
Core Values:	WAICA Re ACT's; Anticipate, Craft, Timely, Solutions
Guiding Principle:	We Will Play Our Part to Ensure A Safer World

3.0 Our ESG Objectives

Our ESG objectives include:

- a) Incorporating environmental, social and governance (ESG) issues into investment analysis and decision-making processes.
- b) Incorporating environmental, social and governance (ESG) issues into or underwriting approach and business selection.
- c) Incorporate ESG issues into our corporate governance and compliance.
- d) Reduce inequality in our relationship with all stakeholders.

- e) Contributing to the economic and social development of the countries we operate in.
- f) Leading the digital transformation change in Africa's insurance industry.

Our Sustainability Risk Framework facilitates identifying, mitigating, and eliminating potential environmental, social, and governance risks inherent to our business transactions and investments. We continuously refine and strengthen our approach to managing sustainability risks and remain committed to maintaining the sustainability of our positive footprint on the environment.

4.0 Our ESG Scope

There are clear signs that ESG investing is now turning mainstream, and we, WAICA Re, welcome this shift. Since our inception, we have been at the forefront of responsible investment, we have devoted considerable time and effort to integrate it into our investment processes. Augmenting traditional financial analysis with consideration of ESG factors is complicated by a changing political and regulatory landscape. As part of our ESG journey, WAICA Re has been transporting the experience and expertise gained across our various operating markets, aligning our goals with that of the broader society and the 17 UN Sustainable Development to craft our ESG objectives.

WAICA Re ESG scope includes the following themes,

1. <i>Climate change</i>	2. <i>Product liability</i>
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<i>3. Natural resources</i>	<i>4. Stakeholder opposition</i>
<i>5. Pollution and waste</i>	<i>6. Social opportunities</i>
<i>7. Environmental opportunities</i>	<i>8. Corporate governance</i>
<i>9. Human capital</i>	<i>10. Corporate behaviour</i>

5.0 Environmental Footprint

WAICA Re contributions to climate change through greenhouse gas emissions, along with waste management and energy efficiency. Given renewed efforts to combat global warming, cutting emissions and decarbonizing have become more important.

5.1 Achievement

5.1.1 Investment

- ✚ Redesigned our investing policy to include sustainability issues.
- ✚ Responsible investment, including investing in technology to enhance efficiency.
- ✚ Investing in entities with a low-carbon footprint, and low risk of ESG

We have also imbibed the United Nations Six Principles of Responsible Investment (PRI):

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.

3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

5.1.2 Sustainability

- ✚ Engaging our regulators to ensure compliance
- ✚ Monitoring and Implementing international best practise in our operations
- ✚ We avoid investments where we see a high risk of stranded assets

5.1.3 Risk monitoring and Control

- ✚ Incorporating risk management into our decision making
- ✚ Implementing risk-based auditing
- ✚ Provided sponsorship and support to all our operating states in events of pandemics and disasters
- ✚ Providing information in the form of communication and training on our significant ESG risks, including mitigation plans and business continuity procedures

5.1.4 Climate Change

- ✚ Developing products as well as training stakeholders on changes, their impact, and relevant solution.

- ✚ Offered reinsurance protection against extreme weather events and weather volatility to help communities adapt to climate change be more resilient.

5.2 Future Plan - 5 years projection

5.2.1 Environmental Protection

- ✚ Instituting the 'WAICA Re ambassador' award that engages stakeholders to partner with us in finding solutions to environmental risk.
- ✚ As part of our 10th anniversary, the company will invest in an environmentally friendly project as a monument to commemorate the occasion.

5.2.2 Power up

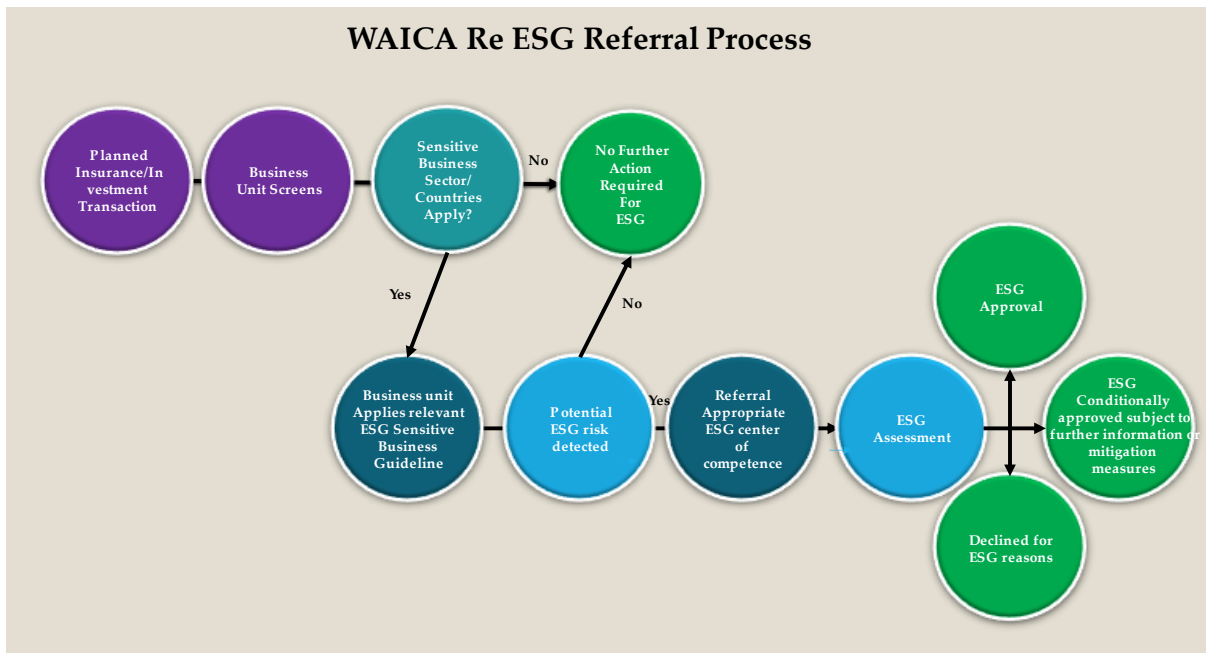
- ✚ Implementing a C-Suit plan to lead executive collaboration in developing sustainable leadership strategies.

5.2.3 Digital Transformation

- ✚ Digitalising all our services to enhance service delivery and efficiency.
- ✚ We launched the first-ever facultative reinsurance online placement on the continent and are working to extend this to cover other product lines.
- ✚ Access to insurance is an essential contributor to economic development. However, 60% of the world's population remain excluded from appropriate insurance. As a result, we advance the insurance penetration rate through micro-insurance and technology to contribute to sustainable economic development.

5.3 Our Referral Approach

✚ Developing an ESG integration framework into our underwriting, investment, and asset management activities, as shown below. This will provide transparency of the ESG guidelines and rules to be used by our underwriters and investment managers to identify, avoid, and mitigate sustainability risks and capture opportunities from ESG trends.



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✚ Continuously reducing our negative environmental footprint and improving our positive environmental footprint

6.0 Social Footprint

6.1 Achieved

6.1.1 Empowering Customers

✚ Developing products that increase response time using a WhatsApp platform

that allows instant response to business offers.

- ✚ Using technology to enhance client services, the introduction of WAICA Re EasyFac that allows automated acceptance of basic risk.
- ✚ Developing transparent products to boost customer decision-making, designing a treaty rating template that allows cedants to appreciate their risk rating before being informed and deciding on their treaty program.
- ✚ Annual Training, seminars, and attachments for customers

6.1.2 Empowering our Employees

- ✚ Developing them through training and succession planning
- ✚ Caring for employee wellbeing through prevention and provision of health schemes.
- ✚ Attracting and engaging talented employees from different cultural diversity by providing a flexible, inclusive, and open culture where dialogue and different perspectives are valued.
- ✚ Linking remuneration to conform with performance and productivity.
- ✚ Involving staff in the decision-making process so they contribute to the company's growth.
- ✚ A culture of open dialogue and frequent feedback from all employees through meetings, open-door policies, and involving everyone in committee discussions.

- ✚ Attract and engage talented employees from different backgrounds, cultures, geographical backgrounds.
- ✚ Caring for the wellbeing of our employees and their families, including physical, health, emotional and mental wellbeing aimed at providing a healthy workplace.
- ✚ Rewarding our people: We are committed to having a compensation framework that is balanced and performance-oriented and which aligns the interests of both shareholders and employees.
- ✚ Offering our employees meaningful work with a clear purpose in an attractive and inclusive work environment.
- ✚ Fostering a diverse and inclusive workplace in age, race, ethnicity, nationality, gender, religious beliefs, personalities, and experiences –across all levels, functions, and geographies.
 - Balancing ratio of women in total workforce (%)
 - Balancing ratio of women in all management positions (%)
- ✚ Equal pay for equivalent work irrespective of gender.

6.1.3 Empowering others

- ✚ Sponsoring the harmonisation of insurance regulation in West Africa.
- ✚ WAICA Re ambassador: Building our CSR to identify and coordinate solutions to environmental concerns.

- ✚ Running annual training programmes for insurance practitioners in Africa.
- ✚ Running a global virtual training programme.
- ✚ Sponsoring the training of cedants across West Africa.

6.2 Our Future Exploration

- ✚ We are committed to the United Nation's Sustainable Development Goal number 5: "To achieve gender equality and empower all women and girls"; therefore, we seek to increase gender balance in a leadership position.
- ✚ All new employees will undergo mandatory eLearning training on our key ideologies, focusing on ethical behavior in accordance with our values.
- ✚ Design automated treaty renewal applications to ensure efficient, transparent, and speeding renewals.
- ✚ Design automated claims processing to ensure speedy claims settlement.
- ✚ Designing re/insurance life solutions that can be accessed through micro-insurance and online.
- ✚ Advancing access to insurance through user-friendly platforms.

7.0 Governance Footprint

Measuring a company's corporate governance based on environmental, social, and governance (ESG) criteria is gaining importance. Transparent and comprehensive disclosure of the Group's governance structure and governance processes is

indispensable to support the assessment of the quality of the Group's organization and business conduct.

7.1 Achieved

7.1.1 Board

- ✚ Separation of power between the Board and executive management.
- ✚ Diversity in skill and capacity at the Board level.
- ✚ Persons are nominated for election at AGM, ensuring that the Board retains an adequate size and well-balanced composition.
- ✚ Annual Board Assessment by an independent party.
- ✚ Board is made up of 36% independent members
- ✚ Institution of Board sub-committees as per regulatory requirement and international best practise.
- ✚ Term limit for Board Members subject to Re-election.
- ✚ Must submit to a criterion that prevents conflict of interest.
- ✚ Regularly assesses its performance against regulatory developments, best practice standards, and new stakeholder demands.
- ✚ Assembled a balance of managerial expertise and knowledge from different fields required for the fulfillment of the oversight responsibility and sound independent decision-making in line with the needs of the business.

- ✦ Diversity in nationality, regional representation, transparency, and the avoidance of conflicts of interest play an important role in the nomination process.
- ✦ The Chairman's and Governance Committee evaluates candidates and makes recommendations to the Board of Directors.
- ✦ Regularly analyses its composition to confirm that its members' qualifications, skills, and experience correspond to the Board's needs and requirements.
- ✦ No Board member has management or executive function within the Group.

7.1.2 Staff

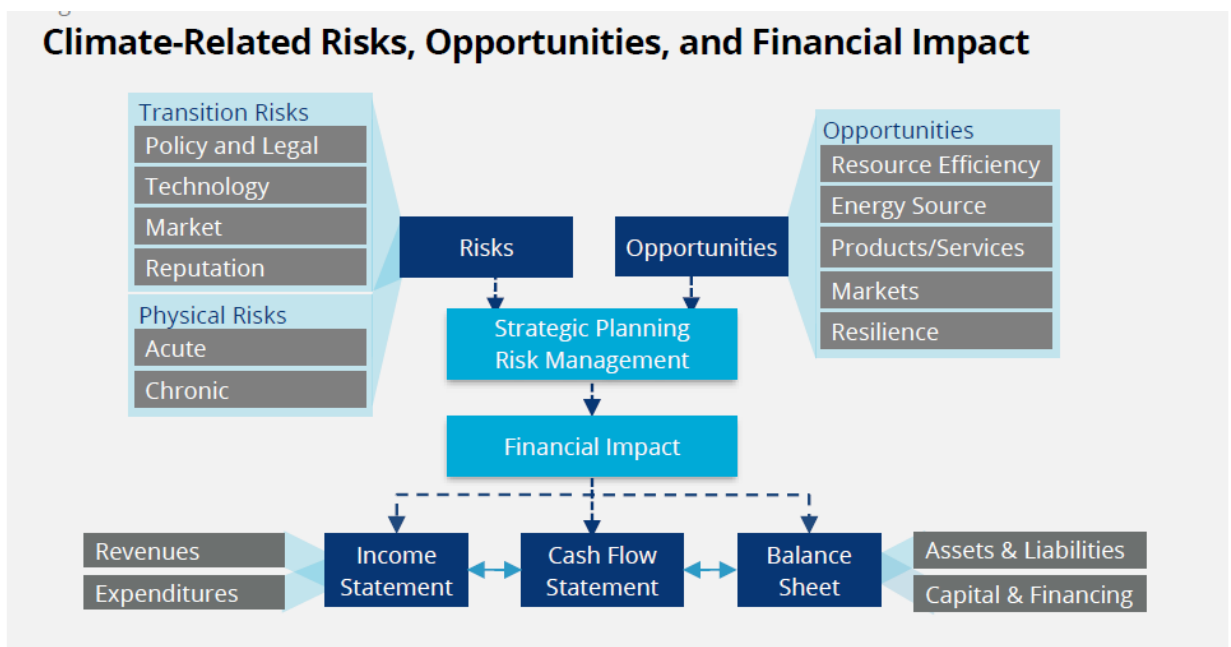
- ✦ Re-designing the company remuneration to conform with performance and productivity.
- ✦ Compensation is in line with industry practice.
- ✦ Staff has a clear understanding of their progression opportunity and how to achieve the same.
- ✦ A compensation system that is balanced and performance-oriented and that aligns the interests of employees and shareholders.

7.2 Our Future Exploration

- ✦ The Board of Directors will assemble the necessary qualifications, skills, and diversity to perform all required responsibilities.
- ✦ Apply gender and age diversity.

8.0 Our Model for Climate-Related Risks

We have adopted the approach below to understand the risks, opportunities, and financial impacts of climate-related risk on the organization. Climate-related risk and emerging risks are also discussed at the highest level in the organization, the Board. The Group will continue to put measures in place to mitigate the risks, harness the opportunities and limit negative financial impacts.



9.0 Summary

WAICA Re currently has subsidiaries in Kenya, Zimbabwe, and the UK, forming the Group and carrying out the reinsurance business. We also have a subsidiary in Ghana which acts as an investment platform for the Group's investments. In addition to the subsidiaries, we run regional offices in Nigeria, Ghana, Ivory Coast, and Tunisia.

We are committed to being a responsible company. Playing our part in enabling sustainable progress serves as a guiding principle for our actions ESG considerations are an integral part of our investment approach.

10.0 Summary of Climate-Related Risks and Opportunities

The Group has adopted and integrated the recommendations of the Task Force on Climate-related Financial Disclosures regarding climate risk and opportunities. The summary of the risks and opportunities are presented below:

Climate-Related Risks and Potential Financial Impacts		
Type	Climate-Related Risks	Potential Financial Impacts
Transition Risk	Policy and Legal	
	<ul style="list-style-type: none"> Increased pricing of GHG emissions Enhanced emissions-reporting obligations Mandates on and regulation of existing products and services Exposure to litigation 	<ul style="list-style-type: none"> Increased operating costs (e.g., higher compliance costs, increased insurance premiums) Write-offs, asset impairment, and early retirement of existing assets due to policy changes Increased costs and/or reduced demand for products and services resulting from fines and judgments
Transition Risk	Technology	
	<ul style="list-style-type: none"> Substitution of existing products and services with lower emissions options Unsuccessful investment in new technologies Costs to transition to lower emissions technology 	<ul style="list-style-type: none"> Write-offs and early retirement of existing assets Reduced demand for products and services. Research and development (R&D) expenditures in new and alternative technologies capital investments in technology development. Costs to adopt/deploy new practices and processes
Transition Risk	Market	
	<ul style="list-style-type: none"> Changing customer behavior Uncertainty in the market signals Increased cost of raw materials 	<ul style="list-style-type: none"> Reduced demand for <i>insurance services</i> due to shift in consumer preferences. Increased <i>operational</i> costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment) Abrupt and unexpected shifts in energy costs Change in revenue mix and sources, resulting in decreased revenues. Re-pricing of assets (e.g., fossil fuel reserves, land valuations, securities valuations)

Transition Risk	Reputation	
	<ul style="list-style-type: none"> • Shifts in consumer preferences. • Stigmatization of sector • Increased stakeholder concern or negative stakeholder feedback 	<ul style="list-style-type: none"> • Reduced revenue from decreased demand for <i>insurance in oil and gas and other special risks</i> • Reduced revenue from decreased <i>operational</i> capacity (e.g., delayed planning approvals, supply chain interruptions) • Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention) • Reduction in capital availability
Physical Risk	Acute	
	<ul style="list-style-type: none"> • Increased severity of extreme weather events such as cyclones and floods 	<ul style="list-style-type: none"> • Reduced revenue from decreased <i>operational</i> capacity (e.g., transport difficulties, supply chain interruptions) • Reduced revenue and higher costs from negative impacts on the workforce (e.g., health, safety, absenteeism) • Write-offs and early retirement of existing assets (e.g., damage to property and assets “in high-risk Location.”)
Physical Risk	Chronic	
	<ul style="list-style-type: none"> • Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels 	<ul style="list-style-type: none"> • Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants) • Increased capital costs (e.g., damage to facilities) • Reduced revenues from lower sales <i>in a certain line of business</i> • Increased insurance premiums and potential for reduced availability of insurance on assets in ‘high-risk’ locations
Climate-Related Opportunities and Potential Financial Impacts		
Type	Climate-Related Opportunities	Potential Financial Impacts
Resource Efficiency	<ul style="list-style-type: none"> • Use of more efficient modes of transport. • Use of more efficient production and distribution processes. • Use of recycling • Move to more efficient buildings. • Reduced water usage and consumption 	<ul style="list-style-type: none"> • Reduced operating costs (e.g., through efficiency gains and cost reductions) • Increased <i>operational</i> capacity, resulting in increased revenues. • Increased value of fixed assets (e.g., highly rated energy-efficient buildings) • Benefits to workforce management and planning (e.g., improved health and safety, employee satisfaction) resulting in lower costs

Energy Source	<ul style="list-style-type: none"> • Use of lower-emission sources of energy. • Use of supportive policy incentives. • Use of new technologies. • Participation in the carbon market • Shift toward decentralized energy generation 	<ul style="list-style-type: none"> • Reduced operational costs (e.g., through use of lowest cost abatement) • Reduced exposure to future fossil fuel price increases. • Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon. • Returns on investment in low emission technology. • Increased capital availability (e.g., as more investors favor lower-emissions producers) • Reputational benefits resulting in increased demand for goods/services
Products and Services	<ul style="list-style-type: none"> • Development and/or expansion of low emission goods and services • Development of climate adaptation and insurance risk solutions • Development of new products or services through R&D and innovation • Ability to diversify business activities. • Shift in consumer preferences 	<ul style="list-style-type: none"> • Increased revenue through demand for lower emissions products and services • Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services) • Better competitive position to reflect shifting consumer preferences, resulting in increased revenues
Markets	<ul style="list-style-type: none"> • Access to new markets • Use of public-sector incentives. • Access to new assets and locations needing insurance coverage 	<ul style="list-style-type: none"> • Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks) • Increased diversification of financial assets (e.g., green bonds and infrastructure)
Resilience	<ul style="list-style-type: none"> • Participation in renewable energy programs and adoption of energy efficiency measures • Resource substitutes/diversification 	<ul style="list-style-type: none"> • Increased market valuation through resilience planning (e.g., infrastructure, land, buildings) • Increased reliability of supply chain and ability to operate under various conditions. • Increased revenue through new products and services related to ensuring resiliency