



Climate Risk Disclosure

2025 Update

Reinsuring Responsibly

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WAICA Re Climate Risk Disclosure

1 Introduction

WAICA Re is committed to transparent and comprehensive reporting on climate-related risks and opportunities in alignment with the **Task Force on Climate-related Financial Disclosures (TCFD)** and the **International Financial Reporting Standards (IFRS) S1 & S2** frameworks. This report outlines WAICA Re's approach to governance, strategy, risk management, and performance metrics related to climate and sustainability.

The report leverages insights from WAICA Re's **ESG Management Systems Policy, ESG Policy 2025, Science-Based Targets (SBTi) reports, ESG materiality assessment, corporate and sovereign portfolio climate impact reports**, and benchmarking analyses to assess the current state and highlight areas for improvement.

2 Governance

WAICA Re has established a governance structure that integrates **climate risk and ESG considerations** into corporate decision-making. The governance model is overseen by the **Group Board of Directors**, which is responsible for **climate strategy, sustainability targets, and risk mitigation efforts**.

2.1 Governance Framework

- **Board Oversight:** The **Risk, Audit, and Compliance Committee** is responsible for reviewing climate-related risks and ensuring alignment with **IFRS S1 & S2 disclosure requirements**.
- **Executive Management:** The **Sustainability Management Team** oversees ESG implementation, including **risk assessments, emissions tracking, and regulatory compliance**.
- **Internal Control & Assurance:** The **Enterprise Risk Management (ERM) function** ensures that climate risks are integrated into operational and financial risk management processes.

- **Stakeholder Engagement:** WAICA Re collaborates with **regulators, investors, and industry partners** to enhance climate risk disclosures and sustainable investment practices.

2.2 Missing Elements for Improvement

- **Formal integration of climate-linked executive compensation.**

3 Strategy

WAICA Re has developed a long-term sustainability strategy focused on **climate resilience, low-carbon investments, and regulatory compliance**. The company assesses climate risks over the **short, medium, and long-term** based on **SBTi Scope 1, 2, and 3 emissions targets** and ESG materiality assessments.

3.1 Key Strategic Considerations

- **Physical Risks:** WAICA Re's **corporate portfolio climate impact analysis** highlights exposure to **climate-related hazards, extreme weather events, and property risks**.
- **Transition Risks:** The company aligns with the **IFRS S2 framework**, considering the impact of **carbon pricing, regulatory changes, and reputational risks** on financial stability.
- **Opportunities:** WAICA Re aims to enhance **green underwriting and sustainable investment portfolios**, leveraging **ESG-driven risk differentiation strategies**.

3.2 Missing Elements for Improvement

- **Scenario analysis aligned with IFRS S2 climate resilience projections.**
- **Integration of green financial instruments (e.g., ESG-driven underwriting models).**

4 Risk Management

WAICA Re identifies, assesses, and manages climate-related risks through its **Enterprise Risk Management (ERM) framework**. Risk assessments leverage climate scenario analysis and stress testing based on **TCFD-aligned methodologies**.

4.1 Risk Identification and Mitigation

- **ESG Integration in Underwriting:** WAICA Re applies **climate risk factors** in risk modeling for **property, liability, and catastrophe insurance**.
- **Investment Risk Assessments:** WAICA Re's **sovereign portfolio climate impact analysis** evaluates exposure to **carbon-intensive economies and climate-sensitive sectors**.
- **ESG Screening & Due Diligence:** WAICA Re's **Sustainable Procurement Policy** ensures that vendors align with **climate risk mitigation** strategies.

4.2 Risk and Opportunities

4.2.1 Key Risks:

- **Regulatory Compliance Risks:** The increasing **stringency of climate-related disclosure regulations** under IFRS S2 and local ESG laws could pose compliance challenges.
- **Market Risks:** WAICA Re faces **carbon transition risks** that could impact investment returns, particularly in **high-emission sectors**.
- **Operational Risks:** Extreme climate events, such as **flooding and hurricanes**, could disrupt WAICA Re's operational resilience.

4.2.2 Opportunities:

- **Green Finance and Investment:** Expansion into **climate-aligned financial products**, including **green bonds and ESG-driven reinsurance solutions**.
- **Technology-Driven ESG Analytics:** Leveraging **Climanomics and Drova GRC applications** for **climate risk assessment, regulatory reporting, and real-time ESG data tracking**.
- **Enhanced Competitive Positioning:** Strengthening WAICA Re's **market differentiation** by embedding **climate-resilient underwriting policies**.

4.2.3 Integration of Climanomics and Drova GRC

- **Climanomics:** A **data-driven climate risk analytics tool** used to assess **climate exposure, sectoral vulnerabilities, and financial risks** associated with carbon-intensive assets.

- **Drova GRC:** WAICA Re utilizes Drova’s Governance, Risk, and Compliance platform for regulatory tracking, ESG compliance reporting, and risk-based capital allocation modeling.

4.3 Missing Elements for Improvement

- Development of a climate stress testing model for insurance exposure and investment risk assessment.
- Enhanced risk disclosure metrics in annual financial statements aligned with IFRS S1 & S2.

5 Metrics & Targets

WAICA Re has set clear metrics and targets to measure climate risk performance and track ESG progress. The company reports on:

- **Scope 1 & 2 Emissions Reduction:** Targeting a 55% reduction by 2033.
- **Scope 3 Emissions Tracking:** Measuring financed emissions from investments and reinsurance underwriting.
- **Sustainable Investments:** Increasing ESG-compliant assets in WAICA Re’s investment portfolio.
- **Climate Risk Exposure:** Reporting on carbon pricing risks, stranded assets, and climate resilience indices.

5.1 Alignment with IFRS S1 & S2

- **IFRS S1 (General Sustainability Disclosures):** WAICA Re ensures sustainability-linked financial disclosures across all subsidiaries.
- **IFRS S2 (Climate-Related Disclosures):** WAICA Re reports climate transition risks, scenario analysis results, and emissions reductions.

5.2 Missing Elements for Improvement

- Carbon pricing sensitivity analysis for investment portfolios.
- Sector-specific climate adaptation strategies for insurance underwriting.

6 Data Tables & Analysis

Metric	2023 Baseline	2028 Target	2033 Target	2050 Net Zero Goal
Scope 1 Emissions (tCO2e)	134	100	60	0
Scope 2 Emissions (tCO2e)	55	40	20	0
Scope 3 Emissions (tCO2e)	35,000	28,000	15,000	0
ESG-Compliant Investments (%)	30%	50%	70%	100%
Climate Risk Portfolio Assessment Score	Medium-High	Medium	Low	Low

7 Conclusion & Next Steps

WAICA Re commits to enhancing **climate risk management, regulatory compliance, and stakeholder engagement**, ensuring **long-term financial sustainability and environmental stewardship**. Future efforts will focus on **improving data accuracy, expanding ESG-aligned product offerings, and integrating enhanced climate stress testing methodologies**.

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