



WAICA Re ESG Implementation Journey

2025 Update

Reinsuring Responsibly

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1 Introduction

WAICA Re is committed to embedding **Environmental, Social, and Governance (ESG) principles** across all aspects of our business. As part of our continuous improvement, we have developed structured policies, implemented science-based targets, and assessed our **investment portfolio, underwriting practices, and corporate sustainability initiatives**. Our ESG journey is guided by **international best practices, regulatory frameworks, and industry benchmarks**, ensuring that we align our operations with **global sustainability goals**.

WAICA Re strategic ESG Journey started in 2023, and in 2024 we took significant steps toward strengthening **climate risk management, emissions reduction, and sustainable investment strategies**. We have conducted **materiality assessments, enhanced ESG governance structures, and benchmarked our ESG performance** against leading industry players. This report outlines the key initiatives that define our ESG strategy and our continued commitment to **responsible reinsurance and sustainable business practices**.

2 ESG Materiality Assessment

WAICA Re conducted a **comprehensive ESG materiality assessment** in collaboration with **S&P Global**, ensuring that key **environmental, social, and governance (ESG) issues** are aligned with industry standards such as **SASB and GRI frameworks**. The assessment identified **17 material ESG topics**, including **climate risk, ethical business practices, customer privacy, and workforce diversity**. Stakeholder engagement, including input from **employees, investors, regulators, and customers**, played a critical role in defining the priorities. The results of this assessment allow WAICA Re to integrate ESG considerations into strategic decision-making, risk management, and corporate reporting, ensuring a **transparent and responsible approach to sustainability**.

To remain responsive to **evolving ESG risks and opportunities**, WAICA Re periodically reviews its materiality assessment to reflect **shifts in regulations, market expectations, and climate-related risks**. The organization is committed to **enhanced ESG disclosures**,

ensuring that stakeholders remain informed about its sustainability journey. The findings of this assessment are applied across **investment strategies, operational resilience, and corporate governance**, reinforcing WAICA Re's leadership in responsible reinsurance practices.

3 Science-Based Targets for Scope 1 & 2 Emissions

WAICA Re has formally adopted **Science-Based Targets (SBTi)** to guide its **Scope 1 (direct emissions) and Scope 2 (indirect energy-related emissions) reductions**. WAICA Re has committed to a **linear 5.5% annual emissions reduction from 2023 to 2033**, aiming for a **55% reduction by 2033 and net-zero emissions by 2050**. The approach aligns with the **1.5°C Paris Agreement trajectory**, ensuring that WAICA Re's climate commitments are based on **scientific methodologies**. Key initiatives supporting this reduction include **shifting to renewable energy sources, optimizing energy efficiency, and integrating sustainable building designs** across its operations.

In addition to these direct emissions reductions, WAICA Re is committed to **transparent emissions reporting**, regularly disclosing progress towards these targets. WAICA Re's **climate action strategy** also involves collaboration with industry stakeholders to **encourage sector-wide decarbonization efforts**. This ambitious emissions reduction pathway positions WAICA Re as a leader in **sustainable finance and risk mitigation in the reinsurance industry**.

4 Science-Based Targets for Scope 3 Emissions

WAICA Re acknowledges that **Scope 3 emissions**, particularly those associated with its **investment portfolio and supply chain**, represent a **significant portion of its total carbon footprint**. To address this, WAICA Re is working towards setting **science-based Scope 3 targets**, focusing on **financed emissions, vendor sustainability performance, and green investment strategies**. This approach aligns with international best practices, where financial institutions and insurers play a crucial role in influencing **low-carbon economic transitions**.

WAICA Re's Scope 3 emissions reduction strategy includes **engaging with investee companies to encourage decarbonization, integrating ESG factors into underwriting**

decisions, and promoting sustainable supply chain practices. WAICA Re is actively developing **engagement frameworks** with clients and partners to ensure that emissions reductions are realized across all business touchpoints. By committing to **Scope 3 target setting under the SBTi framework**, WAICA Re is taking a **holistic approach to climate responsibility**, ensuring that both direct and indirect emissions are mitigated.

5 Corporate Climate Risk Portfolio Assessment

WAICA Re systematically **assesses the climate-related risks and carbon footprint of its corporate investment portfolio**, leveraging methodologies aligned with the **Task Force on Climate-Related Financial Disclosures (TCFD)**. This assessment identifies the **sectors and companies within its portfolio with high carbon intensity**, enabling WAICA Re to **manage exposure to transition risks** such as carbon pricing regulations and stranded assets. The evaluation includes **scenario analyses based on different climate pathways**, ensuring that investment decisions align with **low-carbon economic development**.

The findings from the portfolio assessment guide **investment reallocation strategies**, prioritizing **companies with strong ESG performance, lower emissions intensities, and robust climate adaptation strategies**. WAICA Re is actively working to **reduce the financial risks associated with high-carbon assets** while supporting investments in **climate solutions such as renewable energy, sustainable infrastructure, and green bonds**. This strategic approach ensures that WAICA Re's financial strength remains resilient amidst **evolving global climate policies and market expectations**.

6 Sovereign Portfolio Climate Impact Analysis

WAICA Re applies a **climate risk assessment to its sovereign bond holdings**, evaluating the **carbon intensity and climate policies of issuing governments**. This analysis enables WAICA Re to identify **potential risks linked to national climate policies, carbon taxation frameworks, and energy transitions**. The 2023 assessment revealed that **certain sovereign issuers carry high exposure to fossil fuel reliance**, necessitating a **strategic review of investment allocations** to align with **long-term sustainability goals**.

By incorporating **climate risk considerations into sovereign bond investments**, WAICA Re seeks to **encourage responsible government policies and long-term climate**

resilience. WAICA Re actively engages with sovereign issuers and policymakers, advocating for **transparent carbon disclosures and alignment with international climate commitments.** This ensures that WAICA Re’s investment approach not only mitigates financial risk but also contributes to **sustainable economic development in emerging and frontier markets.**

7 Benchmarking and ESG Gap Analysis

A benchmarking analysis conducted by **Ernst & Young** assessed WAICA Re’s **ESG maturity** against regional peers. The study placed WAICA Re in **Quadrant 1** of the ESG risk-reward matrix, indicating the need for enhanced **ESG integration, structured policies, and KPI tracking.** Key areas for improvement include **governance structures, employment equity, waste management, and sustainable product offerings.** The analysis provides a strategic roadmap for WAICA Re to transition towards **Quadrant 4—leveraging ESG for growth and brand differentiation.**

However, the above summary analysis was at the beginning of the implementation journey in 2024. As at report update 2025, WAICA Re is in Quadrant 4 where it is leveraging ESG for growth and brand differentiation.

8 WAICA Re ESG Management Systems Policy

The **ESG Management Systems Policy (ESGMS)** establishes a structured framework to manage **environmental, social, and governance (ESG) risks** across WAICA Re’s operations, underwriting, and investments. It includes **sustainability policies, governance controls, compliance monitoring, and stakeholder engagement mechanisms.** This framework ensures that WAICA Re’s **business model aligns with global best practices in responsible reinsurance.**

9 WAICA Re ESG Policy 2025

The **WAICA Re ESG Policy 2025** outlines a **strategic commitment to sustainability,** focusing on **climate resilience, responsible investment, and social governance.** This policy ensures adherence to **international ESG frameworks such as the UN Global Compact, IFC Performance Standards, and TCFD recommendations.** Key elements

include **carbon footprint reduction, ESG-integrated decision-making, and sustainable development partnerships.**

10 Commitment to Transparency and ESG Leadership

WAICA Re's sustainability strategy is deeply integrated into its **business operations, investment decisions, and corporate governance framework.** WAICA Re is committed to **enhancing ESG disclosures, strengthening climate resilience, and driving sustainable insurance solutions.** Stakeholders can expect **continuous updates on emissions reductions, ESG materiality assessments, and portfolio climate alignment strategies.**

For additional details on WAICA Re's **ESG policies, carbon reduction commitments, and investment sustainability approach,** please email esg@waicare.com.