



Climate Risk Disclosure

2024

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) Guidelines**, **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 Climonomics 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 Climonomics and Drova GRC

- Climonomics: 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 | 98 | 61 | 13 |
| Scope 2 Emissions (tCO2e) | 55 | 40 | 25 | 6 |
| Scope 3 Emissions (tCO2e) Portfolio Coverage | 308 | | | |
| ESG-Compliant Investments (%) | 0% | 25% | 56% | 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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