WAICA Re
WAICA REINSURANCE CORPORATION PLC
TOGETHER TOWARDS TOMORROW

WAICA Re Financial Materiality Assessment Report – 2025

(Aligned with IFRS S1 and IFRS S2)

Contents

WAICA Re Financial Materiality Assessment Report – 2025

(Aligned with IFRS S1 and IFRS S2)

1 Introduction and Reporting Objective

WAICA Reinsurance Corporation Plc ("WAICA Re" or "the Group"), together with its subsidiaries and regional operations, conducted a 2025 Financial Materiality Assessment to identify sustainability-related risks and opportunities that could reasonably be expected to affect the Group's enterprise value, including its cash flows, access to finance, cost of capital, underwriting performance, operational resilience, and long-term financial sustainability.

This assessment was conducted in alignment with:

- International Financial Reporting Standards (IFRS) S1 – *General Requirements for Disclosure of Sustainability-related Financial Information*
- IFRS S2 – *Climate-related Disclosures*

Consistent with IFRS S1, the assessment focuses on sustainability-related matters that are financially material to the Group.

The assessment also incorporates climate- and nature-related risks and opportunities under IFRS S2, recognising the increasing significance of climate variability, transition risk, physical risk, nature degradation, and evolving sustainability expectations within the global and African reinsurance markets.

The outcomes of this assessment support:

- Sustainability strategy development and prioritisation
- Enterprise Risk Management (ERM)
- Underwriting and investment decision-making
- Capital allocation and solvency management
- Governance and Board oversight
- IFRS S1/S2-aligned sustainability disclosures
- The Group's 2025 Sustainability & Climate Risk Report

The assessment reflects management judgement, currently available data, and prevailing market conditions as at the reporting period. Materiality assessments may evolve over time as regulatory requirements, climate conditions, market expectations, and data availability continue to develop.

2 Financial Materiality Methodology

2.1 Assessment Framework

The Group adopted a structured and quantitative financial materiality methodology aligned with IFRS S1 paragraphs 17–19, which require disclosure of sustainability-related risks and opportunities reasonably expected to affect enterprise value.

The assessment evaluated sustainability topics across Environmental, Social, and Governance (ESG) pillars using two core dimensions:

2.1.1 Risk Materiality

Assessment of the magnitude and likelihood of potential negative financial impacts on the Group, including impacts on:

- Underwriting profitability
- Operational resilience
- Solvency and capital adequacy
- Regulatory exposure
- Reputation and market confidence
- Investment portfolio performance

2.1.2 Opportunity Materiality

Assessment of the potential for positive financial outcomes, strategic resilience, innovation, operational efficiency, market positioning, and long-term value creation.

The assessment incorporated management judgement and cross-functional input from:

- Enterprise Risk Management
- Legal & Compliance
- Sustainability
- Finance & Investments
- Underwriting
- Information Technology
- Actuary
- Human Resources & Administration
- Internal Audit

- Senior Management representatives across the Group

2.2 Scoring and Aggregation Methodology

Three complementary methodologies were applied:

1. Financial Materiality Score (IFRS S1/S2)

Calculated as the average of Risk and Opportunity Materiality scores:

$$Financial\ Materiality = \frac{Risk + Opportunity}{2}$$

This approach reflects balanced consideration of downside financial exposure and upside strategic opportunity.

2. Weighted Financial Materiality Score

Given the prudential nature of the reinsurance industry, greater weighting was assigned to downside risk exposure.

The Group therefore applied:

- Risk Weighting: 70%
- Opportunity Weighting: 30%

Weighted Score = (0.7 x Risk) + (0.3 x Opportunity)

This weighting reflects the Group's focus on:

- Capital preservation
- Solvency resilience
- Underwriting discipline
- Regulatory stability
- Long-term financial sustainability

3. Materiality Threshold

The Group established a **Significant Financial Materiality Score Threshold of ≥ 5.5**

Topics meeting or exceeding this threshold are considered financially significant sustainability-related matters:

- Governance attention
- Strategic prioritisation
- Risk management integration

- Sustainability disclosure purposes

The threshold reflects management's internally determined benchmark for significance based on:

- Relative financial impact
- Strategic relevance
- Risk prioritisation
- Enterprise value implications

3 Overview of Financial Materiality Results

The assessment identified a number of sustainability-related topics with elevated financial relevance to the Group.

Material Topics	ESG Pillars	Financial Materiality IFRS S1/S2 ((Risk+Opportunity)/2))	Weighted Financial Materiality (.7) and Opoortunity (.3)
Human Capital Development	Social	6.9	6.4
Privacy & Data Security	Governance	6.8	6.7
Management of the Legal & Regulatory Environment	Governance	6.5	6.4
Climate Change Vulnerability	Environmental	6.2	6.3
Transparent Information & Fair Advice for Customers	Governance	6.1	5.7
Incorporation of ESG Factors in Investment Management	Governance	5.9	5.6
Labor Practices	Social	5.7	5.6
Systemic Risk Management	Governance	5.7	5.6
Access to Finance	Social	5.6	5.3
Transition Risk Exposure	Environmental	5.3	5.2
Consumer Financial Protection	Social	5.0	4.8
Policies Designed to Incentivize Responsible Behavior	Governance	5.0	4.7
Nature Risk Exposure	Environmental	4.9	4.9
Physical Risk Exposure	Environmental	4.6	4.8
Carbon Emissions	Environmental	4.5	4.4
Product Safety & Quality	Social	4.4	4.1
Human Rights & Community Engagement	Social	4.3	3.9
Average		**5.5**	**5.3**

Figure 1: Financial Materiality Assessment Results

Average Financial Materiality Score: 5.5
Average Weighted Financial Materiality Score: 5.3

4 Risk–Opportunity Financial Materiality Matrix

The assessment further evaluated sustainability-related risks and opportunities using a Risk–Opportunity Financial Materiality Matrix, plotting:

- Risk Materiality on the X-axis
- Opportunity Materiality on the Y-axis

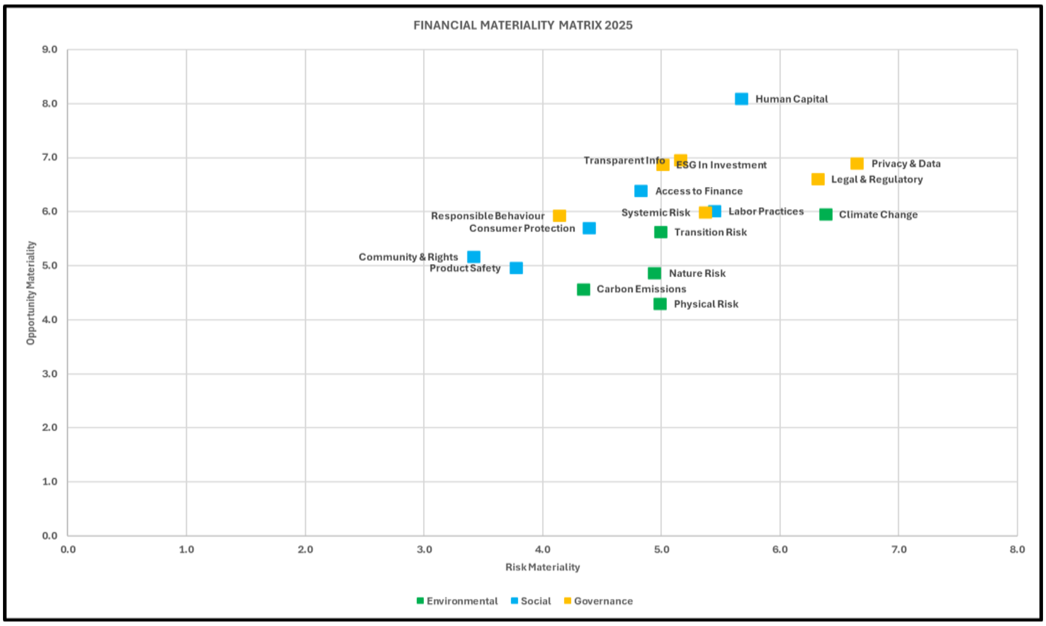

Figure 2: Overview of Financial Materiality Matrix

The matrix demonstrates that:

- Human Capital Development
- Privacy & Data Security
- Legal & Regulatory Management
- Climate Change Vulnerability

represent the Group's most financially significant sustainability priorities.

These topics exhibit elevated potential to affect:

- Enterprise value
- Financial resilience
- Operational continuity
- Regulatory standing
- Strategic competitiveness

4.1 Enterprise Value Transmission Pathways

To support a clear understanding of how the Group's most financially material sustainability topics affect enterprise value, the table below synthesises the key transmission pathways through which these topics influence financial performance and resilience. This mapping consolidates existing assessment insights into a concise, decision-useful view aligned with the objectives of IFRS S1 and IFRS S2 disclosures.

Financially Material Topic	Primary Value Transmission Mechanism	Most Sensitive Financial Dimension
Human Capital Development	Capability depth determines underwriting quality and risk selection effectiveness across jurisdictions	Underwriting margin, loss ratios, operating efficiency, long-term profitability
Privacy & Data Security	Digital resilience underpins business continuity, regulatory compliance, and stakeholder trust	Operating costs, revenue stability, regulatory exposure
Legal & Regulatory Management	Regulatory compliance determines licence retention, market access, and capital efficiency	Solvency position, capital requirements, growth optionality
Climate Change Vulnerability (IFRS S2)	Climate volatility affects claims experience, portfolio risk profile, and asset valuation	Claims volatility, investment performance

Table 1: Enterprise Value Transmission Pathways

5 Most Financially Significant Sustainability Topics

5.1 Human Capital Development

- Financial Materiality Score: 6.9
- Weighted Financial Materiality Score: 6.4

Human Capital Development emerged as the Group's most financially material sustainability topic.

As a specialist reinsurance institution operating across multiple jurisdictions, the Group's financial performance and resilience are significantly dependent on:

- Underwriting expertise
- Actuarial capability
- Risk analytics capacity
- Leadership effectiveness
- Technical workforce stability

- Operational continuity

The topic is therefore directly linked to:

- Competitive advantage
- Underwriting quality
- Decision-making capability
- Long-term strategic resilience

5.2 Privacy & Data Security

- Financial Materiality Score: 6.8
- Weighted Financial Materiality Score: 6.7

Privacy and Data Security represent a major governance and operational priority for the Group.

Increasing digitisation, cross-border data management, cyber threats, and regulatory expectations create elevated exposure to:

- Operational disruption
- Cyber incidents
- Regulatory sanctions
- Reputational damage
- Loss of stakeholder confidence

The topic is financially material due to its potential impact on:

- Business continuity
- Cedant confidence
- Regulatory compliance
- Investor trust
- Enterprise resilience

5.3 Management of the Legal & Regulatory Environment

- Financial Materiality Score: 6.5
- Weighted Financial Materiality Score: 6.4

Operating across diverse African and international jurisdictions exposes the Group to:

- Regulatory change
- Compliance obligations
- Licensing requirements
- Supervisory actions
- Legal and jurisdictional risk

Regulatory breaches or adverse supervisory developments may materially affect:

- Market access
- Capital requirements
- Financial performance
- Reputation
- Strategic growth opportunities

Accordingly, regulatory governance remains a core financial and strategic priority for the Group.

5.4 Climate Change Vulnerability (IFRS S2)

- Financial Materiality Score: 6.2
- Weighted Financial Materiality Score: 6.3

Climate-related risks represent a significant financial consideration under IFRS S2.

The Group recognises that climate change may increasingly affect:

- Catastrophe and weather-related claims
- Underwriting volatility
- Asset valuations
- Insurance affordability
- Economic stability across operating markets

Climate-related financial risks may arise through:

- Increased frequency and severity of extreme weather events
- Economic disruption
- Portfolio sensitivity
- Regulatory transition pressures

- Market and investment shifts

6 Climate and Nature-Related Financial Risks (IFRS S2)

6.1 Climate and Nature Risk Profile

Climate & Nature Topic	Financial Materiality Score
Climate Change Vulnerability	6.2
Transition Risk Exposure	5.3
Nature Risk Exposure	4.9
Physical Risk Exposure	4.6
Carbon Emissions	4.5

Table 2: Climate and Nature Risk Profile

6.2 Climate and Nature Risk Interpretation

6.2.1 Transition Risks

Transition risks arise from:

- Policy changes
- Climate regulation
- Carbon transition pressures
- Investor expectations
- Market adjustments toward low-carbon economies

6.2.2 Physical Risks

Physical risks relate to:

- Flooding
- Drought
- Extreme weather events
- Infrastructure disruption
- Climate variability affecting insured portfolios

6.2.3 Nature-Related Risks

The Group recognises that ecosystem degradation, biodiversity loss, deforestation, land degradation, and changing natural capital conditions may increasingly affect:

- Agricultural and ecological systems
- Economic resilience
- Insurance portfolio performance
- Long-term financial stability

Nature and carbon-related risks currently demonstrate moderate direct financial materiality but are expected to increase over time due to:

- Emerging regulation
- TNFD-related expectations
- Investor scrutiny
- Sustainability market developments

These risks are progressively integrated into:

- Enterprise Risk Management
- Underwriting governance
- Investment oversight
- Strategic planning processes

The Group is progressively enhancing climate scenario analysis and catastrophe stress testing capabilities in alignment with IFRS S2 expectations.

7 Governance and Market Conduct Topics

7.1 Financially Material Governance Topics

Topic	Financial Materiality Score
Transparent Information & Fair Advice for Customers	6.1
ESG Integration in Investment Management	5.9
Systemic Risk Management	5.7

Table 3: Financially Material Governance Topics

These topics directly influence:

- Market credibility
- Stakeholder confidence
- Funding access

- Reinsurance relationships
- Cost of capital
- Solvency resilience

Strong governance practices remain critical to sustaining long-term enterprise value and maintaining regulatory and market confidence.

8 Social and Consumer-Related Topics

8.1 Financially Material Social Topics

Topic	Financial Materiality Score
Labour Practices	5.7
Access to Finance	5.6
Consumer Financial Protection	5.0
Policies Designed to Incentivize Responsible Behavior	5.0

Table 4: Financially Material Social Topics

While some topics demonstrate moderate financial materiality relative to higher-priority areas, they remain strategically significant for:

- Brand reputation
- Customer trust
- Workforce stability
- Regulatory alignment
- Long-term operational resilience

9 Lower Financial Materiality but Strategically Relevant Topics

The following topics scored below the Group's primary financial materiality threshold but remain strategically relevant for long-term sustainability performance and stakeholder expectations:

- Nature Risk Exposure (4.9)
- Product Safety & Quality (4.4)
- Carbon Emissions (4.5)
- Human Rights & Community Engagement (4.3)

These topics continue to be monitored through:

- Governance frameworks
- Sustainability oversight
- ERM integration
- Strategic risk monitoring processes

10 Linkage to Risk Management and Strategy

Consistent with IFRS S1, financially material sustainability-related risks and opportunities are integrated into the Group's:

- Enterprise Risk Management framework
- Strategic planning processes
- Underwriting governance
- Investment decision-making
- Capital management processes

The assessment also supports:

- Board oversight
- Sustainability governance
- Risk appetite development
- Long-term resilience planning

Climate-related risks identified under IFRS S2 are progressively incorporated into:

- Scenario analysis
- Stress testing
- Solvency assessments
- Capital adequacy reviews
- Portfolio management
- Investment governance

11 Conclusion

The 2025 Financial Materiality Assessment confirms that sustainability-related risks and opportunities are financially relevant to WAICA Re's enterprise value, operational resilience, underwriting performance, solvency position, and long-term strategic sustainability.

The assessment identified Human Capital Development, Privacy & Data Security, Legal & Regulatory Management, and Climate Change Vulnerability as the Group's most financially significant sustainability-related matters.

The assessment further demonstrates the increasing significance of:

- Climate-related financial risk
- Governance resilience
- Digital and cyber risk management
- Human capital capability
- Sustainable investment governance

This assessment provides a robust foundation for IFRS S1- and IFRS S2-aligned disclosures and supports the Group's commitment to transparent, decision-useful, and internationally aligned sustainability reporting.

The assessment results were reviewed by senior management and incorporated into the Group's sustainability and enterprise risk governance processes.

12 Appendix 1: Financial Materiality Mitigation Measures

SN	MATERIAL TOPIC	RISK MATERIALITY	OPPORTUNITY MATERIALITY	FINANCIAL MATERIALITY	MANAGEMENT ACTIONS (CURRENT)	STRATEGIC ACTION (MEDIUM-LONG TERM)
1	**Human Capital Development**	5.7	8.1	6.9	• Leadership and succession planning discussions incorporated into HR governance processes • Performance management and staff capability reviews conducted across business units • Ongoing technical underwriting and actuarial training programmes across the Group	• Establish a Group-wide ESG, climate risk, and quantitative risk capability • Develop digital and data analytics competency frameworks across operations • Implement long-term leadership pipeline and specialist talent retention strategy
2	**Privacy & Data Security**	6.6	6.9	6.8	• Cybersecurity monitoring and IT access controls implemented across systems • Internal audit reviews conducted on information security and operational controls • Data protection and governance oversight integrated into compliance monitoring	• Deploy enterprise-wide cyber resilience and threat intelligence systems • Strengthen AI-enabled cyber monitoring and incident response capabilities • Develop integrated Group data governance and privacy management framework
3	**Management of the Legal &**	6.3	6.6	6.5	• Ongoing monitoring of regulatory obligations across operating jurisdictions	• Develop integrated regulatory intelligence and horizon-scanning capability

	Regulatory Environment				• Legal and compliance reviews conducted on licensing and supervisory matters • Engagement maintained with insurance regulators and supervisory authorities	• Enhance cross-border compliance governance and reporting structures • Strengthen automated compliance monitoring and regulatory reporting systems
4	**Climate Change Vulnerability**	6.4	5.9	6.2	• Climate-related risks incorporated into ERM and sustainability discussions • Monitoring of catastrophe exposure and weather-related underwriting trends • Climate-related disclosures progressively aligned with IFRS S2 expectations	• Expand climate scenario analysis and catastrophe stress testing models • Integrate climate-adjusted underwriting and portfolio risk analytics • Develop climate resilience and adaptation strategy for underwriting portfolios
5	**Transparent Information & Fair Advice for Customers**	5.2	7.0	6.1	• Governance oversight maintained over customer communication practices • Monitoring of market conduct and disclosure obligations undertaken • Customer engagement and transparency processes maintained across operations	• Enhance sustainability-linked stakeholder communication frameworks • Develop customer transparency and disclosure enhancement initiatives • Strengthen digital customer engagement and responsible disclosure practices
6	**Incorporation of ESG Factors in Investment Management**	5.0	6.9	5.9	• ESG considerations discussed within investment governance processes	• Develop formal responsible investment and sustainable finance framework

					• Sustainability-related risks monitored within investment oversight activities • Investment decision-making incorporates evolving sustainability considerations	• Integrate ESG screening into strategic investment allocation processes • Explore green, climate-resilient, and sustainability-linked investment opportunities
7	**Labor Practices**	5.4	6.0	5.7	• Existing HR policies and workforce governance frameworks maintained • Employee engagement and welfare initiatives implemented across operations • Staff grievance and workplace conduct procedures operational	• Strengthen workforce wellbeing and employee resilience programmes • Enhance diversity, equity, and inclusion strategy across the Group • Develop long-term workforce retention and talent sustainability framework
8	**Systemic Risk Management**	5.4	6.0	5.7	• Enterprise Risk Management framework actively implemented across the Group • Risk appetite monitoring and solvency oversight regularly conducted • Internal risk reporting and governance reviews maintained	• Advance quantitative risk analytics and enterprise-wide stress testing • Integrate emerging ESG and climate risks into capital modelling frameworks • Enhance scenario analysis capabilities for systemic and macroeconomic risks
9	**Access to Finance**	4.8	6.4	5.6	• Capital adequacy and liquidity positions actively monitored • Ongoing engagement maintained with financial institutions and stakeholders	• Strengthen sustainable finance and blended finance positioning • Expand access to long-term strategic capital partnerships

					• Investment governance and treasury oversight processes operational	• Enhance capital resilience and investment diversification strategy
10	**Transition Risk Exposure**	5.0	5.6	5.3	• Monitoring of sustainability regulations and policy developments undertaken • Assessment of market transition trends incorporated into sustainability reviews • Emerging climate-related transition risks discussed within governance processes	• Develop low-carbon transition readiness framework • Integrate transition risk metrics into underwriting and investment decisions • Strengthen climate-related financial risk modelling capabilities
11	**Consumer Financial Protection**	4.4	5.7	5.0	• Governance oversight maintained over customer-related operational practices • Monitoring of customer complaints and market conduct issues undertaken • Existing compliance controls support responsible insurance practices	• Strengthen customer protection governance framework • Develop enhanced responsible insurance and fair treatment principles • Improve digital customer service and claims transparency mechanisms
12	**Policies Designed to Incentivize Responsible Behavior**	4.1	5.9	5.0	• Existing ethics, compliance, and governance policies maintained • Staff awareness initiatives conducted on governance and responsible conduct • Internal controls support accountability and ethical decision-making	• Integrate ESG-linked incentives into performance management systems • Develop sustainability accountability metrics across business units • Strengthen governance culture and responsible business conduct frameworks

13	**Nature Risk Exposure**	4.9	4.9	4.9	• Nature-related risks identified within sustainability and ERM discussions • Monitoring of environmental and ecological developments undertaken • Sustainability governance considers emerging biodiversity-related concerns	• Develop nature-risk assessment framework aligned with TNFD developments • Integrate biodiversity and ecosystem considerations into risk assessments • Explore nature-positive insurance and investment opportunities
14	**Physical Risk Exposure**	5.0	4.3	4.6	• Monitoring of catastrophe exposure and climate-sensitive portfolios undertaken • Weather-related underwriting trends tracked within risk management processes • Operational resilience considerations incorporated into ERM reviews	• Enhance geographic exposure analytics and catastrophe modelling • Strengthen physical climate risk stress-testing capabilities • Develop resilience-focused underwriting and portfolio diversification strategies
15	**Carbon Emissions**	4.3	4.6	4.5	• GHG emissions data collection and reporting processes established • Monitoring of operational emissions undertaken across reporting entities • Sustainability reporting aligned progressively with evolving disclosure standards	• Implement long-term decarbonisation and emissions reduction roadmap • Pursue SBTi-aligned baseline validation and emissions management improvements • Explore renewable energy and operational efficiency opportunities

16	**Product Safety & Quality**	3.8	5.0	4.4	• Product governance and underwriting review mechanisms maintained • Existing quality assurance processes applied to insurance solutions • Operational oversight supports product integrity and service delivery	• Develop sustainability-linked insurance and resilience products • Enhance innovation and product governance capabilities • Integrate customer-centric quality improvement initiatives into product development
17	**Human Rights & Community Engagement**	3.4	5.2	4.3	• Community engagement activities maintained within operating jurisdictions • Existing governance frameworks support ethical business conduct • Stakeholder considerations incorporated into sustainability discussions	• Develop formal social impact and stakeholder engagement framework • Strengthen community resilience and sustainability partnership initiatives • Enhance human rights due diligence and responsible business practices