

# WAICA Re Group Decarbonisation Strategy Statement

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## Public Policy Statement

## Our Climate Commitment

WAICA Re recognises that climate change presents physical and transition risks to economies, communities, insurance markets, investment portfolios and the Group's operations. WAICA Re is committed to strengthening climate resilience, managing climate-related financial risks and supporting an orderly and inclusive transition towards a lower-carbon economy.

The Group's approach combines operational emissions reduction, climate-risk integration, responsible investment, sustainable insurance, stakeholder engagement and the progressive improvement of financed and underwriting-associated emissions measurement.

WAICA Re's near-term climate targets have been developed using science-based principles. The Group's longer-term ambition supports the objectives of the Paris Agreement, while recognising the need for a gradual and manageable transition that reflects data maturity, market readiness and the development needs of the markets in which the Group operates. The 2025 Sustainability and Climate Risk Report describes this as a staged pathway towards a Paris-aligned net-zero ambition in 2050.

WAICA Re supports the objectives of the Paris Agreement and seeks to contribute to efforts to limit global temperature rise to well below 2°C above pre-industrial levels while pursuing efforts to limit warming to 1.5°C.

WAICA Re's decarbonisation approach is implemented alongside its broader commitments under the Principles for Sustainable Insurance (PSI), climate-risk management framework and sustainability strategy.

## Climate Targets

### SBTi-Validated Near-Term Operational Target

Using 2023 as the base year, WAICA Re has an approved near-term science-based target to reduce absolute Scope 1 and Scope 2 greenhouse-gas emissions by **55% by 2033**.

The Group will pursue this target through measures that may include:

- Energy-efficiency improvements.
- Responsible electricity and fuel consumption.
- Renewable-energy opportunities where practicable.
- Digitalisation and reduced paper use.
- More efficient business travel and virtual collaboration.
- Sustainable facilities and procurement practices.
- Improved emissions data, monitoring and internal controls.

The target will be monitored against the approved base year, and progress will be reported through the Group's sustainability disclosures.

## Near-Term Portfolio Target

Using 2023 as the base year, WAICA Re has an approved near-term target to increase the proportion of its listed equity portfolio, by invested value, allocated to investees with validated science-based targets to approximately **35.3% by 2029**.

The target is a portfolio-coverage target. It should not be interpreted as an absolute financed-emissions reduction target or as evidence that the entire investment portfolio is covered by an SBTi-validated target.

WAICA Re seeks to advance this target through appropriate investment analysis, engagement with investees, consideration of climate-alignment information and progressive improvements in portfolio data.

## Paris-Aligned 2050 Ambition

WAICA Re's ambition is to progress towards net-zero alignment by 2050 in a manner consistent with the objectives of the Paris Agreement.

For its investment portfolio, the Group's long-term objective is to work towards full portfolio alignment by increasing allocation to, and engagement with, investee companies that are aligned or aligning with credible science-based emissions-reduction pathways.

**The 2050 ambition is a strategic climate objective and is not currently an SBTi-approved or SBTi-validated net-zero target.** Any future submission for SBTi net-zero validation will be subject to the applicable SBTi requirements, formal governance approval and public disclosure.

SBTi currently maintains separate frameworks for financial institutions' near-term and net-zero targets. Existing near-term target validation should therefore not be presented as validation of a financial institution's net-zero target.

## Financed Emissions

WAICA Re recognises that emissions associated with investment activities may be materially greater than its direct operational footprint and that their measurement is important to credible portfolio decarbonisation.

The Group has commenced the development of financed-emissions measurement and seeks to improve:

- Portfolio data quality and completeness.
- Coverage of relevant asset classes.
- Counterparty and investee emissions information.
- Attribution methodologies.
- Documentation of assumptions and estimation uncertainty.
- Portfolio-alignment and emissions indicators.
- Controls supporting the reliability of reported information.

Financed-emissions figures will be disclosed only where the calculation boundary, methodology, coverage and data limitations can be explained clearly. Estimates may be used where appropriate, with transparency regarding their limitations.

WAICA Re will not represent an initial financed emissions estimate as complete portfolio coverage where significant asset classes, issuers or data points remain outside the calculation boundary. The Group's published report confirms that more granular financed-emissions metrics remain an area for progressive development.

## Insurance-Associated Emissions

WAICA Re recognises the emerging importance of measuring emissions associated with underwriting and reinsurance portfolios. The Group is progressively assessing appropriate data requirements and methodologies for relevant business lines.

This is a developing area. Accordingly, WAICA Re does not currently claim a complete underwriting-associated emissions inventory or an SBTi-validated underwriting net-zero target.

The Group will seek to:

- Improve the collection of relevant underwriting data.
- Develop suitable methodologies and controls.
- Assess material carbon-intensive sectors and transition risks.
- Engage cedants and brokers on emissions information where appropriate.
- Incorporate reliable emissions insights into underwriting analysis over time.
- Report progress and limitations transparently.

# Responsible Investment and Portfolio Alignment

WAICA Re integrates material environmental, social and governance considerations into investment analysis and portfolio oversight.

In support of decarbonisation, the Group seeks to:

- Assess material physical and transition climate risks.
- Consider investees' climate governance, targets, disclosures and transition plans.
- Encourage investees to adopt credible science-based targets where appropriate.
- Exercise stewardship and engagement rights where available.
- Consider green, sustainability and climate-resilience instruments that meet applicable investment criteria.
- Monitor material climate controversies and transition risks.
- Improve portfolio-alignment measurement over time.
- Maintain capital preservation, liquidity, diversification and regulatory compliance.

Investment decisions will continue to reflect fiduciary and prudential responsibilities. Climate considerations complement, but do not replace, credit, liquidity, regulatory, valuation and risk analysis.

## Coal-Related Activities

WAICA Re recognises that coal mining, coal-fired power generation and coal-related infrastructure may present elevated climate, environmental, regulatory and transition risks.

The Group applies enhanced, risk-based consideration to relevant coal-related investment and reinsurance opportunities. Assessment may consider:

- The nature and scale of the activity.
- Applicable laws and sanctions.
- Environmental and social impacts.
- Transition risk and potential asset stranding.
- The counterparty's climate governance and transition plan.
- Availability of lower-carbon alternatives.
- The economic and energy-security context.
- The credibility of emissions-reduction or retirement commitments.
- The Group's risk appetite and prudential obligations.

WAICA Re has not, through this Statement, adopted or announced a blanket global exclusion, quantitative revenue threshold or fixed phase-out year for all coal-related activities. Any future restriction, exclusion or phase-out commitment will require formal approval, operational assessment and public disclosure.

WAICA Re periodically reviews sector-specific climate risks and may introduce enhanced requirements, restrictions or exclusions for selected activities where justified by evolving climate science, regulation, portfolio risk considerations or stakeholder expectations.

## **Unconventional Oil and Gas Activities**

WAICA Re recognises that tar sands, shale oil and gas, Arctic oil and gas, liquefied natural gas and ultra-deep-water oil and gas may have differing environmental, social, geopolitical and transition-risk profiles.

Where relevant, these activities will be assessed through the Group's investment, underwriting, ESG and risk-management processes. Considerations may include:

- Operational and environmental risks.
- Greenhouse-gas intensity.
- Methane and pollution risks.
- Biodiversity and ecosystem impacts.
- Community and human-rights considerations.
- Regulatory developments.
- Transition planning.
- Economic significance and energy-access considerations.
- Risk-management controls.
- Availability and quality of relevant disclosure.

WAICA Re periodically reviews sector-specific climate risks and may introduce enhanced requirements, restrictions or exclusions for selected activities where justified by evolving climate science, regulation, portfolio risk considerations or stakeholder expectations.

## **Decarbonisation Levers**

WAICA Re's principal decarbonisation levers are:

- Reducing operational Scope 1 and Scope 2 emissions.
- Improving energy and resource efficiency.
- Increasing the use of appropriate renewable-energy solutions.
- Applying responsible procurement practices.
- Progressing the approved portfolio-coverage target.
- Engaging investees, cedants, brokers, suppliers and other counterparties.
- Integrating climate risk into underwriting and investment decisions.
- Supporting appropriate green and climate-resilience solutions.
- Strengthening financed and insurance-associated emissions measurement.
- Enhancing climate data, internal controls and public reporting.

The Group prioritises emissions avoidance and reduction. Any use of environmental attributes or carbon credits will be approached cautiously and will not substitute for reasonable efforts to reduce emissions within the relevant value chain.

## **Governance, Review and Disclosure**

Ultimate accountability for the Decarbonisation Strategy rests with the Board of Directors, supported through the Group's sustainability, risk management, underwriting and investment governance processes.

The Group will monitor:

- Progress against the 2033 operational target.
- Progress against the 2029 listed-equity portfolio target.
- Scope 1 and Scope 2 emissions.
- Development of relevant Scope 3 information.
- Financed-emissions coverage and data quality.
- Development of insurance-associated emissions methodologies.
- Climate-related investment and underwriting practices.
- Engagement and stewardship activities.
- Changes in climate science, regulation and market practice.

WAICA Re will distinguish clearly between:

- Targets validated by SBTi.
- Targets submitted for validation.
- Internal objectives.
- Indicative pathways.
- Paris-aligned ambitions.
- Metrics still under development.

This distinction is essential to prevent overstatement and to maintain consistency with the Group's sustainability reporting.

## Public Commitment

WAICA Re is committed to implementing its approved near-term science-based targets, improving climate-related data and controls, and progressing towards its Paris-aligned 2050 ambition through a phased, prudent and transparent approach.

The Group will balance climate action with its responsibilities to maintain financial strength, claims-paying capacity, insurance-market resilience and sustainable economic development. Progress will be reviewed periodically and disclosed transparently, including relevant limitations, changes in methodology and any future target validation.