

# NAIC CLIMATE RISK DISCLOSURE SURVEY

## TCFD-ALIGNED QUESTIONS

### UPDATED 2022

#### GOVERNANCE

1. *Disclose the insurer's governance around climate-related risks and opportunities.*

*In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:*

- Identify and include any publicly stated goals on climate-related risks and opportunities.
- Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

*A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.*

*In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:*

- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

*B. Describe management's role in assessing and managing climate-related risks and opportunities.*

**The Board of Directors (the "Board") has the duty to supervise the management of the business and affairs of Sagicor Financial Company Ltd. (the "Company") and its subsidiaries. The Board, directly and through its committees and the chair of the Board (the "Chair"), shall provide direction to senior management, generally through the President and Chief Executive Officer, to pursue the best interests of the Company. The Board is responsible for the oversight of climate-related risks and opportunities but has delegated the oversight of climate-related risks to the Risk Committee of the Board.**

**From a management perspective, the Group Chief Risk Officer & Chief Sustainability Officer is responsible for managing climate-related risks and working with each of the subsidiaries to develop climate-related strategies as required.**

**As a publicly listed company on the Toronto Stock Exchange, we are not required to comply with IFRS Sustainability standards until 2025, and as such do not have publicly stated goals on climate-related risks and opportunities.**

#### STRATEGY

2. *Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.*

*In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:*

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency. \*
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. \*

*A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.*

*In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:*

- Define short, medium, and long-term, if different than 1-5 years as short term, 5-10 years as medium term, and 10-30 years as long term.

*B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.*

*In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:*

- Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

*C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.*

**As a provider of insurance products and related financial services we are highly regulated across our 19 countries of operations. Our primary focus is to ensure that we meet our policyholder obligations in the future while meeting our regulatory requirements. Where we have investment flexibility we strive to limit our exposure to the more climate-sensitive sectors such as energy (where we have less than 5% exposure).**

**Given our extensive presence in the Caribbean, we are also focused on supporting our local governments, clients, and communities to facilitate our collective transition to a climate resilient economy.**

**As a publicly listed company on the Toronto Stock Exchange, we are not required to comply with IFRS Sustainability standards until 2025, and as such are in the process of implementing the tracking of GHG emission in our operations to meet the IFRS S2 requirements.**

## **RISK MANAGEMENT**

*3. Disclose how the insurer identifies, assesses, and manages climate-related risks.*

*In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:*

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk. \*
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable. \*
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered. \*

*A. Describe the insurers' processes for identifying and assessing climate-related risks.*

*In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:*

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed. \*

*B. Describe the insurer's processes for managing climate-related risks.*

*C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.*

*In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:*

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

**Sagicor is exposed to several risks that are inherent in our business activities. Enterprise Risk Management (ERM) provides the framework under which all risk management activities across Sagicor are coordinated. The ERM sets clear responsibilities for identifying, assessing, measuring, mitigating, monitoring, and reporting risks, and is based on the following elements: i) governance and culture; ii) strategy and objective setting; iii) performance; iv) review and revision; and v) information, communication, and reporting. Our ERM is designed to both challenge and enable our organization to understand the risks we face, selectively take risks by optimizing the relationship between risk and reward, and effectively managing these risks to ensure we achieve our overall profitability goals and sustain our long-term financial viability.**

**Responsibility for ERM permeates throughout our organization, using a three lines of defense governance model. Business and functional units are responsible for monitoring and managing risks within their respective areas. The responsibilities of our ERM teams include but are not limited to: selecting and/or developing adequate ERM tools and techniques; oversight over all key ERM activities; ensuring consistent ERM definitions, concepts, and terminology; acting as a central clearing house for coordinating ERM information; monitoring individual and enterprise risk exposures; and, providing key ERM information to the Board and/or Board Committees (both Group and subsidiary level).**

**Certain countries or regions where we operate are more susceptible to extreme weather-related events, such as hurricanes, earthquakes, and tropical storms. We have established Business Continuity plans and processes across the organization which we follow in the event of disaster or business disruption. These processes are frequently reviewed and enhanced. Recent hurricane in the summer of 2024 had very limited impact to our operations.**

**Mortality and morbidity risk is the risk that future experience could be unfavourable relative to the assumptions used in the pricing and valuation of our products. Mortality and morbidity risk can arise in the normal course of business through random fluctuations in realized experience, through catastrophes, as a result of a pandemic, extreme-weather events, or in association with other risk factors such as product development and pricing risk. Adverse mortality and morbidity experience could also occur through systemic anti-selection, which could arise due to poor plan design or underwriting process failure among other factors. Several external factors could adversely affect our life, health, critical illness, disability, and long-term care insurance businesses as well as our annuity businesses.**

**Longevity risk is the potential losses arising from adverse changes in mortality rates relative to the assumptions used in the pricing and valuation of our products. The risk could manifest itself slowly over time as socioeconomic conditions improve and medical advances continue, as a result of a prolonged adverse impact of climate change, or more rapidly through medical developments that extend life expectancy. Longevity risk affects contracts where benefits or costs are based upon the likelihood of survival and higher than expected improvements in insured life expectancy could therefore increase the ultimate cost of these benefits.**

**We conduct stress tests on our insurance risk variables, and incorporate various economic scenarios in our enterprise stress testing efforts.**

**At this time, we don't view climate-risks material to our organization.**

## METRICS AND TARGETS

4. *Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.*

*In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:*

- Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

*A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.*

*In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:*

- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.

*B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.*

*C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.*

\* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.

<b>As a publicly listed company on the Toronto Stock Exchange, we are not required to comply with IFRS Sustainability standards until 2025, but we are currently working on the development of climate-related metrics and targets in preparation for that deadline.</b>
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