

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 Accredited Insurance Holding Group's ("the Group's") overall approach (including for its subsidiaries) to the management of climate change is underpinned by the requirements of the Task Force for Climate-related Financial Disclosures (TCFD).

Overall accountability for the management and oversight of climate change risks rests with the Board of Directors of the ultimate parent company. The Group Chief Financial Officer has overall accountability at Board level for oversight of TCFD (Task Force for Climate related Financial Disclosures) readiness, while the Chief Risk Officer has day to day responsibility.

As previously reported, prior to Q2 2019, the process was informal, and the Group risk management function collected information on climate change and other emerging risks by way of horizon scanning and its periodic discussions with senior management. Reporting was by exception.

Climate change has now been incorporated into the overall risk management framework as part of the Group's emerging risk framework, reporting its findings to the Group Risk and Compliance Committee and relevant subsidiary company committees via the regular CRO reports.

In addition, a TCFD Working Group has been formed, headed by the Chief Risk Officer which is responsible for designing, overseeing, implementing and improving the risk management framework. The TCFD Working Group also reports to the wider Group ESG Working Committee.

Climate change risks were originally identified through a series of workshops and "deep dives" of the emerging risks focus group, with respective business areas to identify any potential mitigating or positive actions if required at this stage.

Further work remains in developing a risk appetite statement together with tolerances and metrics. This is expected to be completed by year-end.

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.

From a strategic and business perspective, the Group is currently addressing short-term modelling of climate change risks through its catastrophe modelling. Further work is needed to address medium to long-term risk concentrating on the Paris Agreement scenario to keep global warming to below 1-2 degrees.

For counterparty exposures, work has already commenced with the Group's Investment Managers to demonstrate their exposure to climate change in terms of both physical and transitional risks, as well as their investment practices.

From a more general business perspective, work is underway to include climate change and wider ESG requirements into both Program and Legacy due diligence as part of the on-boarding processes. Further consideration is also being given to the products offered by the MGAs in the Program business. The Group currently assesses the impact of capital through catastrophe modelling.

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.

A register of climate risks has been developed and is available to review upon request. These risks and mitigating actions are being monitored in accordance with the Group's established risk management processes and will be overseen by the ERFG. The Group risk function will include any focus in climate risk within the ERFG reports to its Group Risk and Compliance Committee and will (as mentioned above) be cascaded to local subsidiary Committees and Boards as appropriate. The risk management processes more generally are already implemented across lines of business, operations, and control functions.

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.

The TCFD Working Group is in the process of understanding the climate change risks and opportunities under a range of climate scenarios. The Group expects to report in more detail on scenario impacts for the reporting period 2024 and in future years.

As with most companies, the Group is currently reliant on third party data and models. The Group is in the early stages of developing its assessment of climate-related risks and opportunities in line with its strategy and with that the development of its own data and models.

The Group made its first disclosure in its 2022 Annual Report and Accounts. This reporting will need to evolve over time as it further understands its climate risks.