NAIC NUMBER: 31887
GROUP NUMBER:
GROUP NAME:
COMPANY NAME: Coface North America Insurance Company
LINE OF BUSINESS: Property & Casualty
YEAR: 2023
Survey form Climate Risk Survey Form (ca.gov)

Climate Risk Survey Questions:

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<tr><th colspan="2">Questions</th><th>Response</th></tr>
<tr><td>Governance</td><td>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.</td><td>Since April 2003, Coface has committed to support the ten principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, environment and anti-corruption.

Coface Group established an environmental, social and governance action plan as part of its Corporate Social Responsibility framework. All entities within the Coface Group are expected to strive to create a better economic, social and environmental balance.

To support these efforts, Group Rules have been introduced to reduce energy consumption. The Coface Group Policy addresses reduction in the use of paper, general use transportation considerations as it relates to public transportation as well as the use to video conferencing and conference calls to reduce air transportation. Annually, each entity’s effort to reduce its impact on the environment is tracked and reported.

As noted in 2023 Universal Registration Document, the Coface Corporate Responsibility approach has been structured around three pillars (based on the United Nations’ Sustainable Development Goals (SDGs)):
A Responsible Insurer that harnesses its core businesses to contribute to a better world – includes goals to improve ESG criteria in the investment portfolio management, integrate CSR into commercial policy, strengthen CSR requirements in procurement policy.
A Responsible Employer that takes into account Coface’s social and societal impact embracing the development and engagement of employees –</td></tr>
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		includes goals to roll-out diversity and inclusion initiatives, to support employee engagement and development, and to contribute to local communities. • A Responsible Enterprise that works to actively reduce its environmental footprint – includes goals related to assessing full carbon footprint, developing a reduction plan and trajectory to contribute to carbon neutrality by 2050, and support employee networks across the world. The three pillars are underpinned by a foundation called "driving the culture", aimed at structuring the Group's ESG approach and developing a solid responsible culture among all Coface stakeholders through a communication plan. In 2021 Coface created the position of Group CSR Manager who reports directly to the Group General Secretary & General Counsel. The role of the Group CSR Manager is to enhance Coface's CSR strategy and roll it out in coordination with the various departments. The Group CSR Manager also attends Group Risk Committee Meetings to ensure ESG issues are properly taken into account. To further structure governance, a Group CSR Committee has been created, which includes all Executive members. The Committee met for the first time in October 2022 with the mandate to make sure that the company is compliant with current regulations and discuss Coface's social, societal and environmental ambitions and progress of topics at each level of the organization. The role of the Group CSR Committee is to coordinate Group and regional initiatives while steering Coface's environmental and social ambitions and progress at each level of the organization. The BOD is regularly informed about the CSR strategy and monitors the progress of the initiatives launched in this context. Additionally, each region has appointed a CSR champion whose role is to communicate on the CSR strategy within their region and to collect ideas or questions from employees. Th champions also organize awareness-raising initiatives or

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		workshops in the regions, work together with the Communication Department and regional management, and help with the implementation of the emissions reduction plan in the regions. In 2023, Coface joined the Net-Zero Asset Owners Alliance (NZAOA – launched in 2019 by UN) to strengthen its commitment to environment and signed Principles of Responsible Investment (PRI) in line with Paris Agreements aimed at limiting global warming to 1.5^{0}C by the end of the century. NZAOA is a group of international institutional investors committed to moving their investment portfolios towards carbon neutrality by 2050. The PRI is a global initiative also launched by UN encouraging companies to adopt environmental issues into their investment practices. In joining the Net-Zero Asset Owner Alliance, Coface commits to: • Actively manage its investment portfolio by engaging the 20 main contributors to emissions to reduce their carbon footprint • Reduce the carbon footprint of its investment portfolio by 30% by 2025 and by at least 40% by 2030 (compared to 2020) • Demonstrate progress in financing the energy transition to the Alliance These commitments mark a new step in the environmental strategy of Coface, which has already reviewed its credit insurance underwriting policy to exclude new policies designed primarily to insure the sale of oil and natural gas, underwritten by financial institutions or covering a single buyer. These exclusions are in addition to those for coal-related activities, which have already been in place for many years. Coface also continues to support long-term ESG projects through its Single Risk insurance solutions.
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 2022, Coface carried out a global carbon assessment forming the basis for the development of an action plan to reduce emissions.

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	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.	Coface's carbon footprint was based on its GHG emissions in 2019, considered as the most representative year for Coface's pre-Covid business activities. The assessment was performed in collaboration with Goodwill Management, an agency certified by the Bilan Carbone methodology published by the French Environment and Energy Management Agency (ADEME). This methodology assesses all the greenhouse gases defined by the IPCC directly and indirectly generated by a company's business activities. These emissions are calculated in several categories (Scope 1, Scope 2 and Scope 3): • Scope1: emissions generated directly by the company, • Scope2: emissions generated indirectly by electricity and heat purchased and consumed by the company, • Scope3: other direct emissions (purchases of services and goods, employee travel, investments, use of Coface credit insurance products, etc.). Coface's carbon assessment takes into account all three scopes and to take account of impact of its financial flows, focuses on its main business, credit insurance, accounting for nearly 90% of premium income. Operations include emissions generated by upstream Coface activities and the credit insurance activities themselves: • purchases, • transport (passengers), • energy and capital goods (scopes 1,2, and 3), • items related to freight and waste are considered immaterial (between 0% and 0.1% of the carbon footprint). Regarding the downstream component of the carbon footprint for companies in the financial sector, the methodology takes into account the direct financial support provided by the company. Consequently, investments and compensation paid to clients (reflecting the use of Coface's credit insurance products) were included when calculating the indirect greenhouse gases emitted by Coface's financial flows. To measure the emissions generated by the financial flows of compensation, Goodwill Management has adapted the Bilan Carbone methodology, mapping financial flows by sector and country. A methodology developed by Carbone4 firm was then

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		applied to eliminate most of the double counts in Scope 3 of emissions related to financial flows. The Carbon Impact Analytics methodology is used to quantify emissions related to energy consumption across the entire value chain by removing repeated counts from the same energy source. To measure GHG emissions related to investments, Coface relied on the data provided by its asset manager, Amundi. The latter's results are more granular and its methodology more adapted to the various types of assets, though with a limited coverage rate (40% of the portfolio) and a limited consideration of Scope 3 emissions (Scope 3 of Tier 1), stemming from the maturity of existing measurement tools. More than 50 contributors contributed to the data collection phase in 11 countries (France, Germany, Italy, Spain, the United Kingdom, Romania, Austria, the Netherlands, Morocco, the United States, Poland); each one was required to submit the exhaustive data necessary for measuring the carbon footprint. GHG emissions from other countries were extrapolated to the entire group based on their contribution to 2019 revenue, for financial items, and the country's share of the total headcount, for employee-related items (IT equipment, commuting, etc.). The carbon assessment was introduced with the aim of implementing a Group decarbonisation strategy based on a regular update of this assessment. A new carbon assessment will be carried out in 2024 in respect of 2023 to assess the impact of actions implemented since the beginning of the plan. A further assessment will be made in 2026 in respect of 2025 to assess whether the commitments made have been achieved. In 2022, an emissions reduction plan has been developed in collaboration with Coface's various departments. The plan is naturally structured around the three categories: • Investments: Coface joined the Net Zero Asset Owner Alliance (NZAOA) in 2023 and is committed to ensuring the transition of its investment portfolio to carbon neutrality by 2050. Coface has approved decarbonization targets of -30% by 2025, -40% and -60% by 2030 based on 2020 for listed equities and corporate bonds, Scopes 1 and 2 (as set out in NZAOA approach). To that end, Coface

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		plans to annually engage the main carbon contributors to its portfolio, set specific climate targets and monitor their conclusions. • Use of Coface Credit Insurance Products (reflected in compensation): In 2022, Coface committed to reducing emissions related to use of its credit insurance products (reflected in compensation) by 7% between 2019 and 2025. This reduction action plan was based on a twofold strategy: - The commitment of clients to reduce their emissions, - The revision of its commercial exclusion policy. In 2023, Coface strengthened its commercial exclusion policy, in particular excluding new credit insurance policies aimed primarily at insuring the sale of oil and natural gas taken out by financial institutions or covering a single buyer. Credit insurance-related GHG reduction targets will be gradually reassessed in the coming years and accompanied by the development of appropriate tools. • Operations: The carbon footprint of all Coface's operations in 2019 amounted to 42,762 tCO_2 eq, or 9.6 tCO_2 eq per employee. This carbon assessment forms the basis of the plan to reduce operations developed in close collaboration with Coface's various departments. In 2022, emission reduction workshops were organized at the Group level with the IT, Human Resources, Management Facilities and Procurement Departments. They were accompanied by digital and physical workshops open to employees in the regions, the aim being to collectively discuss all possible reduction initiatives and engage all employees in a reduction approach. Drawing on these results, Coface aims to reduce its GHG emissions from operations by 11% between 2019 and 2025 and contribute to carbon neutrality by

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		2050 despite estimated growth in revenue and the growing number of employees. Starting in 2030, the figures will be positioned on a Science Based Target initiative (SBTi) trajectory such that the entire roadmap contributes to carbon neutrality by following a trajectory limiting global warming to 1.5°C above the pre-industrial period, in accordance with the Paris Agreement. For its 2023 carbon assessment, Coface will seek to refine the data collected in order to avoid the use of financial ratios as much as possible and favor physical data (e.g. number of emails sent and average weight of an email or total volume of data on its servers, rather than the amount spent on Outlook licenses) with much higher certainty rates. This will serve to enrich the action plan with finer data and provide a greater number of quantitative objectives, notably for Purchasing and IT. To facilitate the management of this CSR strategy and Coface's progress regarding its CSR commitments, the Group sought to implement a data collection tool in 2023. During the implementation of the tool, the reporting practices of recent years were reviewed with a view to challenging and improving them. Workshops were organized with various contributors, to review the relevant indicators for Coface, propose more granular indicators where possible, and harmonize data collection practices across countries and calculation methodologies, particularly between the annual report and the calculation of the carbon footprint. The tool was also designed to start preparing for the new CSRD regulation, with the GHG protocol methodology that will be followed for the next carbon review. Guidelines have thus been defined and included in the reporting protocol as well as in the data collection tool, as an input aid. Based on the next carbon footprint assessment, the regions and countries in the reporting scope will benefit from clear and personalized GHG emission reduction targets so that they can steer their action plan and progress through the tool.

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		This tool was used to collect the data presented below and automatically translate the environmental data into equivalent CO by incorporating the emission factors included in the ADEME databases. The GHGs generated by Coface's operations are divided into four categories: purchases, transport, energy and fixed assets. Purchases represent the largest category of the GHG emissions generated by Coface operations. Coface plans to accelerate the implementation of its Purchasing action plan in 2024, notably integrating into calls for tenders the engagement of its suppliers and service providers and selection criteria serving to highlight those committed to a trajectory compatible with the Paris Agreement. To reduce the impact of purchases, Coface plans to engage all its suppliers and service providers and favor those committed to a trajectory compatible with the Paris Agreement. Efforts will also be made to gradually obtain accurate figures on carbon footprint from existing suppliers. To optimize the purchase of IT services and the corresponding physical data (such as data stored in emails or servers), Coface plans to implement responsible digital practices to raise employee awareness of the social and environmental impacts of the digital industry and disseminate a set of best practices (including regular data sorting habits and a more responsible method for sharing large files). The emissions reduction plan also aims to reduce printing by 30% between 2019 and 2025 to limit the use of all the resources (paper, ink, etc.) necessary for printing. The implementation of teleworking enabled a reduction by nearly 30% by the end of 2023. The Group travel policy highlights a number of best practices aimed at raising employee awareness with regard to business travel: - opting for telephone calls or video conferences, - choosing train travel for short trips, - proposing carpooling solutions between co-workers and/or taxi sharing, - limiting printing by carrying out all procedures online (boarding pass, insurance card, etc.)

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		Coface contributes to the reduction of greenhouse gas emissions notably through its vehicle policy since 2020. Emissions related to the use of cars account for around 25% of Coface's carbon footprint in terms of operations (vehicle fleet fuel, employee commuting, business travel in cars and emissions related to the manufacture of fleet cars) but account for around 45% of Coface's action plan to reduce carbon emissions. To reduce the environmental impacts of the Coface fleet, the action plan presented last year for 2025 is underpinned by several drivers: • the maintenance of remove working 2 to 3 days per week and additionally 4 weeks/year of 100% remote working, enabling the closure of offices and the elimination of commutes during this period, • raising employee awareness of the social and environmental impacts of the use of individual vehicles to promote a shift from cars to public transport, • the drafting of guidelines for the various countries to ensure new office locations are strategically positioned to public transport access, • electrification of 10% of the vehicle fleet by 2025, • reducing the number of cars in the fleet by offering alternatives to employees (more attractive car allowances), • facilities offered to employees, in some countries, to have a small-capacity company car during the year and lease/replace their cars with a higher capacity car during holiday periods. The Group's energy consumption concerns lighting, air conditioning and heating of the premises. Electricity consumption for the charging of hybrid or 100% electric cars is included only if it cannot be isolated from the building's overall energy consumption. Between 2019 and 2015, Coface aims to reduce its GHG emissions generated by energy consumption, primarily through a 30% reduction in total office space, the optimization of offices

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		according to the number of employees on site, and the enhanced use of heating and air conditioning. Coface also plans to increase the lease term of company vehicles (+1 year) in order to maximize the vehicle use period and exceed the carbon footprint depreciation period related to their production. Coface Group has made a commitment to raising the awareness of its policyholders and prospects about relevant environmental, social and governance issues through segment-specific economic studies on its website, some of which refer to CSR issues. As is the case every year, Coface's Economic Research division published several studies in 2023 on the economic situation of emerging countries ("Country & Sector Risk Barometer" published quarterly).
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:	Climate risks are one of Coface's strategic priorities as they affect its activities at two levels (the impact of Coface's operations on the climate and the impact of climate risks on the company's operations and profitability. Although Coface's exposure to climate change risks seems limited as its business is credit insurance, the Group constantly monitors these risks as climate events are intensifying. As a credit insurance expert, Coface carries risks on companies operating in numerous countries and business sectors. As such, the environmental vulnerability of debtors that may lead to an increase in the volume of claims to be compensated is taken into account in the management of credit risk. Coface Group is exposed to changes in environmental standards and the corresponding regulations that could impact its investment activities, financial performance and reputation. Coface is required to invest part of its premiums in diversified investment vehicles to cover potential future claims. In addition to the financial risks that these investments entail, Coface may invest in environmental or socially non-responsible assets such as the shares or bonds of companies failing to comply with environmental and social criteria, as well as real estate and infrastructure projects that could harm biodiversity. These risks could lead to a significant temporary or long-term

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	• 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.	depreciation of assets and undermine the trust of Coface's partners and clients, which in turn could generate a drop in revenue, the withdrawal of investors or a negative impact on the Company's image. From an environmental point of view, two key risks for companies have been identified: • Physical risk measures the frequency of occurrence of exceptional weather events (fires, floods, storms, etc.). It depends on the country's exposure to this type of event (measured notably by taking into account long-term projections of agricultural yields, rising temperatures in the country, rising sea levels, etc.) and its sensitivity, measured by indicators of geographical, demographic and social structure (such as the share of the rural population and the population over 65, and the poverty rate) and the dependence on other countries for goods that will become rarer with climate change (share of imports in total farming produce, water and energy); • Transition risk: faced with climate risk, investors are seeking to protect the long-term value of their asset by positioning themselves as players in the ecological transition to help steer the economy towards a low-carbon model. This has resulted in a selection of entities implementing an increasing decarbonization strategy, in line with the requirements of ecological transition. Transition risk includes political risk, regulatory risk, technology risk, reputational risk and market sentiment risk (such as consumer or business preference for products or services that are less damaging to the climate). A stress test on climate risk was performed in 2023 ORSA that mainly focused on transition risk. This test confirmed that the environmental impact on Coface's solvency was not material. Certain themes in the country risk assessment overlap with ESG themes, such as assessing a country's social fragility, political risk or quality of governance. From an environmental point of view, the methodology assesses a country's sensitivity to climate shocks, measured by indicators on geographical,

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		demographic and social structure and external dependence on goods that will become rarer with climate change. Additionally, the Coface teams assess the financial risk represented by each debtor through an internal rating, the Debtor Risk Assessment (“DRA”), reflecting the likelihood of default in the short and medium term. New environmental initiatives and regulations may have a broad array of impacts: • Varying degrees of strategic reorientation; • Change in industrial process; • Change of suppliers, etc. These affects may call for substantial investment that impact Company profitability either temporarily or sustainably, at the risk of market loss or sanctions, for example. These aspects form part of the entire set of information taken into account by Coface when analyzing risk and deciding on hedging. This resilience assessment is fully integrated into financial analysis and the usual credit risk monitoring tools. As a credit insurer, Coface does not finance companies or its projects and does not intervene directly in commercial transactions between the insured party and its client. However, the outstandings guaranteed by Coface concern companies having their own environmental impact. The Coface Group has thus decided to implement a tool to measure the environmental impact of the debtors making up its guaranteed exposure. This tool subsequently enables Coface to steer its business towards more environmentally responsible activities and thereby reduce reputational risk or investor withdrawals. Coface has developed an internal system for assessing companies in the form of an “environmental” index designed to rate businesses according to their environmental impact. This assessment is imperfect for now, as no comprehensive environmental database exists for medium-sized companies, i.e. the majority of Coface’s debtors. But the assessment

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		system has the value of providing an initial measure of this impact. Coface designed the new solution with KPMG to establish a structured and documented approach able to cover the entire portfolio. The assessment comprises two aspects: • A generic rating based on the debtor's country; • A further standard rating focused on its sector of activity. Coface then combines these two ratings to produce a "standard" overall environmental rating for a debtor. To refine the assessment, a debtor-specific dimension may be added where ad hoc information is available. Coface thus separates financial analysis (including the impacts of environmental policy) from purely environmental assessment. This environmental vision is transcribed in the GBA (Green Business Assessment), which overviews the debtor portfolio and outstanding guaranteed amounts. In 2022, Coface monitored the trend in average score of the debtor portfolio, which remains stable. In 2023, Coface continued to improve the methodology by updating certain country and sector databases. Investments - Coface is exposed to changes in environmental standards and the corresponding regulations that could affect its investment activities, financial performance and reputation. Through its insurance activities, Coface is required to invest part of its premiums in diversified investment vehicles to cover potential future claims. Environmental and social impact of investments – In addition to the financial risks that these investments entail, Coface may invest in environmental or socially non-responsible assets such as the shares or bonds of companies failing to comply with environmental and social criteria, as well as real estate and infrastructure projects that could harm biodiversity. These risks could lead to a significant temporary or long-term depreciation of assets and undermine the trust of Coface's partners and clients, which in turn could generate a drop in revenue, the

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		withdrawal of investors or a negative impact on the company's image. Global Strategy and approach - Coface's investment strategy is based on two areas: • A financial framework that respects a strategic asset allocation to achieve objectives of profitability, capital consumption, and portfolio liquidity; • A socially responsible investment framework that aims to achieve a net zero trajectory by 2050. To invest available funds in investments complying with its financial risk framework, Coface called upon Amundi, the European leader in Asset Management, to which it has delegated the management of its investment portfolio since 2016. Mindful of the potential social and/or environmental impact of its investments, Coface has asked Amundi to assist with its ESG approach in this investment portfolio. Because it operates in an international environment with divergent SRI practices and standards, the Group wanted to rely on a single repository; it therefore relies on Amundi's teams to implement and calculate SRI indicators for its portfolio. Coface commercial exclusion policy reflects its determination to avoid non-ethical and/or non-responsible business activities, contribute to the Paris Agreement by withdrawing from thermal coal, and manage reputational risk. With this respect, this policy has been strengthened over the past four years and Coface has made several commitments as part both its credit insurance business and its single risk and bonding activities: • Single Risk and Bonding: - Coface has stopped providing single-risk insurance policies and bonding services for thermal coal extraction or thermal coal generation projects, - Coface does not issue policies to insure sales of thermal coal by commodity traders. • Credit Insurance: - Coface does not issue policies to insure sales of thermal coal by commodity traders or other types of companies, - Coface does not issue insurance policies to transport, freight and logistics companies seeking

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		to generate over 50% of their revenue through thermal coal. More broadly, regarding fossil fuels, in 2023 Coface decided to no longer take out new short term credit insurance policies: - Single buyer policies to ensure the sale of oil or other fossil fuels (natural gas, oil, or shale gas, etc.) or the sale of drilling/extraction equipment (related to these fossil fuels) or to cover a risk of non-payment on a debtor producing oil mainly from oil sands (*mainly* meaning more than 50% of its sales), - Policies mainly covering bunkering or the sale of jet fuel (kerosene, aviation gasoline), (*mainly* meaning more than 50% of the revenue to the insured), - Policies with a financial institution and covering receivables resulting more than 50% from the sale of oil or other fossil fuels (such as natural gas, oil, or shale gas) or from the sale of drilling/extraction equipment (related to these fossil fuels). In addition to the commercial exclusion policy, Coface decided in 2022 to roll out the resources to strengthen its support for financing and implementing long term ESG projects by delivering more single risk insurance solutions. Coface set an objective to double the budget allocated to supporting ESG projects around the world, with a view to reaching a minimum of €400 million of outstanding ESG projects by the end of 2025 (vs. mid-2022). CNAIC's investment portfolio complies with the Group investment policy and is conservative, liquid and of short – medium term duration. Climate related events will not disproportionately impact our portfolio. Climate change risk is qualitatively reviewed at least annually as part of the Emerging Risk Review. The risk of debtor insolvency can also be exacerbated by debtors' exposure to climate risk. Coface has incorporated a climate stress test as part of its annual own risk and solvency assessment (ORSA). In a scenario reflecting the risk of a

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		delayed transition to a low carbon economy, debtors operating in sectors the most exposed to transition risk (such as carbon intensive sectors) and whose financial strength is low or medium would be the most exposed. However, the share of these companies in Coface's portfolio is very low. As a result, the impact of this stress scenario on the Group's profitability and solvency is not material. (In order to reflect a maximum impact range before considering any adjustment to the risk underwriting policy, Coface followed the stress approach and calibration proposed by EIOPA).
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.	Coface implements its non-financial approach based on four pillars: • *Engagement strategy* through voting rights and dialogue with the 20 largest issuers in terms of carbon contribution. • *Exclusion and restriction strategy* to restrict, reduce or exclude issuers and sectors whose activities may not comply with Coface risk framework. Additionally, Coface relies on Amundi's ESG ratings to limit the weight of issuers with poor rating in this area. Coface complies with the Ottawa and Oslo conventions and has excluded activities -anti-personnel mines, cluster bombs, chemical weapons, biological weapons, depleted uranium weapons, and violation of one or more of the 10 Global Compact– from its investments. Coface has excluded the following activities from its investments: - companies that develop or plan to develop new mines, power plants or infrastructure relating to thermal coal, - companies with an annual thermal coal extraction greater than or equal to 70MT with no intension of reduction, - companies generating over 20% of their revenues from thermal coal extraction, - companies generating over 50% of revenue from thermal coal extraction and electricity generation from thermal coal, - companies that manufacture complete tobacco products, including cigarette manufacturers,

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	C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.	where these products generate more than 5% of revenue. - Companies generating more than 30% of their revenue from the exploration and production of the unconventional hydrocarbons (shale oil, shale gas, oil sands, etc.). Since 2017, Amundi has produced a quarterly report on the average ESG rating of Coface portfolio (A to G rating) and a breakdown of assets by ESG rating. The score is based on 37 criteria, including 16 generic criteria and 26 specific sector criteria. Of Coface's overall investment portfolio, 84.6% (+5.2 points compared with 2022) is considered to be significant from an ESG perspective. In 2023, Coface expanded its significant scope to include all money market funds. Based on the new significant scope, nearly 91% (-3.4 points compared with 2022) of the portfolio has an ESG rating. Unlisted assets remain excluded from the Coface scope as their ESG ratings are considered too subjective at this stage. Since 2018, the exclusion measures have been added to Coface's decision to refrain from investing directly in securities issued by a G-rated issuer, which is the worst rating on the Amundi scale. When an issuer's rating deteriorates to G, the investment line is immediately sold at market value. Lastly, Coface's Board of Directors decided in 2021 to limit the weight of F-rated assets to less than 3% of its rated portfolio, which is part of its restriction strategy. At December 31, 2023, this indicator stood at 0.54%, a slight improvement from last year. • *Decarbonization strategy* through committing to shrinking the carbon footprint of its listed equity and corporate bond portfolio by 30% between 2020 and 2025 (scopes 1 and 2) Coface uses Amundi's methodology to measure carbon footprint of its portfolio in three scopes: - Scope 1: all direct emissions from sources owned or controlled by the Company,

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		- Scope 2: all indirect emissions resulting from the purchase or production of electricity, steam or heat, - Scope 3: Trucost data including upstream only (gradual integration of the entire Scope 3 to come) As Scope 3 measurement is not yet fully reliable and stabilized, the NZAOA, which Coface recently joined, provides for carbon reduction commitments based solely on Scopes 1 and 2 (with the gradual incorporation of Scope 3). Coface is seeking to align with the approach developed by the Net Zero Alliance to calculate its decarbonization trajectory. In 2022, Coface raised its decarbonization target from -20% to -30% (in TCO_2/€m invested) for its listed equity and corporate bond portfolio (Scopes 1 and 2) based on 2020. In the absence of stabilized methodologies and sufficient data, investments in sovereign bonds, infrastructure and real estate assets are not affected by Coface's decarbonization objectives. At the end of 2023, the carbon footprint (scopes 1 and 2) of the listed equity and corporate bond portfolio (look-through view) in absolute value amounted to 56 tons of CO_2 equivalent per million euros invested, down 39% compared with 2020. To monitor its carbon footprint and in accordance with the French decree on the assessment of greenhouse gas emissions (BEGES), Coface also reports on Scope 3 carbon emissions for its investment portfolio. (As the measurement of Scope 3 emission is not yet fully reliable and stable, this is likely to change in future reports). At the end of 2023, the carbon footprint (Scopes 1, 2, and 3) of the listed equity and corporate bond portfolio (look-through view) in absolute value was 84 tons of CO_2 equivalent per million euros invested. • *Transition financing strategy* –Coface does not act as a direct investor in projects or financial transactions (but instead in dedicated funds or mandates). However, it is working to integrate energy transition financing into its portfolio (renewable energies, energy

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		efficiency) by communicating the weight of its green bonds. These “green” bonds, which finance projects with an environmental impact, comply with the common framework of the Green Bond Principles. In accordance with regulatory requirements, Coface also publishes information on eligibility and alignment of its financial assets with the European Taxonomy. The short duration of its portfolio, consistent with that of its liabilities, does not allow Coface to invest an overly large share of its assets in long term investments that could favor the energy transition. Nevertheless, and as much as possible, Coface is working to increase the weight of assets favoring the transition in its portfolio. On December 29, 2023, the weight of green bonds stood at 2.92% of Coface’s overall portfolio, i.e. €98 million in outstandings (market value).

Supporting Docs:

Universal Registration Document 2023 https://coface.fr.digital-report.net/en/

UN Global Compact

Also saved under T:\Risk Management\Coface United States\Regulatory Compliance Calendar\2024\ NAIC Climate Risk Survey\Filing and Support