

## CLIMATE RISK DISCLOSURE SURVEY Reporting Year 2022

### **Triple-S Management**

Triple-S Salud, Triple-S Advantage, Triple-S Propiedad, Triple-S Vida

Triple-S Management (TSM) joins the effort led by the Puerto Rico Office of the Commissioner of Insurance, in managing risks related to climate change.

Following, we disclose our information regarding the four requested thematic areas of: Governance, Strategy, Risk Management, and Metrics and Targets.

#### **I. 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.*

TSM created the Environmental, Social & Governance (ESG) Fact Sheet, which includes our goals and objectives around climate-related risks and opportunities. The ESG Fact Sheet is located on our public website and can be accessed using the following link:

<https://management.grupotriples.com/sostenibilidad-corporativa/>

Our goal of integrating environmental, social, and governance factors into our efforts to fulfill our mission of enabling healthy lives, reflects our deep sense of purpose as a company with a culture that values our role in society.

TSM efforts involving environmental, social and governance factors, focus on our customers and products, our people, our communities, our environment, and our corporate governance. TSM has established a committee at the executive level named “Executive Sustainability Committee”, which oversees practices related to ESG. This committee reports directly to the President and CEO of TSM (Roberto García) and is composed of the following members:

- Carlos L. Rodríguez Ramos (Chief Legal and Compliance Officer),
- Ilia S. Rodríguez Torres (Chief Talent and Administrative Officer), and
- Ivelisse M Fernandez Cruz (Chief Growth and Customer Experience Officer).

*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.*

Currently, TSM does not have a specific position designated to oversee and manage climate-related financial risks. Nevertheless, we address potential climate risk through the Executive Sustainability Committee and have established a Business Continuity and Disaster Recovery Plan Committee, who maintain and update the procedures to address the operational and employee impact of climate events, among others.

In addition, TSM has an Enterprise Risk Management Program, which is overseen by the Board of Directors, and assesses the operational and financial impact of material risks.

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

The Triple-S Vida (TSV) subsidiary performs an assessment of the business sustainability components.

## **II. 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.*

At TSM, we are aware of the pressing global climate change crisis and are committed to minimizing our company's environmental impact, as well as the impact of climate change on the communities we serve.

To evaluate, reduce or mitigate greenhouse gas emissions in our operations TSM, as part of the focus areas, expects to implement some of the following initiatives:

- Solar panels
- Green areas
- Charging stations for electric vehicles
- Vegetable garden, among others

In addition, investment in technology promotes the digitization of documents and efficiency in transport processes.

We currently use low-power data centers and cloud hosting operators. We have implemented several measures throughout our company including paper recycling, motion detectors, and restructuring of our workstations to increase natural light and minimize electricity use.

- We have renovated 2,000 modular stations
- 784,332 pounds of material have been recycled
- 470,000 pounds of paper have been recycled between 2019 and 2021
- We store 60,000 gallons of rainwater in a cistern, which is used in the cooling towers of two of our main buildings

Through our volunteer program, our staff join various non-profit organizations to clean green areas and beaches.

*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.*

Currently It is not being considered by TSM.

*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.*

With respect to products or services designed to support the transition to a low carbon economy, or to help consumers adapt to climate risks, TSM integrated the use of a technological tool, known as OnBase, through which we have achieved the reduction of printing, resulting in the reduction of the carbon footprint. TSM also changed traditional lights for LED bulbs and reduced the documentation transport that has been digitized.

During the past 5 years, a continuous investment has been made in the automation and digitization of documents, contributing to the reduction of the carbon footprint. In addition, investments have been made that have supported the transition to a low carbon economy, such as strengthening self-service tools for customers and business partners.

Since 2016, TSM has invested in solar and wind funds in all subsidiaries, supporting the transition to a low carbon economy. As of 6/30/2023 the amount invested is around \$18.7 million.

Triple-S Propiedad (TSP) subsidiary has available products that provide insurance coverage to superior construction properties and does not insure condominiums near the sea. In addition, it has insurance products for hybrid and electric cars, as well as solar panel systems for homes, businesses, and water tanks.

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

Although TSM do not have a dedicated process to identify the actual and potential financial impacts of climate-related risks, we do address potential climate risk through the Executive Sustainability Committee and have established a Business Continuity and Disaster Recovery Plan Committee, that maintain and update the procedures to address the operational and employee impact of climate events, among others.

In addition, TSM has an Enterprise Risk Management Program, which is overseen by the Board of Directors, and assesses the operational and financial impact of material risks.

### III. 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.*

Climate related risks are considered in our products designed to provide property insurance coverage. TSP subsidiary has products available to provide property insurance coverage for superior construction and does not insure condominiums near the sea.

TSP subsidiary provides policyholders or potential policyholders with information on catastrophic risks. Likewise, provides information on how the clients can properly insure themselves, protect their assets, and the necessity to assess the effect of coinsurance on their insurance policies.

The impact of climate-related risks on the investment portfolio is not being considered by TSM currently.

- 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.*

Currently, TSM does not have a dedicated process to identify the actual and potential financial impacts of climate-related risks. Nevertheless, we do address potential climate risk through the Executive Sustainability Committee and have established a Business Continuity and Disaster Recovery Plan Committee, who maintain and update the procedures to address the operational and employee impact of climate events, among others.

In addition, TSM has an Enterprise Risk Management Program, which is overseen by the Board of Directors, and assesses the operational and financial impact of material risks.

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

TSM has established an executive level committee "Executive Sustainability Committee".

Several of the activities conducted are for energy conservation, recycling efforts and use of rainwater.

As part of our ongoing commitment to environmental sustainability, TSM has initiated an internal recycling program beginning in July 2023. The recycling initiative focuses on materials such as aluminum, cardboard, and plastic and will begin at the Roosevelt Campus. As the program progresses, we will look to expand it to all our locations. This initiative will allow us to reduce our environmental impact and promote more responsible practices.

The recycling expansion project for this year will be conducted in several stages:

1. Installation of Recycling Bins: Conveniently located recycling bins will be placed throughout the campus, clearly labeled, and information will be provided on materials that can be recycled.
2. Training and awareness: for all our employees and suppliers of cleaning services.
3. Monitoring and Evaluation: We will establish a system to monitor and evaluate our recycling efforts on campus.

*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.*

Climate-related risks addressed in the ESG are energy conservation, recycling efforts, and rainwater use.

Regarding underwriting risks, TSP subsidiary uses catastrophic model analysis for the purchase of adequate reinsurance (hurricanes and earthquakes).

Climate scenarios to analyze investment risks are not being considered by TSM currently.

#### **IV. 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.*

TSP subsidiary uses the analysis of catastrophic models to purchase adequate reinsurance (hurricanes and earthquakes). With the purpose of catastrophic plans, processes are established to deal with emergency situations.

- 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)*

Currently It is not being considered by TSM.

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

Currently It is not being considered by TSM.

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



TSM is committed to reducing the environmental impact of our business. As for energy conservation, we use energy-saving equipment and reflective paper on the windows. Use of efficient data centers and hosting of information in the cloud.

Regarding recycling efforts, we have renovated modular stations, recycling materials and paper. We also have a water tank that collects rainwater that is used to cool the towers of our main buildings.