



**Approach to Climate Risk**

For Ascot Insurance Company (“Ascot”), and its affiliated entities, climate change represents an urgent global concern.

As climate change continues to evolve as an emerging risk it is imperative that both Ascot and the Insurance industry as a whole focus on identifying the risks and opportunities that present themselves and work to provide sustainable solutions for our

Ascot manages climate risks within its Enterprise Risk Management (“ERM”), Exposure Management, and Sustainability functional areas.

We have identified the following key focus areas for climate change risk:

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| <b>1- Underwriting Risk -</b>    | Increasing frequency and intensity of weather related events has elevated loss costs for property focused accounts. As these trends continue they will require increased management actions related to targeted geographies, adjusting terms and conditions, adjusting pricing and changing underwriting appetites especially for property heavy products.   |
| <b>2- Investment Risk-</b>       | As an insurance company we have significant amounts of assets invested in order to support our businesses. As a result, it is important for Ascot to align our investments with companies that have similar values especially when it comes to climate related risks. Ascot is integrating ESG considerations into investment allocation and asset selection decisions to enhance returns and reduce downside risk while also supporting companies whose activities are consistent with Ascot’s culture and values |
| <b>3- Group Reputation Risk-</b> | Climate Related Risk is a major focal point of all our stakeholders, and here at Ascot we believe in delivering a collaborative, inclusive, entrepreneurial culture steeped in underwriting excellence, integrity, and a passion to find a better way. It is with that at our core, that we are committed to developing a Sustainability strategy that encompass environmental, social and governance factors that supports our values.  |

Ascot is in the process of refining its groupwide Sustainability Framework, as such Ascot is in the process of evaluating different methodologies to capture and report on greenhouse gas emissions, measure insurance risk to climate change, and ways to measure the sustainability of our investment portfolio.

Recommended Disclosures	
Governance	
A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities	<p>Ascot Climate Risk and other ESG initiatives are managed at the Ascot Group Limited (ultimate group) level with reporting an input from subsidiary entities and intermediate holding companies. Ascot has not made any stated public goals for climate-related risks and opportunities at this time. We intend to produce an ESG report that will include these stated goals in 2023.</p> <p>Climate-related disclosures are handled at the ultimate group level. However, an intermediate group, and its reporting entities are responsible for providing information for Green House Gas emissions reporting, exposure to catastrophe exposed risks, and all modeling of such exposures are performed using a consistent methodology across the group.</p> <p>The Ascot Group Limited Board is the ultimate supervisory body of Ascot Group and has multiple board sub-level committees, one of which is the Nominations and Governance committee. This committee is responsible for all issues related to sustainability (Sustainable Underwriting, Responsible Investments, Responsible Operations, Corporate Social Governance, and Sustainability Reporting). For the US, we do not have any dedicated board members or committees at this time, but as part of the US Chief Risk Officer report we discuss all ESG matters related to the US.</p>
B. Describe management's role in assessing and managing climate-related risks and opportunities.	<p>The ERM team along with the Group Exposure Management team are responsible for climate risk management, which includes measuring Ascot’s catastrophe exposure. Ascot’s business strategy is to have limited exposure to property catastrophe risk in the US, and our gross positions are materially reduced by use of reinsurance, the use of which highlights Ascot’s focus on actively managing its catastrophe risk. Ascot has a long track record of outperforming the industry as a Group with respect to catastrophe losses and takes a conservative approach to modeling tail events. Additionally, Ascot utilizes the warm weather AIR model for tropical storms, which factors in increased activity and severity of storms due to rising sea levels and temperatures. Ascot also applies all secondary loss perils to take into account any uncertainty in loss estimates that may occur due to exposures from climate change. To supplement Ascot’s modeling of catastrophe risk, exposure management actively monitors coastal risks for exposure to climate change. Ascot is developing a similar approach for wildfire risk and has implemented third party modeling for both wildfire and inland flood. We are constantly evaluating how third parties assess potential climate change risks and how best we can incorporate these views into our business planning.</p> <p>Ascot created ESG-specific work streams such as Sustainable Underwriting, Responsible Investments, Responsible Operations (Ascot’s Carbon Footprint), and HR Social initiatives in order to better understand ESG risks within our company. These initiatives will enhance our understanding of the correlation of climate risk aggregations between our underwriting and investment portfolios. Ascot Group investment portfolio is scored by New England Asset Management (NEAM) using the Sustainalytics methodology. NEAM is a signatory to the United Nations Principles of Responsible Investment. Ascot’s Investment management team is highly engaged with our asset managers to ensure that our capital allocations are in alignment with our core fundamentals.</p>

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.	We have defined our short, medium and long term views in a similar fashion, which is also consistent with how other regulatory bodies of the group view them.
B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.	<p>Ascot Group is currently undertaking a project that will enable us to effectively monitor and report on Scope 1 and 2 emissions, and all relevant Scope 3 emissions at a Group level. This will enable Ascot to develop emission reduction plans working alongside building managers, our employees, and our supply chain.</p> <p>Ascot continues to develop a number of initiatives in supporting the transition for a low carbon economy. Ethos Specialty is a member of the Ascot Group, focused on developing high-performance specialty insurance programs. In 2022, Ethos, launched its Clean Technology program providing commercial solutions to emerging technologies in the ESG space.</p> <p>Our responsible investment strategy helps sets out our approach and strategy to ensure we fully incorporate the consideration of ESG factors across our investment portfolios. We align to companies that have similar ESG strategies to ourselves, and utilize our asset managers to assess the environmental impact of the companies we invest in.</p>
C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.	Climate related scenario modeling is still in the process of being implemented with the expectation that in 2023 we will be able to go live with climate-related stress tests.

Risk Management

A. Describe the insurers' processes for identifying and assessing climate-related risks.	<p>Climate change is discussed regularly as part of Ascot Group’s Global Exposure Management committee and is a focal point of our property catastrophe management process. Ascot works with third party vendors to understand the latest climate change impacts and how they are incorporated into risk models. Ascot also attends risk conferences to hear both academic views on climate risk as well as how the insurance industry is approaching modeling these emerging exposures. Ascot regularly communicates with its reinsurance brokers to understand the aggregation techniques, and climate change applications that are being used by the insurance industry. Through its membership in the American Property and Casualty Insurers Association (“APCIA”), Ascot communicates with regulators and rating agencies to understand their position on climate risk. Ascot’s regular communication with brokers/reinsurers, industry conferences and active communication with our insureds keep us well informed as to any customer demand shifts for products. Ascot has purchased and continue to invest in new technology to better understand flood risk as climate change has impacted this exposure and demand from our insureds.</p> <p>For physical risks, we manage our geographical aggregations using both our proprietary exposure management process and third-party vendor modeling platforms. With respect to transition and liability risks, we are in process of finalizing the US Sustainable Underwriting Policy to ensure risks are within our appetite. The development of our Sustainable UW policy will form part of our enhanced business practices, which will support the transition to a low carbon economy. Ascot takes a holistic view to managing climate risks as we look to balance the social ramifications of such approaches in conjunction with the impacts from a climate change perspective. For liability risk, we have developed realistic disaster scenarios to assess potential impact, as well as work with our reinsurance partners to use third party aggregation software to assess the potential risks in our book.</p>
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Investments are outsourced at Ascot, and we use New England Asset Management Limited (NEAM) to handle our investments. NEAM is a signatory to the Principles for Responsible Investment since June 2019, which is the basis for their Sustainable Analytics Methodology investment framework. NEAM supports the goal of the UNFCCC 2015 Paris Agreement of limiting global temperatures to below 2 degrees Celsius and has built quantitative and qualitative analytics to assess the impacts to our portfolio based on these conditions. NEAM also follows our Group Level Responsible Investment Policy when determining which investments to make.

Ascot has not engaged with its policyholders on the impact of climate change as to date. Ascot began writing insurance in the fourth quarter of 2019, with a focus on growing our business and developing relationships. However, we note that Ascot does focus on quality risk selection including climate change related impact.

Ascot is still in the process of developing financial assessments of climate change risk.

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

The ERM team is responsible for climate risk management, which includes measuring Ascot’s catastrophe exposure, and Ascot actively utilizes reinsurance to manage its peak probable maximum loss. Ascot’s gross positions are reduced in the US by use of reinsurance, which highlights Ascot’s focus on actively managing its catastrophe risk. Ascot has a long track record of outperforming the industry as a Group with respect to catastrophe losses and takes a conservative approach to modeling tail events. Additionally, Ascot utilizes the warm weather AIR model for tropical storms, which factors in increased activity and severity of storms due to rising sea levels and temperatures. Ascot also applies all secondary loss perils to take into account an uncertainty in loss estimates that may occur due to exposures from climate change. To supplement Ascot’s modeling of catastrophe risk, exposure management actively monitors coastal risks for exposure to climate change. Ascot is developing a similar approach for wildfire risk and is currently assessing third party wildfire models. In addition, Ascot continues to evaluate methods to measure and mitigate changing flood exposure resulting from climate change.

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

Climate change is an integral part of our risk and exposure management process at Ascot. The Ascot Board is actively engaged in understanding how we assess and measure our exposures, and the potential impact from climate change. Reporting up to the Board occurs on a quarterly basis on our risk positions relative to capital positions.

Climate Change is managed as part of the overall enterprise risk and exposure management process and Ascot has been actively investing in resources to address this exposure with greater focus. Our UK Chief Risk Officer has been named Chief Sustainability Officer for the group, and in 2022 we made significant hires to further accelerate our ability to manage and assess ESG risks. We report on climate change risks on our bimonthly Group exposure management committees, and our natural catastrophe positions and trends are discussed quarterly at the US Risk committee.

In 2021, at the Group level we began to assess our portfolios for various climate change scenarios. We used assumptions of temperatures warming by 1.5, 2.5, and 4.5 (extreme scenario) degrees Celsius to assess the increased loss potential associated with climate risk. At this stage we are still evaluating which stress tests are appropriate and have not embedded these results into our pricing, and capital management strategies especially given industry adoption is still limited. We continue to assess and validate these impacts and how best to implement them into our broader business strategy setting.

New England Asset Management Limited (NEAM) handles investments on behalf of Ascot. NEAM supports the goal of the UNFCCC 2015 Paris Agreement of limiting global temperatures to below 2 degrees Celsius and has built quantitative and qualitative analytics to assess the impacts to our portfolio based on these conditions.

Metrics and Targets

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

Ascot Group models all property exposed business through AIR Touchtone our catastrophe modeling software. This provides us with aggregate exposures across geographies, and analysis of impact to the US book and Group overall. We also supplement catastrophe modeling by looking at realistic disaster scenarios that combine our liability exposure to climate related risks with our property exposures potentially impacted.

We are still determining which climate change metrics will be most applicable, but all the metrics we use to manage our property book currently (AAL,1 in 10 PML,1 in 100 PML, 1in 250 PML, etc.) will be used to compare impacts of climate change.

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

We track and report on Scope 1 and 2 emissions by entity as evidenced by the chart below. During 2022, Ascot Group has initiated a project to establish its scope 3 emissions, using 2021 as its baseline year. This project will be continuing into 2023

Region	Energy	Unit	2020	2021
US	Gas (Scope 1)	kWh	7,790	8,606
	Electricity (Scope 2)	kWh	456,314	475,915

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

In 2022, we began the process determining our climate-related targets and metrics to measure and action off of. We are still finalizing these and will look to operationalize these at the group and then ultimately regionally in 2023.