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.*

Hyundai Insurance's Response for Governance A.

At Hyundai Insurance, the governance of climate-related risks and opportunities is embedded within a structured ESG governance framework, which operates at both the group level and entity level. This framework ensures that climate-related risks are identified, assessed, and managed across the organization, including within the U.S. branch.

Publicly Stated Goals on Climate-Related Risks and Opportunities

Hyundai Insurance's Higher Impact 2025 strategy includes a commitment to achieving Net Zero by 2050. This strategy outlines key objectives in managing climate-related risks and opportunities, focusing on:

- Green financial transformation
- Minimizing environmental footprint
- Managing climate risks
- Expanding eco-friendly investment portfolios
- Developing environmentally conscious products and services

These goals demonstrate Hyundai Insurance's proactive approach to addressing both physical risks (such as natural disasters) and transition risks (such as regulatory and market shifts associated with the transition to a low-carbon economy).

Structure for Handling Climate-Related Disclosure

Hyundai Insurance handles climate-related disclosure through a combination of group-level strategy and entity-level implementation, ensuring a consistent approach across the company.

- Group Level:
  - The ESG Management Committee, chaired by the CEO, oversees the development and implementation of Hyundai Insurance's global climate-related strategies. The ESG Steering Committee, chaired by the Head of the Brand Strategy Division, supports the ESG Management Committee in setting strategic goals, particularly in the areas of green finance and climate risk management. Both committees ensure that Hyundai Insurance's climate-related disclosures adhere to international standards, such as the Task Force on Climate-related Financial Disclosures (TCFD).
  - These committees report regularly to the Board of Directors (BOD), ensuring that climate-related performance is integrated into the company's overall business strategy.

- Entity Level:
  - The ESG Department, established in December 2023 under the Brand Strategy Division, operates at the entity level and is responsible for executing the day-to-day management of ESG and climate-related strategies. The department provides operational support to the ESG Steering Committee and coordinates with other departments, such as the Risk Management Dept., Financial Planning Dept., Compliance Monitoring Dept., and Corporate Planning Dept., to ensure that climate-related risks are assessed and managed across Hyundai Insurance's business units.
  - The U.S. branch, under the leadership of the U.S. Operation Committee, also operates at the entity level and manages the local implementation of Hyundai Insurance's global climate-related strategies. The U.S. branch focuses on climate risks specific to the U.S. market, particularly in high-risk regions such as New York, New Jersey, California, and Hawaii, where the impacts of natural disasters like hurricanes, floods, and wildfires are more pronounced.

Oversight of Climate-Related Risks
The Board of Directors (BOD) at Hyundai Insurance provides high-level oversight of climate-related risks and opportunities. The ESG Management Committee and ESG Steering Committee report directly to the Board, ensuring that climate-related risks are reviewed and integrated into the company's overall strategic direction.

- Group Level Oversight:
  - The ESG Management Committee leads Hyundai Insurance's climate-related efforts, developing policies that address both physical and transition risks. The Working-Level Council, which includes various key departments such as Risk Management, Financial Planning, Corporate Planning, and the Research Center for Transportation, Climate, and Environment, collaborates with the ESG Department to manage the implementation of climate-related strategies.
- Entity Level Oversight (ESG Department and U.S. Branch):
  - The ESG Department plays a central role in implementing the group's climate-related strategies at the entity level. It ensures that climate-related risks are assessed and managed across departments, coordinating efforts to meet the company's Net Zero goals. The department also provides performance reporting and ensures compliance with ESG frameworks.
  - The U.S. Operation Committee oversees the management of climate-related risks specific to the U.S. market. The committee ensures that the U.S. branch implements global ESG strategies while addressing local challenges, particularly the physical risks posed by extreme weather events. The U.S. branch's risk management practices are aligned with Hyundai Insurance's global strategy, ensuring a consistent approach to climate-related disclosures and performance.

Through this structured governance framework, Hyundai Insurance ensures that climate-related risks are effectively managed at both the group and entity levels, supporting its long-term commitment to Net Zero by 2050 and contributing to the global transition toward a sustainable, low-carbon economy

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.

Hyundai Insurance's Response for Governance B.

At Hyundai Insurance, the management team plays a vital role in ensuring that climate-related risks and opportunities are effectively assessed and managed, following the strategic direction set by the Board of Directors (BOD) and the various ESG committees. The management's involvement is integrated with the oversight provided by the ESG Management Committee, ESG Steering Committee, and the company's dedicated ESG Department, as discussed in A.

ESG Management Committee and ESG Steering Committee Oversight
The ESG Management Committee, chaired by the CEO, provides the overarching governance for managing climate-related financial risks at Hyundai Insurance. This committee is directly responsible for setting policies and strategies for addressing both physical and transition risks, ensuring that all aspects of the company's operations, including underwriting and investments, are aligned with climate-related goals such as Net Zero by 2050.
Supporting the ESG Management Committee, the ESG Steering Committee, chaired by the Head of the Brand Strategy Division, is responsible for translating these high-level strategies into actionable plans. This includes managing the company's green finance transformation, expanding the eco-friendly investment portfolio, and ensuring that climate risks are integrated into day-to-day decision-making.

Management's Role in Implementing Climate-Related Strategies
Management, particularly at the entity level, is responsible for executing the climate-related strategies defined by the Board of Directors and the ESG committees. The ESG Department plays a crucial role in this process by ensuring that climate-related risks and opportunities are incorporated into the company's operational and financial planning. Key responsibilities include:

- Risk Assessment: Management, through the ESG Department, conducts regular assessments of both physical risks (e.g., extreme weather events) and transition risks (e.g., regulatory and market changes). These assessments are vital to managing the company's exposure in its underwriting and investment portfolios. The ESG Department works closely with departments such as Risk Management and Financial Planning to ensure that climate risks are properly evaluated and that mitigation strategies are implemented.
- Operational Execution: Management ensures that the company's eco-friendly investment goals and green finance transformation objectives are met. This involves aligning business practices with the group's ESG strategy, as set by the ESG Management Committee. Management at the entity level, including the U.S. branch, is responsible for integrating these strategies into local operations, addressing climate-related risks in key markets such as New York, New Jersey, California, and Hawaii.

Role of the U.S. Branch and the U.S. Operation Committee
At the U.S. branch, the U.S. Operation Committee plays a critical role in the implementation of climate-related strategies and risk management. This committee, which operates at the entity level, ensures that the global strategies defined by Hyundai Insurance's ESG governance framework are adapted to the specific climate risks of the U.S. market. These include heightened physical risks like hurricanes and wildfire.
The U.S. Operation Committee collaborates with management to assess how climate-related risks impact underwriting decisions and financial planning. This includes reviewing climate-related scenarios, conducting catastrophe modeling, and ensuring that the company's response to local climate challenges aligns with global policies set by the Board and ESG committees.

Coordination with the Board and Committees
Management at Hyundai Insurance plays an integral role in facilitating communication between the operational teams and the Board of Directors. The management team provides regular updates to the ESG Management Committee and ESG Steering Committee on the progress of climate-related strategies, helping to ensure that the company's Net Zero and sustainability goals remain on track.

In summary, management at Hyundai Insurance, including its U.S. branch, is responsible for implementing the company's climate-related strategies, working closely with the ESG Department and ESG committees to assess risks and manage opportunities. This collaborative structure ensures that climate-related risks are effectively managed across both the group and entity levels, supporting Hyundai Insurance's long-term sustainability and financial resilience

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.

Hyundai Insurance's Response for Strategy A.

Hyundai Insurance has identified several climate-related risks and opportunities that impact its business, strategy, and financial planning across the short, medium, and long term. These risks and opportunities are managed as part of the company's broader Higher Impact 2025 ESG strategy, which focuses on achieving Net Zero by 2050. The company's approach ensures that both group-level and entity-level (including the U.S. branch) risks are addressed comprehensively.

Short Term (1-5 Years)

In the short term, Hyundai Insurance focuses on managing immediate climate-related risks and opportunities, particularly those affecting underwriting, risk management, and investment portfolios.

- Physical Risks: Hyundai Insurance anticipates an increase in the frequency and severity of extreme weather events such as hurricanes, floods, and wildfires. The headquarters uses catastrophe modeling to assess these risks and adjust underwriting practices accordingly. The U.S. branch, particularly in high-risk regions like New York, New Jersey, California, and Hawaii, is closely aligned with the parent company's strategy and has also enhanced its underwriting standards to address the growing exposure to climate-related claims.
- Transition Risks: Globally, Hyundai Insurance is preparing for increased regulatory pressure on high-carbon industries, which could affect its underwriting and investment portfolios. At the group level, Hyundai Insurance has begun to reduce or exclude underwriting for industries that significantly contribute to carbon emissions, aligning with its Net Zero goals. The U.S. branch is similarly adjusting its underwriting practices, ensuring compliance with both local and global regulatory changes while preparing for market shifts toward sustainable business practices.
- Opportunities: Hyundai Insurance recognizes opportunities in engaging with key constituencies, including policyholders, investors, and regulators, on climate risk and resiliency. The company at the group level has taken steps to educate clients and stakeholders about mitigating climate-related risks. This engagement is also mirrored in the U.S. branch, where local constituencies are encouraged to adopt more resilient practices through risk management initiatives.

Medium Term (5-10 Years)
Over the medium term, Hyundai Insurance builds on its strategies to address both physical and transition risks while seeking to capitalize on opportunities in green finance and sustainability.

- Physical Risks: Over the medium term, the headquarters continues to develop advanced risk assessment tools such as scenario analysis to model the potential impacts of climate-related events on its financial and underwriting practices. The U.S. branch is similarly implementing scenario analyses to evaluate the impacts of prolonged climate change in high-risk areas. These tools help the company refine its financial planning to mitigate potential future climate-related risks.
- Transition Risks: As the global economy transitions toward carbon reduction goals, Hyundai Insurance at the group level expects stricter regulations on carbon emissions, which will impact its operations and investments. In response, the company is actively expanding its eco-friendly investment portfolio, reducing its reliance on high-carbon industries, and reallocating investments to renewable energy projects. The U.S. branch is working in parallel to align with the group's investment strategy, focusing on sustainable infrastructure and reducing carbon-intensive investments.
- Opportunities: Hyundai Insurance sees significant opportunities in becoming a leader in sustainable finance over the medium term. At the group level, the company is actively participating in international forums and collaborating with stakeholders to develop innovative products and services that support the transition to a low-carbon economy. In the U.S., the branch is engaging with local regulators and industry bodies to identify opportunities for growth in green finance, aligned with the company's global strategy.

Long Term (10-30 Years)
In the long term, Hyundai Insurance is preparing for substantial shifts in global climate conditions and economic systems, with a focus on resilience and adaptability.

- Physical Risks: Long-term climate change impacts, such as rising sea levels and intensified extreme weather, pose significant risks to Hyundai Insurance's underwriting portfolio. At the group level, the company is committed to continuously refining its catastrophe modeling capabilities to better assess long-term climate impacts. The U.S. branch, with its high exposure to coastal and disaster-prone areas, is closely aligned with these global efforts to ensure that long-term physical risks are addressed through robust financial planning and underwriting.
- Transition Risks: Over the long term, Hyundai Insurance expects an accelerated transition toward a low-carbon global economy. The group-level strategy includes preparing for shifts in energy markets and broader economic systems. Hyundai Insurance is committed to aligning its investment portfolio with Net Zero targets, which means increasing investments in green technologies, renewable energy, and sustainable infrastructure. The U.S. branch will play a key role in advancing these objectives within the U.S. market, ensuring alignment with the global strategy while addressing local market dynamics.
- Opportunities: In the long term, Hyundai Insurance anticipates significant opportunities in green finance and climate resilience. At the group level, the company is positioning itself to be a leader in providing sustainable insurance products and investment solutions that align with global sustainability trends. The U.S. branch will continue to leverage its strong position in high-risk markets to offer innovative solutions that help clients adapt to long-term climate changes.

Engagement and Emission Reduction Initiatives
Engagement with Key Constituencies: At the group level, Hyundai Insurance engages with a wide range of stakeholders, including policyholders, regulators, and investors, to promote awareness and action on climate risk and resiliency. The company's headquarters provides thought leadership and guidance to its subsidiaries, including

the U.S. branch, which mirrors these initiatives by promoting climate risk mitigation strategies tailored to the U.S. market.

- Greenhouse Gas Emission Reduction Plan: As part of its Net Zero by 2050 commitment, Hyundai Insurance has developed a comprehensive plan to assess, reduce, and mitigate its greenhouse gas emissions. At the group level, the company is implementing renewable energy projects, enhancing energy efficiency, and investing in carbon offset initiatives. The U.S. branch contributes to these efforts by aligning its operations with global sustainability practices, reducing its own environmental footprint, and promoting eco-friendly initiatives in its markets.

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.

Hyundai Insurance's Response for Strategy B.

Hyundai Insurance is deeply committed to addressing climate-related risks and opportunities as part of its broader Higher Impact 2025 ESG strategy. Climate-related considerations are integrated into the company's business operations, strategic planning, and financial management, both at the group level and within the U.S. branch. These efforts aim to mitigate risks, capitalize on opportunities, and support the transition to a low-carbon economy.

Impact on Business Strategy

- Climate-Related Risks: Climate-related risks, particularly physical risks (such as extreme weather events) and transition risks (related to regulatory changes and shifts in market demand), have significant implications for Hyundai Insurance's core business. At the group level, Hyundai Insurance has adjusted its underwriting practices to account for the increasing frequency and severity of natural disasters, especially in high-risk markets like New York, New Jersey, California, and Hawaii, where the U.S. branch operates. The company's strategic response includes refining its risk assessment models, increasing its focus on catastrophe modeling, and ensuring that its insurance products are priced appropriately to reflect the heightened risks.
- Climate-related opportunities are central to Hyundai Insurance's business strategy. The company actively seeks to develop products and services that help customers adapt to climate-related risks and support their transition to **a** low-carbon economy. For example, at the group level, Hyundai Insurance is exploring the development of sustainability-focused insurance products, which incentivize customers to adopt environmentally friendly practices and technologies, such as energy-efficient buildings **or** renewable energy installations. These products align with Hyundai Insurance's broader commitment to sustainability and its goal of contributing to a greener future.
- While these sustainability-focused insurance products are being developed and offered at the group level, the U.S. branch does not currently provide such products. However, the U.S. branch is actively evaluating the feasibility of introducing similar offerings in the future as part of its ongoing effort to align with the company's global sustainability strategy.

Support for the Transition to a Low-Carbon Economy

- Products and Services for Customers: Hyundai Insurance provides a range of products and services designed to support the transition to a low-carbon economy and help customers adapt to climate-related risks. At the group level, the company has been working to develop eco-friendly insurance products that promote the adoption of sustainable practices. These products are aimed at supporting industries and individuals that are shifting toward more environmentally conscious operations. Hyundai Insurance's U.S. branch is closely aligned with these goals and is in the planning phase for offering similar products in the U.S. market, particularly targeting regions most vulnerable to climate-related disasters.

The company also plays a key role in educating its customers about climate-related risks and encouraging them to take proactive steps to protect themselves. This includes providing guidance on disaster preparedness and risk mitigation strategies for homeowners and businesses, especially in regions like the U.S. East Coast and California, where climate-related risks such as hurricanes and wildfires are prevalent.

Climate-Related Investments

- Investments Supporting the Low-Carbon Economy: Hyundai Insurance has committed to aligning its investment portfolio with global sustainability goals, focusing on green finance to support the transition to a low-carbon economy. The company's Higher Impact 2025 strategy emphasizes expanding its investments in renewable energy, green technologies, and sustainable infrastructure. These investments not only reduce Hyundai Insurance's exposure to carbon-intensive industries but also help accelerate the global shift toward a more sustainable energy system.

At the group level, Hyundai Insurance is actively reallocating capital from high-carbon sectors to projects that contribute to the global Net Zero transition. The company is increasing its investments in renewable energy projects, such as solar and wind power, as well as sustainable infrastructure developments that reduce environmental impact. The U.S. branch is aligned with this investment strategy, focusing on opportunities in the U.S. market to support green projects and contribute to the broader transition to a low-carbon economy.

- Long-Term Financial Planning: Climate-related risks and opportunities are central to Hyundai Insurance's financial planning. The company regularly conducts scenario analysis to assess the financial impacts of both physical and transition risks on its operations. These analyses help Hyundai Insurance prepare for potential regulatory changes, market shifts, and increasing climate-related claims. The company's investment strategy is closely linked to its long-term sustainability goals, ensuring that capital is directed toward initiatives that support the transition to a low-carbon economy.

In the U.S. branch, similar scenario analyses are conducted to ensure that local operations remain financially resilient in the face of climate-related risks. The U.S. branch evaluates its investment portfolio to ensure alignment with global sustainability goals, particularly in markets where renewable energy and sustainable infrastructure investments present long-term growth opportunities.

Greenhouse Gas Emission Reduction Plan

As part of its commitment to Net Zero by 2050, Hyundai Insurance has developed a comprehensive plan to assess, reduce, and mitigate its greenhouse gas emissions across its operations. The group-level strategy includes transitioning to renewable energy for its facilities, improving energy efficiency, and investing in carbon offset programs. The U.S. branch is also working to reduce its environmental footprint by aligning with the global sustainability practices of the parent company, including enhancing its operational energy efficiency and promoting sustainable practices within its local markets.

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

Hyundai Insurance's Response for Strategy C.

Hyundai Insurance has developed a robust and adaptable strategy to ensure long-term resilience in the face of various climate-related scenarios, including the 2°C or lower scenario, in alignment with global climate goals, such as those outlined by the Paris Agreement. The company's approach considers both physical risks (e.g., extreme weather events) and transition risks (e.g., regulatory changes and shifts toward a low-carbon economy), with the goal of maintaining financial stability while supporting the global transition to sustainability.

Resilience in the 2°C or Lower Scenario

In a 2°C or lower scenario, Hyundai Insurance anticipates a range of changes to both the physical and regulatory landscape. The company's Higher Impact 2025 strategy and long-term Net Zero by 2050 commitment guide its approach to preparing for these changes. The company's ability to withstand such scenarios is driven by:

- **Physical Risk Management**
  Hyundai Insurance expects the intensity and frequency of extreme weather events to increase in a 2°C or lower scenario. These events include hurricanes, floods, wildfires, and rising sea levels, which pose significant risks to its underwriting portfolio, particularly in regions like New York, New Jersey, California, and Hawaii, where the U.S. branch operates.
  - To address these risks, Hyundai Insurance utilizes advanced catastrophe modeling and scenario analysis to evaluate potential financial impacts on its core operations. By continuously updating its models to reflect the latest climate data, Hyundai Insurance ensures that its underwriting policies are resilient to changes in climate patterns.
  - The U.S. branch is also fully aligned with this strategy, employing similar tools to assess local risks and adjust its offerings accordingly.

- **Transition Risk Management**
  In a 2°C or lower scenario, Hyundai Insurance expects that regulatory and market pressures will accelerate the shift toward a low-carbon economy. This will involve stricter carbon regulations, increased demand for sustainable finance, and carbon pricing mechanisms.
  - At the group level, Hyundai Insurance is preparing for these transition risks by continuing to reduce exposure to high-carbon industries and increasing investments in renewable energy projects and green technologies. These adjustments are made to ensure that the company's operations and investment portfolio align with global carbon reduction targets.
  - The U.S. branch is similarly adapting to anticipated regulatory changes in the U.S. market, where carbon reduction policies are expected to become more stringent. The branch is planning for these shifts by adjusting its underwriting practices and exploring opportunities to participate in green finance initiatives in the future.

- **Long-Term Investment Strategy**
  Hyundai Insurance's investment strategy is designed to be resilient under a 2°C or lower scenario, where significant changes to energy markets and global financial systems are expected. The company's focus on expanding its eco-friendly investment portfolio positions it to benefit from the growing demand for green investments and to reduce risks associated with carbon-intensive assets.
  - At the group level, Hyundai Insurance is already reallocating capital from high-carbon industries to renewable energy and sustainable infrastructure projects. This strategy ensures the company is well-positioned for the global shift toward sustainable economic practices.

- The U.S. branch is aligned with this investment approach, evaluating opportunities to invest in renewable energy and sustainable infrastructure projects within the U.S., contributing to long-term resilience.

Adaptability to Climate Scenarios Beyond 2°C

While the 2°C scenario serves as a core focus for Hyundai Insurance's strategy, the company is also preparing for more severe climate scenarios beyond 2°C. These scenarios involve greater physical risks, such as more frequent and intense natural disasters, as well as heightened transition risks due to rapid regulatory shifts. The company's scenario analysis and stress testing frameworks allow it to adapt its business model to the changing landscape, ensuring financial resilience across a range of potential futures.

Integration of Resilience Across Operations

The resilience of Hyundai Insurance's strategy is supported by the company's governance structure, which ensures that climate-related risks and opportunities are continuously assessed and integrated into business operations. The ESG Management Committee, ESG Steering Committee, and the ESG Department work together to oversee the implementation of strategies that enhance climate resilience at both the group level and the entity level, including within the U.S. branch.

By regularly engaging with stakeholders, adjusting underwriting practices, and aligning investments with long-term sustainability goals, Hyundai Insurance ensures that its strategy remains adaptable to future climate conditions. This integrated approach to risk management strengthens the company's ability to thrive in a 2°C or lower scenario, while also positioning it to capitalize on opportunities in the growing green economy.

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. **

Hyundai Insurance's Response for Risk Management A.

At Hyundai Insurance, the identification and assessment of climate-related risks are integrated into the company's ESG strategy and operational frameworks, ensuring that both physical, transition, and liability risks are systematically managed across the organization, from the group level to the U.S. branch.

Group-Level Identification and Assessment Process

1. **Identification of Risks**

Hyundai Insurance uses advanced climate models, scenario analysis, and catastrophe modeling to identify climate-related risks in both its underwriting and investment portfolios. Physical risks such as hurricanes, floods, and wildfires are monitored using cutting-edge models, while transition risks related to regulatory changes and carbon reduction targets are tracked through regular market analysis.

- Physical Risks: The Research Center for Transportation, Climate, and Environment at Hyundai Insurance plays a central role in identifying and analyzing the impact of natural disasters and extreme weather events on insurance claims. These insights are integrated into the company's risk models.
- Transition Risks: Transition risks, including regulatory changes aimed at reducing carbon emissions, are monitored through the company's ESG governance structure, which includes the ESG Management Committee and ESG Department. These bodies ensure Hyundai Insurance's alignment with global carbon reduction and sustainability initiatives.

2. **Assessment of Financial Implications**

   The financial implications of climate-related risks are assessed through annual scenario analysis and stress testing. Hyundai Insurance evaluates how physical and transition risks could affect its underwriting and investment portfolios:

- Scenario Analysis: The company uses scenario analyses to evaluate the financial impact of extreme weather events on its insurance claims, based on data from catastrophe models. These analyses help Hyundai Insurance project potential financial losses and prepare for climate-related scenarios.
- Transition Risk Assessment: Hyundai Insurance regularly reviews its exposure to high-carbon industries and adjusts its underwriting and investment strategies accordingly. This includes reducing its underwriting exposure to carbon-intensive sectors and increasing investments in renewable energy and sustainable infrastructure.

U.S. Branch Identification and Assessment Process

The U.S. branch of Hyundai Insurance employs a similar approach, tailored to the specific market conditions and climate risks faced in the United States. This is particularly relevant for its homeowners' insurance offerings in states vulnerable to natural disasters, such as New York, New Jersey, California, and Hawaii.

1. Physical Risks: The U.S. branch manages physical risks by maintaining a non-proportional reinsurance treaty (CAT XOL), which provides coverage against catastrophic events. Annual CAT modeling is conducted in preparation for the May 1st renewal of the CAT XOL reinsurance treaty. This modeling assesses exposure to natural disasters and helps adjust underwriting practices accordingly.
2. Financial Assessments: The U.S. branch conducts annual financial reviews to evaluate the potential impact of climate-related risks on its insurance claims, particularly in regions prone to hurricanes, wildfires, and other extreme weather events.
3. Use of Tools and Data: Both the group and U.S. branch rely on tools such as RMS and Verisk catastrophe models to assess climate risks. These tools enable the company to simulate various climate scenarios and estimate potential financial losses.

Frequency of Assessment

Climate-related risks are assessed on an annual basis at the group level, with more frequent reviews in high-risk regions such as the U.S. branch. These reviews ensure that Hyundai Insurance's underwriting and investment strategies remain aligned with evolving climate risks and market conditions.

By integrating these processes into its overall risk management approach, Hyundai Insurance ensures that climate-related risks are systematically identified, assessed, and incorporated into its broader business strategy at both the group and entity levels. This comprehensive process allows the company to manage climate risks effectively while aligning with global sustainability goals.

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

Hyundai Insurance's Response for Risk Management B.

At Hyundai Insurance, the management of climate-related risks is deeply integrated into the company's ESG strategy, designed to address physical, transition, and liability risks across the organization. The company employs a combination of advanced research, catastrophe modeling, and strategic investments to ensure resilience in the face of increasing climate-related risks, supported by its Research Center for Transportation, Climate, and Environment.

Group-Level Climate Risk Management

1. Physical Risks: Hyundai Insurance manages physical risks through a combination of catastrophe modeling and scenario analysis, evaluating the impact of extreme weather events, such as hurricanes, floods, wildfires, and rising sea levels. The company's strategies are continuously updated to align with the evolving nature of climate risks.
   - Underwriting Adjustments: Based on catastrophe modeling, Hyundai Insurance regularly adjusts its underwriting policies to manage exposure in high-risk areas. This includes adjusting premiums, updating risk guidelines, and modifying coverage in areas more vulnerable to climate impacts.
2. Transition Risks: Hyundai Insurance proactively manages transition risks that arise from the global shift towards a low-carbon economy. The ESG Management Committee collaborates with the ESG Department to ensure that operations and investment strategies align with international sustainability goals. The company is reducing its exposure to carbon-intensive sectors and increasing its investments in sustainable infrastructure and renewable energy projects.
   - Strategic Investments: Hyundai Insurance regularly reviews its investment portfolio to ensure it aligns with the transition to a low-carbon economy. The company repositions capital away from high-carbon industries and increases investments in green technologies.
3. Liability Risks: The company also manages liability risks associated with environmental regulations. By monitoring regulatory developments and legal trends, Hyundai Insurance adjusts its coverage offerings to minimize exposure to potential environmental liabilities for clients in industries subject to evolving environmental regulations.

Role of the Research Center for Transportation, Climate, and Environment

The Research Center for Transportation, Climate, and Environment plays a crucial role in Hyundai Insurance's management of climate-related risks. The center conducts in-depth research on global climate patterns, transportation trends, and natural disaster risks. These findings are instrumental in shaping Hyundai Insurance's risk management strategies.

- Research and Insights: Through its specialized research on climate and environmental risks, the center provides valuable insights that help Hyundai Insurance anticipate and mitigate the impacts of climate-related events. This includes research on the prevention of natural disasters, identifying new risks, and informing the company's underwriting and investment decisions.

By leveraging the insights from the Research Center, Hyundai Insurance strengthens its ability to manage climate-related risks while enhancing resilience and aligning with its Higher Impact 2025 sustainability strategy.

U.S. Branch Climate Risk Management

The U.S. branch of Hyundai Insurance implements the company's global climate risk strategies, specifically tailored to address the risks posed by natural disasters in high-risk regions such as New York, New Jersey, California, and Hawaii.

1. CAT Modeling and Reinsurance: The U.S. branch utilizes annual CAT modeling to assess its exposure to extreme weather events. This modeling supports the branch's non-proportional reinsurance treaty (CAT XOL), which provides protection against catastrophic losses. The treaty is reviewed and renewed annually, in preparation for the May 1st CAT XOL renewal, ensuring that the branch maintains appropriate levels of reinsurance coverage.
2. Local Underwriting Adjustments: Based on the results of CAT modeling and regional climate assessments, the U.S. branch adjusts its underwriting practices. These include setting appropriate premiums for areas at higher risk of hurricanes, floods, and wildfires, and limiting exposure where necessary to reduce overall risk.

By integrating these targeted strategies, Hyundai Insurance ensures that the U.S. branch effectively manages climate-related risks, maintaining its commitment to resilience in the face of evolving climate challenges.

Monitoring and Governance
Hyundai Insurance's ESG governance structure oversees the management of climate-related risks. The ESG Management Committee, working with the ESG Department, ensures that all risk management processes align with the company's broader Higher Impact 2025 strategy and sustainability objectives. This approach ensures that Hyundai Insurance remains well-positioned to manage climate risks while contributing to global sustainability goals.

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.*

Hyundai Insurance's Response for Risk Management C.

Hyundai Insurance has established a robust and integrated approach to managing climate-related risks as part of its broader risk management strategy. The processes for identifying, assessing, and managing climate-related risks are not separate but are fully integrated into the company's overarching risk management framework. This alignment ensures that all relevant risks, including those associated with climate change, are managed holistically across all levels of the company.

Integration into the General Risk Management Process
Hyundai Insurance addresses climate-related risks through its general risk management process, which is executed at both the group level and entity level, including the U.S. branch. Climate-related risks are assessed as part of the company's broader risk categories, including physical, transition, and liability risks.

1. Group-Level Integration: At the group level, the ESG Management Committee oversees the integration of climate-related risks into the company's overall risk framework. The Research Center for Transportation,

Climate, and Environment provides ongoing research into natural disaster risks, climate patterns, and the evolving regulatory environment, which informs the company's broader risk management practices.
2. U.S. Branch Integration: In the U.S. branch, climate-related risks are also evaluated as part of the broader risk management framework. This includes an emphasis on CAT modeling for natural disasters, particularly for homeowners' insurance in high-risk areas like New York, New Jersey, California, and Hawaii. The U.S. branch conducts annual CAT modeling to reassess and refine its exposure to climate risks ahead of the renewal of the non-proportional reinsurance treaty (CAT XOL).

Frequency of Climate Risk Assessments
The processes for assessing climate-related risks are conducted annually at both the group and entity levels. At the group level, climate risks are evaluated through scenario analysis and financial stress testing. In the U.S. branch, annual CAT modeling ensures that the branch's exposure to extreme weather events is regularly updated, aligning with the May 1st reinsurance renewal cycle.
Climate Scenarios Utilized
1. Underwriting Risks: Hyundai Insurance uses climate scenarios to assess the impact of physical risks on its underwriting portfolio. This includes considering scenarios with extreme weather events, such as hurricanes, wildfires, and floods, which have a direct impact on the company's insurance claims. The timeframes for these scenarios generally span short-term (1-5 years), medium-term (5-10 years), and long-term (10-30 years) perspectives.
2. Investment Risks: In evaluating the impact of climate-related risks on its investment portfolio, Hyundai Insurance utilizes similar scenarios. These scenarios assess transition risks, particularly the regulatory and market impacts of the global shift toward a low-carbon economy. The company regularly monitors the exposure of its investment portfolio to high-carbon sectors and progressively reallocates investments toward sustainable and green projects, such as renewable energy and eco-friendly infrastructure.

By integrating climate-related risks into both its underwriting and investment assessments, Hyundai Insurance ensures a comprehensive approach to managing these risks across its entire business.

Role of the Research Center for Transportation, Climate, and Environment
The Research Center for Transportation, Climate, and Environment plays a pivotal role in Hyundai Insurance's integration of climate-related risks into overall risk management. The center's research on natural disaster risks, climate trends, and emerging environmental regulations informs the company's approach to both underwriting and investment risks, ensuring that Hyundai Insurance remains agile in responding to new climate-related challenges.

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.

Hyundai Insurance's Response for Metrics and Targets A.

Hyundai Insurance utilizes a range of metrics and targets to assess and manage climate-related risks and opportunities in line with its ESG strategy and risk management processes. These metrics are used both at the group level and within the U.S. branch, focusing on various risk factors including physical risks, transition risks, and liability risks.

1. Metrics for Underwriting Risks
To manage underwriting risks related to climate, Hyundai Insurance uses catastrophe modeling to assess potential losses from extreme weather events such as hurricanes, floods, and wildfires. These models provide estimates of probable maximum loss (PML) and average annual loss (AAL), which are key metrics in determining exposure to climate-related physical risks.

- Probable Maximum Loss (PML): Hyundai Insurance regularly evaluates 1 in 100 years PML, especially for high-risk regions like New York, New Jersey, California, and Hawaii, where the U.S. branch focuses heavily on homeowners' insurance. CAT modeling results indicate PML estimates for events like hurricanes, which are crucial for determining reinsurance coverage and pricing.
- Average Annual Loss (AAL): This metric helps Hyundai Insurance project annual financial impacts due to climate risks and guides underwriting adjustments. For example, the U.S. branch utilizes RMS RiskLink and Verisk models to assess expected losses based on state-level exposures, particularly in states highly vulnerable to natural disasters.

2. Metrics for Investment Risks
Hyundai Insurance monitors its investment portfolio to assess transition risks arising from the global shift toward a low-carbon economy. The company uses the following metrics to evaluate its alignment with climate scenarios:

- Carbon Intensity: The company tracks the carbon emissions of the industries it invests in, aiming to reduce exposure to carbon-intensive sectors and progressively reallocate investments towards sustainable infrastructure and renewable energy projects.
- Climate Value-at-Risk (VaR): Hyundai Insurance utilizes this metric to estimate the potential impact of climate-related risks on its investment portfolio, helping to measure the risk of financial loss due to climate-related events or transition policies.

3. State and Geographic Exposures
The company also assesses its exposure to various geographic locations vulnerable to climate risks, with an emphasis on absolute amounts and percentages of business lines exposed to high-risk regions. For example, the U.S. branch has a significant portion of its homeowners' insurance business in New York, New Jersey, California, and Hawaii, which are frequently subjected to climate-related physical risks like hurricanes and wildfires. The state-specific exposures and their percentage increases are continuously monitored through CAT models like Moody's RMS and Verisk.

4. Integration with Climate Scenarios

Hyundai Insurance aligns its metrics with climate scenarios that reflect short-term (1-5 years), medium-term (5-10 years), and long-term (10-30 years) perspectives. The use of 1 in 100 years and 1 in 250 years climate scenarios ensures that the company prepares for both immediate and long-term climate-related challenges in both underwriting and investments.
By utilizing these comprehensive metrics, Hyundai Insurance ensures that it systematically assesses climate-related risks and opportunities, integrating these findings into its broader risk management and business strategy.

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

Hyundai Insurance's Response for Metrics and Targets B.

Hyundai Insurance is committed to reducing its greenhouse gas (GHG) emissions across its operations in alignment with its Higher Impact 2025 ESG strategy. The company monitors Scope 1, Scope 2, and Scope 3 emissions in line with the GHG Protocol, using these data points to assess and mitigate climate-related risks.

Scope 1 Emissions
Scope 1 emissions are direct GHG emissions from sources owned or controlled by Hyundai Insurance. These include emissions from the use of company-owned vehicles, on-site energy consumption, and other facilities. Hyundai Insurance is actively working on minimizing these emissions by improving energy efficiency within its operations.

Scope 2 Emissions
Scope 2 emissions represent indirect GHG emissions from the purchase of electricity, steam, heating, and cooling used by the company. Hyundai Insurance monitors energy usage across all its offices and facilities, with efforts to increase energy efficiency and explore potential renewable energy sources to reduce emissions.

Scope 3 Emissions
Scope 3 emissions are indirect GHG emissions from activities not directly controlled by Hyundai Insurance, such as business travel, employee commuting, and supply chain operations. The company is expanding its Scope 3 reporting to include emissions from employee travel and supplier activities, aiming to provide a more comprehensive picture of its overall carbon footprint.

Related Risks
Managing GHG emissions allows Hyundai Insurance to mitigate transition risks associated with the global shift toward a low-carbon economy. Key risks include potential regulatory changes, rising carbon costs, and shifts in market expectations related to climate change. By proactively managing its carbon footprint, Hyundai Insurance is reducing exposure to carbon pricing mechanisms and addressing reputational risks linked to emissions-intensive activities.
The company is committed to long-term GHG reduction targets aligned with its Higher Impact 2025 goals, which include efforts to reduce Scope 1 and 2 emissions through energy efficiency measures and the transition to low-carbon energy sources. The company is also working with suppliers to reduce Scope 3 emissions, aligning these efforts with global sustainability initiatives.
Additionally, Hyundai Insurance continues to explore opportunities for carbon offsets and green investments to balance its GHG emissions, further aligning with its overall strategy to manage climate-related risks.

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

Hyundai Insurance's Response for Metrics and Targets C.

Hyundai Insurance has established clear targets as part of its Higher Impact 2025 ESG strategy, aimed at managing climate-related risks and capturing opportunities associated with the transition to a low-carbon economy. The company's performance against these targets is regularly reviewed and reported.

1. Carbon Neutrality and Emissions Reduction Targets
One of the core targets is to achieve carbon neutrality across its operations. Hyundai Insurance has set specific goals to reduce Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions. These targets are aligned with the company's broader sustainability objectives:

- Scope 1 and 2 Emissions: Hyundai Insurance aims to significantly reduce emissions from direct operations and energy consumption. The company is working towards transitioning to renewable energy sources for its buildings and operations, as part of its plan to cut its overall carbon footprint.
- Scope 3 Emissions: For indirect emissions, Hyundai Insurance is focusing on engaging with its supply chain to reduce emissions. This includes working with key partners and suppliers to adopt greener practices.

2. Energy Efficiency and Resource Management
Another key target focuses on improving energy efficiency across Hyundai Insurance's offices and operational facilities. The company has implemented measures to reduce energy consumption by upgrading its infrastructure and transitioning to low-energy technologies.

3. Investment Targets
In terms of investments, Hyundai Insurance is committed to expanding its eco-friendly investment portfolio. The company targets increasing investments in renewable energy, sustainable infrastructure, and green technologies as part of its broader financial strategy to support the transition to a low-carbon economy.

- Eco-Friendly Investments: Hyundai Insurance has set targets to progressively increase its allocation of funds towards sustainable projects, in line with global efforts to mitigate climate change risks. This includes reducing its exposure to carbon-intensive sectors and supporting projects that contribute to carbon reduction.

4. Monitoring and Performance
Performance against these targets is monitored regularly, with progress being reported to the ESG Management Committee and included in Hyundai Insurance's sustainability reports. The company also uses scenario analysis and climate risk modeling to assess its vulnerability to climate-related risks and track performance in reducing these risks over time.
By setting ambitious climate-related targets and aligning them with broader ESG goals, Hyundai Insurance is working to ensure that it not only mitigates climate-related risks but also capitalizes on emerging opportunities in the sustainability space.

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