

Catalina Re

2022 Environmental Risk Management Disclosure

15 June 2023

Asia Capital Reinsurance Group Pte Ltd
(a Catalina entity)

2022 Environmental Risk Management Disclosure

In adherence to the MAS Guidelines on Environmental Risk Management for Insurers, Asia Capital Reinsurance Group Pte Ltd (“ACR”) has formulated our Environmental Risk Management (“ENRM”) policy, which establishes the guidelines of managing environment risk in ACR and describes the roles and responsibilities of the Board of Directors (“Board”), Executive Management Team (“EMT”) and the ENRM Representative for good governance.

Governance and Strategy

The Board and EMT are responsible for ensuring that environmental risk, where material, is addressed in ACR’s risk appetite framework, strategies and business plans, including the setting of qualitative and quantitative measures as appropriate. The qualitative risk appetite statement articulates ACR’s approach towards managing environmental risk, while the quantitative risk appetite measures include limits on aggregate exposures to sectors or customers with higher environmental risk.

The Board and EMT maintain an effective oversight of ACR’s environmental risk management and disclosure, including the policies and processes to assess, monitor and report such risk. The Board and EMT also have an institution-wide view of ACR’s environmental risk exposures and oversee the integration of such risk into ACR’s Enterprise Risk Management (ERM) framework.

Risk Management

ACR will actively manage and monitor its environmental risk exposures and provide all relevant information on its material environmental risk exposures to the Board and EMT to monitor progress against ACR’s risk appetite and business strategies, and to support decision making on environmental risk management.

ACR shall have in place a clear allocation of responsibilities for management of environmental risk in accordance with the three lines of defence model. The risk management function will monitor business line implementation of ACR’s environmental

risk management policies, including challenging practices and decisions where appropriate, while the compliance function will ensure adherence to applicable rules and regulations. The internal audit function will consider as part of its independent review, the robustness of ACR's risk management framework in managing environmental risk.

Metrics and Targets

ACR has done an assessment on our carbon intensive exposure, estimated at around 8.3% of total investments as at August 2022. ACR is no longer writing new insurance business since 2019 and is currently managing its run-off portfolio. Given that the portfolio we manage is in run-off, ACR considers this as non-material risk or low risk with decreasing trend. ACR has capped our investment in carbon intensive sectors/industries to not more than USD70 million, to cater for funds that have not provided breakdown as well as market value fluctuations.

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