

## **Climate Risk Management**

### **Risk Governance**

The board oversees climate change related matters through the Risk Management Committee. The Climate Change Risk Officer is to be responsible for overseeing climate change risk related matters at the senior management level. The CCO shall report to the Chief Executive Officer and the Risk Management Committee. All heads of the departments, heads of Province office, branch offices and subbranch offices shall be responsible for the implementation of the climate related policy of the company.

### **Risk Identification and Assessment**

Risks relating to climate change shall be identified at the operational level. For recognizing climate change related risks, suitable scenario analysis and stress testing mechanism shall be developed.

### **Risk Measurement**

While measuring business implications of climate change, the way climate related risks and opportunities are likely to affect current and future financial performance in terms of major impact categories (revenue and expenditure) need to be assessed.

### **Risk Reporting and Monitoring**

Risks reports relating to the exposures of the identified climate related risks and performance in managing them and presented to the senior management and to the board. The company shall use different metrics such as CHG emissions, energy consumption, waste generation, single event maximum risk exposure and other metrics for monitoring climate related risk.

For management of the climate related risk the company has adopted following measures:

- a. Catastrophic reinsurance protection including risk coverage of earthquake, flood, storm, landslide which limits the net retention of the company and protects from the spillover of the event limit of the reinsurance treaty.
- b. The company has started to use and purchase electric vehicles for official use.
- c. The company has promoted the use of electric vehicles to its staff. Additional benefits are provided to the staff who purchase electric vehicles under the employee vehicle scheme.
- d. The company has reduced usage of paper through automation of the process. Use of paper is discouraged as far as possible for all the operation of the company.

By implementing following practical measures, our clients can enhance their resilience to climate change related risks, minimize potential losses, and make informed decisions to protect themselves against the effects of climate change:

- a. Review your commercial or homeowners' insurance policies to ensure adequate coverage for climate-related risks, such as property damage, business interruption liability, and supply chain disruptions.
- b. Consider purchasing additional insurance coverage options, such as contingent business interruption insurance or parametric insurance, to mitigate financial losses from climate-related events.
- c. Invest in resilient infrastructure and building design to withstand extreme weather events, such as stronger building materials, elevated structures, and flood-resistant construction techniques.
- d. Implement green infrastructure solutions, such as rain gardens, permeable pavement, and green roofs, to manage stormwater runoff and reduce flood risks.
- e. Invest in electric vehicles and reduce your carbon footprint by conserving energy, using public transportation, and supporting renewable energy sources.