

Emissions Reduction Plan  
RIMAC Seguros y Reaseguros



# CLIMATE CHANGE RISK AND OPPORTUNITY MANAGEMENT

RIMAC Seguros y Reaseguros

2024



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## ACRONYMS

<b>CC</b>	Climate change
<b>ENSO</b>	El Niño–Southern Oscillation
<b>GHG</b>	Greenhouse gases
<b>CCROM</b>	Climate change risk and opportunity management
<b>CF</b>	Carbon footprint
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>PRI</b>	Principles for Responsible Investment
<b>RIMAC</b>	RIMAC Seguros y Reaseguros
<b>SBS</b>	Peruvian National Superintendency of Banking and Insurance
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures

## GLOSSARY OF TERMS



### Climate change

Scientifically identified variation in the state of the climate, persisting over long periods of time and directly or indirectly attributed to human activity (IPCC, 2007).



### Carbon neutrality

Balance between emitting carbon and absorbing carbon emissions from carbon sinks during a given period of time (British Standards Institution, 2014), i.e., any CO<sub>2</sub> emissions released into the atmosphere by a company's activities is balanced with the elimination of an equivalent quantity of CO<sub>2</sub>.



### Greenhouse gases

Gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of infrared radiation emitted by the Earth's surface, the atmosphere, and clouds (International Standard Organization, 2018).



### Carbon footprint

Total set of GHG emissions caused directly and indirectly by an individual, organization, event, or product (Carbon Trust, 2007).



### Corporate climate action

Environmental actions or measures formulated by companies to address new climate change risks and opportunities and maintain their competitiveness, growth, and development (United Nations, n.d.).



### Governance

Political relations between different actors involved in the process of deciding, executing, and evaluating decisions on subjects of interest (Whittingham, 2011).



### Adaptation and mitigation measures

Adaptation measures are designed based on opportunities and impacts caused by climate change. Mitigation measures consist of the design and implementation of programs, projects, and activities aimed at reducing GHG emissions (Law 30754—Climate Change Act).

# CLIMATE CHANGE RISK AND OPPORTUNITY MANAGEMENT

RIMAC Seguros y Reaseguros

## INTRODUCTION

At RIMAC SEGUROS Y REASEGUROS, our purpose is to protect the world and foster Peruvians' wellbeing. To this end, we strive to achieve close, open relationships that allow us to constantly accompany our employees, customers, suppliers, strategic partners, and our community.

Given that climate change is a crucial reality, attested to by the increase in extreme climate events and environmental deterioration, we decided to perform a screening<sup>1</sup> to evaluate our business's vulnerability and exposure to climate change risks and opportunities. This analysis will allow us to identify potential risks, design effective action strategies, and adapt our operations to climate change.

This report presents RIMAC Seguros and Reaseguros' first climate risk and opportunity assessment. It is structured based on the dimensions of the TCFD: climate governance, climate change strategy, and risk management in our operations and insurance underwriting fronts.

## 1. GOVERNANCE

### 1.1 Corporate Governance

RIMAC Seguros has an effective corporate governance based on a compliance system aligned with the Code of Good Corporate Governance for Peruvian Companies and the Principles of Corporate Governance of the Organization for Economic Cooperation and Development (OECD).

The board of directors promotes a sense of importance that enables us to not only generate profit, but make significant contributions to the country's development. Each year, we reaffirm our commitment as signatories to:

- *Principles for Responsible Investment*: Initiative led by the United Nations that promotes the inclusion of ESG factors when making investment decisions.

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<sup>1</sup> Screening: Process of evaluating and selecting options, data, or projects through the application of certain criteria to determine their suitability or relevance.

- *United Nations Global Compact*: Most important global initiatives to promote sustainability through the implementation of ten principles on topics of human rights, environmental care, labor law, and the fight against corruption.

We are eligible for the most important stock market sustainability indices in the national and international portfolio:

- *Dow Jones Sustainability Index MILA Pacific Alliance*: International assessment of companies listed on the stock exchange that have the best sustainability practices.
- *S&P/BVL Perú General ESG Index*: This national assessment is focused on analyzing the performance of companies participating in Standard & Poor's (S&P) Corporate Sustainability Assessment (CSA) that meet environmental, social, and good governance (ESG) criteria.

**Fig. 1:** Corporate governance structure



Source: RIMAC Seguros y Reaseguros

## 1.2 Sustainability Governance

As part of the Breca Group, RIMAC Seguros y Reaseguros has a Corporate Sustainability Committee, consisting of representatives from the group's main business units, who implement and align the actions of the corporate sustainability strategy. The objective of the Corporate Sustainability Committee is to promote the inclusion of world-class sustainability standards and foster continuous improvement in the practices of each one of its affiliated companies to create value for shareholders, employees, customers, suppliers, the environment, and populations within our area of influence.

This strategic advisory body is in charge of monitoring compliance with the sustainability commitments and plans of each company comprising it, one of which is the strategic planning of climate change risk and opportunity management.

**Fig. 2: BRECA Corporate Sustainability Committee**



Source: RIMAC Seguros y Reaseguros

RIMAC Seguros has two (2) representatives on the BRECA Sustainability Committee:

**Fig. 3: RIMAC's Corporate Sustainability Committee members**



Source: RIMAC Seguros y Reaseguros

The resolutions coordinated in the committee's quarterly meetings are implemented by each member company and overseen by the Committee Director. The area responsible for the execution of these initiatives or resolutions at RIMAC Seguros is the Sustainability Team. This team is in charge of designing, supervising, executing, and coordinating all sustainability actions (environmental, social, or governance) agreed to in the Committee and those that are part of RIMAC Seguros' autonomous climate strategy. Lastly, the areas in charge of overseeing climate change risk and opportunity assessment and the strategy's implementation are as follows:

- RIMAC Sustainability Team
- Prevention Engineering and Risk Management Team
- Corporate Insurance Underwriting Team



### 1.3 Risk Management Governance

RIMAC Seguros has a comprehensive approach to risk management that encompasses all of the company’s operations. It is based on identifying and mitigating risks to the strategic objectives aligned with the company’s purpose. We also strive to develop opportunities, adapting to complex environments and protecting our principles in the long term.

Integrated Risk Management governance is based on:

- *Structural independence:* Risk management is entrusted to the Executive Vice President of Risks (VER), who has a direct administrative relationship with the CEO. This structure provides the necessary independence and visibility for risk duties and the strengthening of the second line of defense.
- *Integrated Risk Management Committee:* The VER reports to the Integrated Risk Management Committee, which is responsible for establishing policies, managing risks, and supervising and implementing action plans.

Climate change risk management priorities in 2023 were focused on:

- *El Niño risk management:* A strategic plan was implemented focused on four axes aligned with the company’s purpose, including both preventive and crisis response actions ([see Section 2.3.2, Annual Report 2023](#)).

### 1.4 Sustainability Management Policies and Frameworks

RIMAC Seguros has developed a series of policies on sustainability and climate change to ensure a strong performance with regard to the defined sustainability plans and objectives.

**Table 1:** Sustainability management policies and frameworks

<p><b>Sustainability policies</b></p>	<ul style="list-style-type: none"> <li>• <b>Sustainability Policy</b> (<a href="#">see here</a>): Establishes guidelines for employee decision-making and actions. This ensures that management processes help make RIMAC Seguros responsible for its impacts and proactive in responding to the demands of its Stakeholders.</li> </ul>
<p><b>Environmental and climate management policies</b></p>	<ul style="list-style-type: none"> <li>• <b>Corporate Environmental Policy</b> (<a href="#">see here</a>): Establishes the integration of the environment into the core business, shared environmental responsibility, pollution prevention, efficient resource management, and climate change management.</li> </ul>

<b>Climate change plans</b>	<ul style="list-style-type: none"> <li>• <b>RIMAC Climate Strategy</b> (<a href="#">see here</a>): Presents progress in the identification and management of climate change risks in the company's operations.</li> <li>• <b>RIMAC Operational Eco-efficiency</b> (<a href="#">see here</a>): Provides details on the company's metrics for emissions inventory, water and energy consumption, waste management and recycling.</li> </ul>
<b>Corporate policies including aspects of sustainability and climate change</b>	<ul style="list-style-type: none"> <li>• <b>Responsible Investment Policy</b> (<a href="#">see here</a>): Establishes the integration of ESG criteria (including climate change) into investment processes, in both its own and third-party portfolios. Indicates investment inclusions and exclusions in certain industries.</li> <li>• <b>General Risk Policy</b>: Establishes restricted activities or lines of business, i.e., those which RIMAC does not underwrite as part of its service portfolio. These include oil and oil byproducts, coal, rubber, and others.</li> </ul>

Source: RIMAC Seguros y Reaseguros

## 2. STRATEGY

### 2.1. Climate Change Horizons and Scenarios

To analyze and assess the impact of climate change risks and opportunities, RIMAC uses different time horizons based on the different processes for the assessment of identified risks and opportunities:

**Table 2:** Horizons used

Horizon		Time Range
<b>ST</b>	Short-term	Up to 3 years
<b>MT</b>	Medium-term	From 3 to 5 years
<b>LT</b>	Long-term	More than 10 years

Source: RIMAC Seguros y Reaseguros

To assess risks and opportunities, the following scenarios were used:

**Table 3:** Climate scenarios used

Type	Scenario Used	Scenario Provider
<b>Transition risks</b>	Delayed transition	Network for Greening the Financial System (NGFS)
	Coordination scenario <sup>2</sup>	Nationally determined contributions (NDCs) established by the Peruvian Ministry of the Environment

<sup>2</sup> Includes related NDCs: ECE19, ECM29, ECM30, ECM 31

Type	Scenario Used	Scenario Provider
Physical risks	Representative concentration pathways RCP 4.5 <sup>3</sup> RCP 8.5 <sup>4</sup>	IPCC
	Delayed transition	Network for Greening the Financial System (NGFS)
Opportunities	Coordination scenario	Nationally determined contributions (NDCs)

Source: RIMAC Seguros y Reaseguros

## 2.2. Description of Climate Change Risks and Opportunities

RIMAC Seguros analyzes those risks that, if they were to materialize, might have an impact on the business. This analysis takes into account ESG factors (double materiality assessment), making it possible to obtain additional information on the expectations of social movements, stakeholders, and the market that affect the organization.

Climate change risk is the risk derived from long-term changes in the climate patterns of a given location. These risks can be divided into two main categories: physical risks and transition risks.

The climate change risks identified by RIMAC Seguros include the following, divided according to the abovementioned categories:

<sup>3</sup> This scenario represents a radiative forcing of 4.5 W/m<sup>2</sup> in 2100. GHG emissions stabilize at moderate levels due to the implementation of mitigation policies and changes in energy technologies. Involves global warming of 2 to 3°C compared to preindustrial levels.

<sup>4</sup> This scenario represents a radiative forcing of 8.5 W/m<sup>2</sup> in 2100. GHG emissions continue to increase unabated, leading to global warming in excess of 4°C. Involves severe climate change and significant negative consequences for humanity and ecosystems.

**Table 4:** Climate transition risks

Axis	Code	Climate Change Risk	Risk Description	Possible Financial and Nonfinancial Impacts	Horizon
Legal and regulatory	RT1	Mandates and regulations that promote green insurance	Creation of climate change mitigation products	<ol style="list-style-type: none"> <li>1 Budget adjustment to provide preferential rates for green buildings</li> <li>2 Investment of economic resources to conduct necessary studies (electric and self-driving vehicles, etc.)</li> <li>3 Increased demand for green insurance</li> </ol>	Long Term (> 10 years)
	RT2	Regulation of insurance premiums by climate change-indexed risks	Creation of pure parametric insurance based on climate change risks	<ol style="list-style-type: none"> <li>1 Adjustment of premiums due to greater frequency and severity of extreme events</li> <li>2 Higher capital reserve requirements</li> <li>3 Climate change assessment disclosure requirement</li> </ol>	Medium Term (3–10 years)
Technological	RT3	Cleaner technology transition	RIMAC customers in carbon-intensive sectors (coal, oil, etc.) that are surpassed by cleaner alternative technologies (renewable energy, electric vehicles, etc.) may experience solvency issues, with a lower assurance capacity in their operations	<ol style="list-style-type: none"> <li>1 Impact on the liquidity of RIMAC's customers in carbon-intensive sectors (coal, oil, etc.)</li> <li>2 Higher demand for assurance of cleaner technologies</li> </ol>	Short Term (< 3 years)
Reputational	RT4	Exclusion of underwriting	Renunciation of profitable businesses due to sector	<ol style="list-style-type: none"> <li>1 Renunciation of profitable customers due to carbon intensive business models. Effects on RIMAC's profit.</li> </ol>	Short Term (< 3 years)

Axis	Code	Climate Change Risk	Risk Description	Possible Financial and Nonfinancial Impacts	Horizon
		profitable sectors due to market pressures	regulations prohibiting or limiting them, e.g., the underwriting of coal, oil, and nonconventional gas insurance	2 Direct risk of loss of customers due to failure to address climate change challenges	
Market	RT5	Changes in trends and consumer preferences	Direct risk of loss of companies due to failure to comply with RIMAC's climate change management, e.g., unmet demand for insurance of electric and self-driving vehicles, green buildings, etc.	1 Direct risk of loss of customers due to failure to address climate change challenges	Medium Term (3–10 years)

Source: RIMAC Seguros y Reaseguros

**Table 5:** Climate-related physical risks

Axis	Code	Climate Change Risk	Risk Description	Possible Financial and Nonfinancial Impacts	Horizon
Acute risks	RF1	Increased severity, frequency, and duration of extreme weather events	Increasingly severe weather events, including ENSO, flooding, landslides, frost, and cold snaps	1 Insufficient premiums: Flaws in the calculation of rates due to uncertainties caused by climate change; or increased liability due to insurance losses caused by climate change.	Medium Term (3–10 years)
Chronic risks	RF2	Changes in precipitation patterns and extreme variability in weather patterns	Variation in rainy and dry seasons, etc. Changes in seasonality	1 Insufficient reserves: Reserves do not guarantee the entity's stability in the face of special or climate risks; or current reserves do not consider trend changes in the impact or recurrence of losses.	Medium Term (3–10 years)

Source: RIMAC Seguros y Reaseguros

**Table 6:** Climate-related opportunities

Axis	Code	Climate Change Risk	Risk Description	Possible Financial and Nonfinancial Impacts	Horizon
Resource efficiency	O1	Use of sustainable transportation	more Actions that improve the efficiency of production processes, distribution, buildings, machinery, and transportation/mobility, particularly with regard to energy efficiency, including water and waste management	1 Heavy promotion of renewable energies, electricity storage	Medium Term (3–10 years)
				2 Development of green hydrogen as an alternative energy source	
Energy source	O2	Change of energy source to renewable for main locations	Change of energy source to low-emissions alternatives, such as wind, solar, hydroelectric, geothermal, or nuclear energy, etc.	1 Promotion of the distribution of solar panels 2 Cost-reduction potential	Short Term (< 3 years)
Markets	O3	Access to new markets that gain importance due to transition effects	Access to new markets to diversify activities and improve positioning for the transition to a lower-carbon economy	1 Increased diversification of financial assets (e.g., green insurance and infrastructure)	Long Term (> 10 years)

Source: RIMAC Seguros y Reaseguros

### 2.3. Impact of Risks and Opportunities on the Business

At RIMAC Seguros, we face multiple forms of exposure to climate change-related risks that affect our core business operations and may have consequences on our business's reserves. Our presence in Peru, a country that is highly vulnerable to climate change risks, has led us to identify risks associated with the climate and nature as significant criteria for defining underwriting strategies, using technically rigorous methods (provided by the RIMAC Monitoring Center), most notably risk selection, cluster control, and rate adaptation.

For this reason, RIMAC Seguros models climate- and nature-related risks through the RIMAC Monitoring Center, which provides exposure information and estimates probabilistic loss scenarios to calculate the possible financial impact of natural events. Climate change may be an incremental factor of catastrophic risk, depending on the scenario type and time horizon. RIMAC Seguros includes the following variables, among others, in these estimates:

- Vulnerability to cold snaps
- Vulnerability to frosts
- Vulnerability to floods
- Vulnerability to mass movements
- Vulnerability to volcanic eruptions

**Table 7** presents the level of vulnerability to these climate variables within the SBS-defined lines of business of our insurance portfolio. Color grading indicates the number of customers for each level of vulnerability to a climate risk (cold snaps, frosts, floods, and mass movements):

**Table 7: Vulnerability of the Insurance Portfolio to Climate Variables, RIMAC Monitoring Center report**

Vulnerability to COLD SNAPS	Very High	High	Medium	Low	Very Low	Vulnerability to FLOODS	Very High	High	Medium	Low
1 Housing	7.6%	20.7%	40.8%	16.9%	14.1%	1 Housing	1.5%	5.5%	38.2%	54.8%
2 Office	14.5%	22.8%	38.3%	23.8%	0.6%	2 Office	1.2%	10.3%	34.1%	54.4%
3 Educational Center	11.1%	8.3%	33.3%	47.2%	0.0%	3 Educational Center	2.6%	11.9%	38.2%	47.3%
4 Health Center	12.8%	16.2%	37.6%	33.3%	0.0%	4 Health Center	2.6%	13.0%	37.9%	46.5%
5 Workshop	15.1%	30.9%	32.6%	21.5%	0.0%	5 Workshop	1.6%	15.5%	29.4%	53.4%
6 Commerce	12.9%	26.9%	34.2%	26.0%	0.0%	6 Commerce	2.3%	15.9%	30.3%	51.5%
7 Industrial Bay or Large Warehouses	16.7%	21.2%	44.6%	17.3%	0.3%	7 Industrial Bay or Large Warehouses	1.3%	14.7%	30.7%	53.3%
8 Hotels and Lodging	20.6%	13.7%	42.0%	23.7%	0.0%	8 Hotels and Lodging	1.9%	16.4%	28.6%	53.1%
9 Gas Stations	22.9%	28.6%	35.2%	13.3%	0.0%	9 Gas Stations	2.3%	20.6%	26.5%	50.6%
10 Recreational/Religious Activities	5.9%	26.5%	29.4%	38.2%	0.0%	10 Recreational/Religious Activities	2.2%	14.0%	28.9%	54.9%
11 Special Structures	16.0%	52.0%	15.2%	11.2%	5.6%	11 Special Structures	0.3%	3.4%	31.1%	65.2%

Vulnerability to FROSTS	Very High	High	Medium	Low	Very Low	Vulnerability to LANDSLIDES	Very High	High	Medium	Low
1 Housing	5.8%	14.6%	18.9%	36.1%	24.6%	1 Housing	2.9%	10.3%	11.4%	75.4%
2 Office	12.8%	18.6%	20.6%	27.8%	20.3%	2 Office	3.4%	8.0%	11.5%	77.0%
3 Educational Center	8.3%	15.7%	16.5%	41.3%	18.2%	3 Educational Center	1.8%	3.4%	11.9%	83.0%
4 Health Center	9.4%	22.7%	14.4%	35.4%	18.1%	4 Health Center	1.0%	3.2%	10.6%	85.1%
5 Workshop	14.6%	16.9%	20.3%	23.8%	24.4%	5 Workshop	6.6%	8.3%	16.1%	69.0%
6 Commerce	9.6%	13.8%	15.9%	33.3%	27.3%	6 Commerce	2.3%	5.1%	13.3%	79.4%
7 Industrial Bay or Large Warehouses	18.2%	16.8%	16.4%	25.0%	23.6%	7 Industrial Bay or Large Warehouses	5.4%	8.3%	15.7%	70.6%
8 Hotels and Lodging	9.8%	23.4%	19.0%	23.4%	24.4%	8 Hotels and Lodging	2.6%	5.3%	17.9%	74.2%
9 Gas Stations	15.6%	8.4%	19.2%	32.3%	24.6%	9 Gas Stations	3.9%	7.9%	17.1%	71.1%
10 Recreational/Religious Activities	9.0%	9.0%	11.9%	41.8%	28.4%	10 Recreational/Religious Activities	1.9%	7.1%	15.3%	75.6%
11 Special Structures	10.0%	11.9%	16.2%	21.9%	39.9%	11 Special Structures	5.4%	18.8%	16.5%	59.3%

Source: RIMAC Seguros y Reaseguros



#### **2.4. Resilience of the Organization's Strategy to Climate Change Risks**

According to the concept of climate resilience, organizations must develop their capacity to adapt in response to climate change, taking advantage of opportunities and managing associated transition and physical risks.

RIMAC Seguros has performed the first assessment of the resilience of its strategies to climate-related risks and opportunities, considering a transition to a low-carbon economy consistent with a scenario of 2°C or less, and, where relevant to RIMAC Seguros, scenarios consistent with an increase in climate-related physical risks.

The maturity of climate- and nature-related risk management was emphasized following the El Niño of 2017. This event led to the creation of the RIMAC Monitoring Center, preventive strategies against such natural events (which are occurring more frequently due to climate change), customer training, rate adjustments, etc.

**Table 8:** Transition Risk Assessment, RIMAC Seguros

Transition Risks		Assessment scenario: Global emissions will not diminish by 2030. The reaction of international environmental policies is slow. The entry of new technologies to Peru will be slow to moderate.			Assessment scenario: Peru's environmental targets are 50–70% met. Considerable progress is made in sustainable construction, renewable energy, replacement of the energy matrix with NVG or electric vehicles.			RIMAC Seguros Climate Risk Management Strategy
		Axis	Code	Impact	Probability	Total	Impact	
Legal and regulatory	RT1	5	5	25	7	4	28	<ul style="list-style-type: none"> <li>• <b>Short-term:</b> Integration of green insurance is not yet foreseen within the next 3 years.</li> <li>• <b>Medium-term:</b> Potential rate adjustment is evaluated to benefit customers with optimal environmental criteria.</li> <li>• <b>Long-term:</b> Creation of new sustainable products (renewable energy, electric vehicles).</li> </ul>
	RT2	5	4	20	7	5	35	<ul style="list-style-type: none"> <li>• <b>Short-term:</b> Transferred risk (facultative reinsurance) with a withholding (2%). We currently offer Agricultural Catastrophe Insurance and Parametric Insurance for Alpacas, managed by MIDAGRI.</li> <li>• <b>Medium-term:</b> Creation of products indexed to climate change risks.</li> <li>• <b>Long-term:</b> Miscellaneous insurance (supplemental).</li> </ul>

<b>Technological</b>	<b>RT3</b>	2	3	6	7	5	35	<ul style="list-style-type: none"> <li>• <b>Short-term:</b> Not yet projected.</li> <li>• <b>Medium-term:</b> Facultative insurance has a component associated with clean technologies.</li> </ul>
<b>Reputational</b>	<b>RT4</b>	2	3	6	2	3	6	<ul style="list-style-type: none"> <li>• <b>Short-term:</b> There is a General Risk Underwriting Policy and lines/activities excluded from insurance, including coal, oil, rubber, etc.</li> <li>• <b>Medium-term:</b> Inclusion of an ESG Questionnaire for underwriting potential customers.</li> </ul>
<b>Market</b>	<b>RT5</b>	7	5	35	2	3	6	<ul style="list-style-type: none"> <li>• <b>Short-term:</b> There is a General Risk Underwriting Policy and lines/activities excluded from insurance, including coal, oil, rubber, etc.</li> <li>• <b>Medium-term:</b> Potential creation of insurance products for electric vehicles (based on European benchmarking).</li> </ul>

Source: RIMAC Seguros y Reaseguros

**Table 9:** Physical Risk Assessment, RIMAC Seguros

Physical Risks		RCP 8.5			RCP 4.5			Current Strategy
		Impact	Probability	Total	Impact	Probability	Total	
Acute risks	RF1	7	3	21	2	3	6	<ul style="list-style-type: none"> <li>• <b>Short-term:</b> Inclusion of more climate variables in the Risk Manager. Monitoring Center has real-time data from different technical sources in Peru and beyond.</li> <li>• <b>Medium-term:</b> More robust platforms such as the Risk Manager, INSPAT, and the Climate and Nature Risk Questionnaire.</li> </ul>
Chronic risks	RF2	7	5	35	7	3	21	<ul style="list-style-type: none"> <li>• <b>Short-term:</b> Adjustment to rates and selection of assets to underwrite. The Monitoring Center strengthens customers' prevention culture.</li> <li>• <b>Medium-term:</b> Consolidate as transferred risks (reinsurance).</li> </ul>

Source: RIMAC Seguros y Reaseguros

**Table 10:** Opportunity Assessment, RIMAC Seguros

Delayed Transition (NGFS)

Coordination Scenario: ECE19, ECM29,  
ECM30, ECM 31

Opportunities		Assessment scenario: Global emissions will not diminish by 2030. The reaction of international environmental policies is slow. The entry of new technologies to Peru will be slow to moderate.			Assessment scenario: Peru’s environmental targets are 50–70% met: sustainable construction, renewable energy, replacement of the energy matrix with NVG or electric vehicles.			Current Strategy
		Impact	Probability	Total	Impact	Probability	Total	
Axis	Code							
Resource efficiency	O1	5	5	25	7	4	28	<ul style="list-style-type: none"> <li>• <b>Short-term:</b> Transition to sustainable mobility for operations (ambulances, motorcycles, and tow trucks).</li> <li>• <b>Medium-term:</b> Potential rate adjustments to benefit customers with strong eco-efficiency performance.</li> </ul>
Energy source	O2	5	4	20	7	5	35	<ul style="list-style-type: none"> <li>• <b>Medium-term:</b> Potential rate adjustments to benefit customers who include renewable energy sources in their operations.</li> </ul>
Markets	O3	2	3	6	7	5	35	<ul style="list-style-type: none"> <li>• <b>Medium-term:</b> Creation of new sustainable products depending on demand in the domestic market and progress in the international market.</li> </ul>

Source: RIMAC Seguros y Reaseguros

### 3. RISK MANAGEMENT

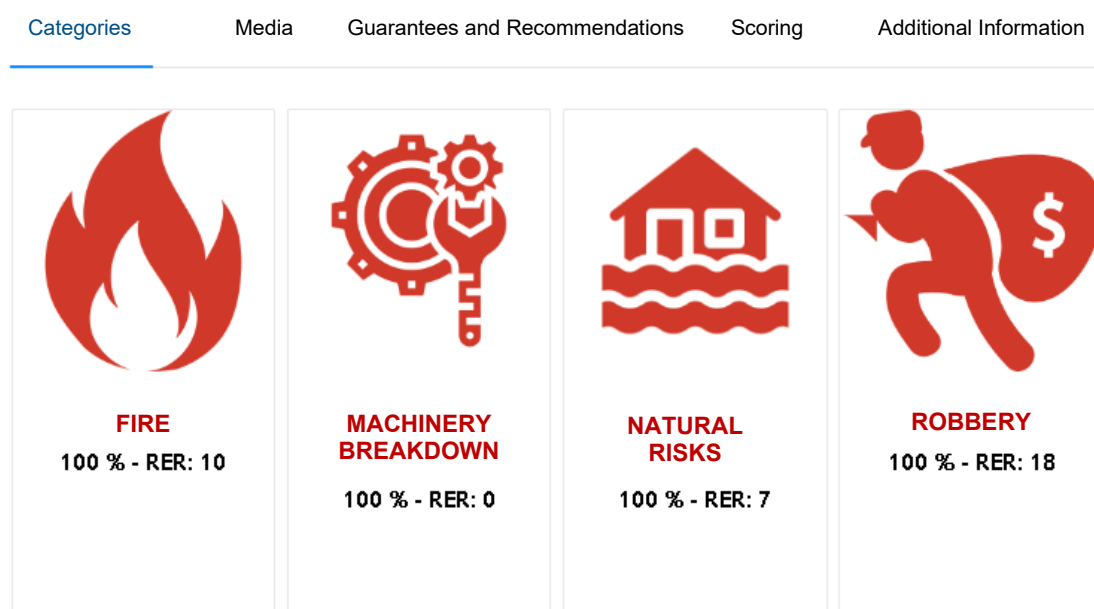
#### 3.1. Process for Identifying and Assessing Climate Change Risks in the Business

This section describes the processes for identifying and assessing climate-related risks in the insurance underwriting process (insurance portfolio) by geographic location.

##### a. Climate and Nature Risk Inspection Stage

As part of the insurance underwriting process, the RIMAC's team of inspectors performs an initial onsite verification to assess the following risk categories, in particular:

**Fig. 4:** Risks assessed in the INSPAT app



Source: RIMAC Seguros y Reaseguros

This assessment determines the degree of the exposure and vulnerability of the premises to be covered by the insurance, which could suffer material damages and/or loss of profit due to stoppages in the event that the risk were to materialize.

To perform a proper verification and obtain detailed information, RIMAC Seguros has developed the INSPAT app to perform inspections (see **Fig. 4**). The INSPAT app includes a robust set of questions regarding customers' exposure to climate- and nature-related risks, fire, machinery breakdown, etc. The Climate- and Nature-Related Risk Questionnaire (see **Annex 1**) consists primarily of questions to be answered by the inspector according to his observations in the field, such as:

- Proximity to bodies of water (flooding risk)
- Proximity to mountain formations (mass movement risk)

- Precipitation frequency (flood or drought risk)
- Soil type (mass movement risk)
- Exposure to earthquakes

Climate- and Nature-Related Risk Questionnaire is used to rate the identified risk level (see **Annex 2**). The higher the score, the lower the risk, meaning that the likelihood of the risk's occurrence is low, as is its severity. It is important to note that within the overall decision-making process to determine whether a risk is insurable, the Climate- and Nature-Related Risk Questionnaire is the second most relevant factor, due to the potentially high severity in case of the occurrence of such risks, such as river overtopping or tsunamis.

### **b. Climate- and Nature-Related Risk Assessment Stage**

Following the Inspection Stage, RIMAC's Engineering Team evaluates each report submitted by the team of inspectors in order to validate the rating and the necessary guarantees. The Engineering Team performs its assessment of climate- and nature-related risks based on:

- Expertise and training of each engineer
- Risk Manager tool
- Technical support from the RIMAC Monitoring Center
- Open-access tools for the reinsurance market, such as CATNET (provided by Swiss Re) or SIGRID (provided by the Peruvian National Institute of Civil Defense (INDECI)).

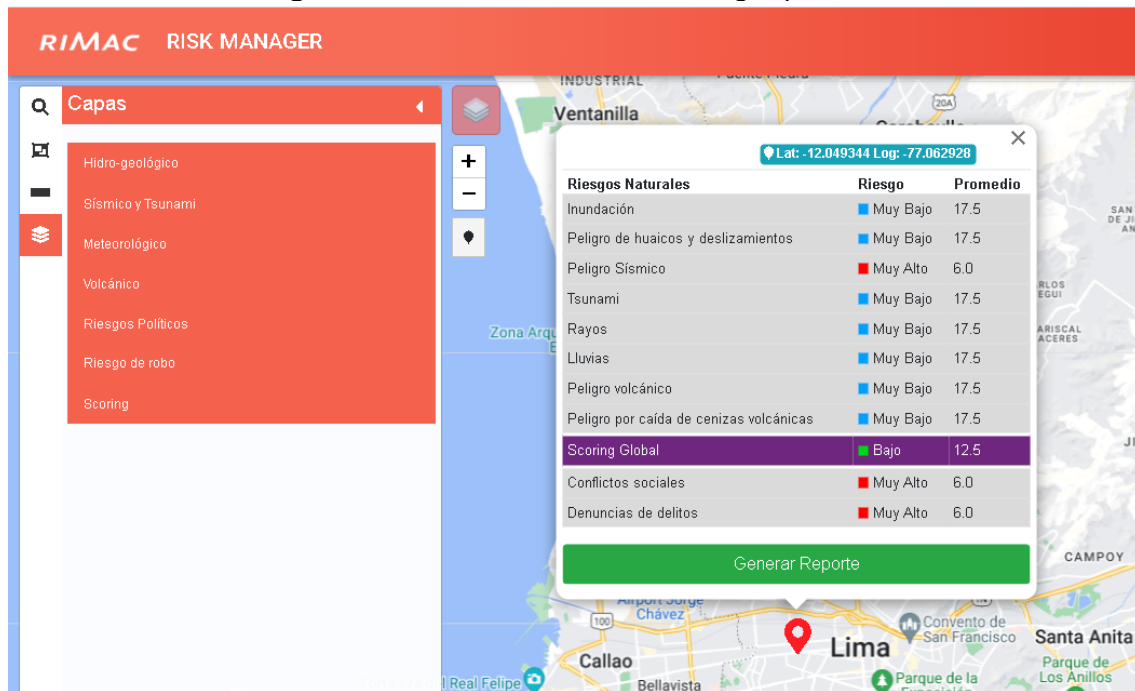
The Risk Manager (see **Fig. 5**) is a web platform developed by RIMAC Seguros in 2017. This platform makes it possible to associate the climate- and nature-related risks to which a customer's premises is exposed, according to its geographic coordinates. Using this tool, the field assessment (Risk Inspection Stage) is supplemented with an assessment of the following nature- and climate-related risks:

- Hydrogeological: Flooding, mudslides, and landslides
- Earthquake and tsunami: Earthquakes, tsunamis, seismic acceleration, geological faults.
- Meteorological: Lightning and rainfall.
- Volcanic: Ash and lava.

It also makes it possible to assessment non-natural risks such as political risks and robbery risks. **Fig. 5** shows an example screenshot of the Risk Manager platform. The

Risk Manager is used by the Inspector and Engineering Team during the onsite inspection and office assessment, respectively.

**Fig. 5:** Screenshot of the Risk Manager platform



Source: RIMAC Seguros y Reaseguros

### c. Property and Casualty Risk Reporting Stage

Finally, following the delivery of the climate- and nature-related risk level results, a comprehensive report is submitted on the identified risks. If this assessment report identifies a high probability for a risk, whether based on the events described above, third-party studies, or the criteria of the assessment team, the risk is given a low rating (poor risk), and action plans are proposed to the customer or assured to reduce their exposure. The actions to be performed may be optional (Recommendations) or compulsory (Guarantees), as a requirement for taking out coverage for a loss.

## 3.2. Process for Climate Change Risk Management in the Business

### a. Climate Change Risk Management at RIMAC

In the insurance sector, sustainability is based on the proper management of the risks to which the organization is exposed. RIMAC Seguros ensures sustainability through responsible risk management, including environmental, social, and property risks. RIMAC's internal control processes and risk management system are based on the continuous, integrated management of each and every one of the business areas and the adaptation of risk levels to strategic objectives.



The management of climate change risks is essentially focused on increasing the identification and understanding of higher levels of hazard due to climate- and nature-related risks before and after the customer's underwriting process. Climate- and nature-related risk management is focused on improving assessment through:

- Exclusion of lines and insurance activities established in the Property and Casualty Risk Underwriting Policy, including coal, oil, rubber, etc.
- In-depth knowledge of customers and their associated risks (such as geographic location and asset characteristics) using the INSPAT app and the Climate- and Nature-Related Risk Questionnaire (see **Annex 1**), to perform the correct coverage and selection of insurance protections.
- Inclusion of more climate variables in the Risk Manager platform (see **Fig. 5**) for making commercial strategy decisions.
- Strengthening of a prevention culture through early warnings and customer training, led by the RIMAC Monitoring Center (see following section).
- Collaboration and transparency between the assured and the insurance company to facilitate the best possible assessment and rate setting.
- Contracts for reinsurance coverage.

## **b. Management of Climate Change Risks with Customers**

Following the underwriting process and onboarding of customers, RIMAC Seguros provides a number of tools to foster a continuous prevention culture. As part of these efforts, the RIMAC Monitoring Center was established in 2017 to provide personalized services focused on the risk level and type of our portfolio of insured customers.

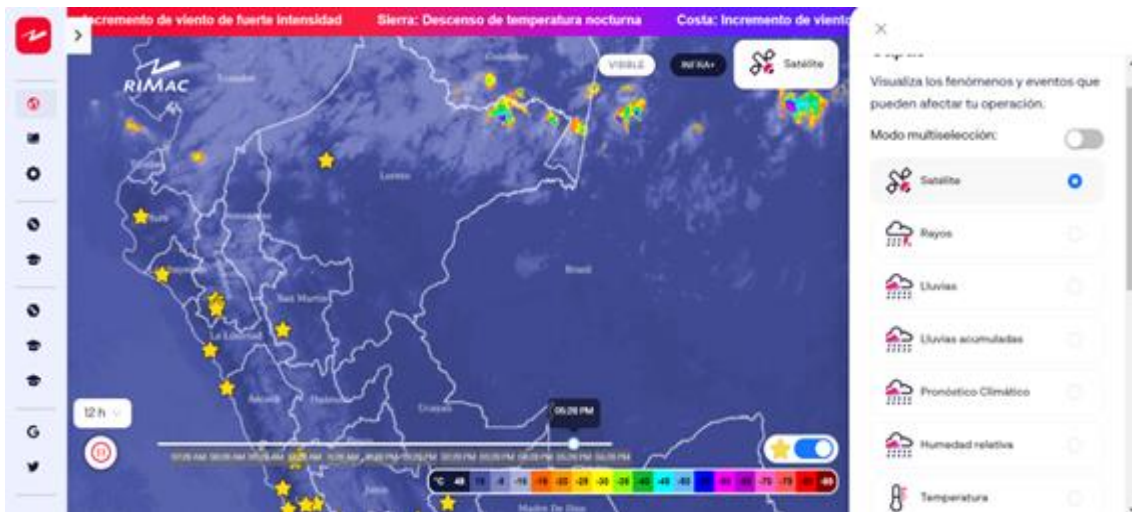
The Monitoring Center allows us to determine the needs of each type of industry and offer services with a high differential value to help customers reduce risks and/or prepare to mitigate impacts associated with weather, climate, and their effects, depending on their geographic location.

Monitoring Center provides a free, open-access, modern web platform for our customers, where they can access a number of tools, including:

1. Interactive maps for real-time, nationwide monitoring of precipitation (rain) and lightning (thunder storms) and whether they affect locations of interest to the insured.

2. Interactive maps to monitor weather forecasts for the coming days for parameters such as cloudiness, relative humidity, wind speed, temperature, choppy waves, etc.
3. Interactive maps to monitor the status of roads affected by natural events such as floods, landslides, river overtopping, slope erosion, etc.
4. Favorite Locations Model that allows them to perform the georeferencing of their favorite locations or places of interest so they can receive automated alerts.
5. Detailed bulletins on forecasts of intense rainfall, high winds, extreme temperatures, thunderstorms, and other natural events.
6. News bulletins on flash floods, imminent river overtopping, and rain and windfall warnings.
7. Automated alerts on natural events in the region where the assured's favorite locations or areas of interest are located.

**Fig. 6:** Screenshot of the RIMAC Monitoring Center digital tool



Source: RIMAC Seguros y Reaseguros

For its part, the Monitoring Center designs preventive programs for customers located in high-risk areas. In 2023, we executed the program “Juntos por la Prevención frente al Fenómeno El Niño (FEN)” (“Working Together for Prevention in the Face of El Niño”), identifying customer facilities that were at risk of mass movements and floods. We then worked with these customers on:

1. Publications regarding the development of the ENSO and the current warning status, as well as preventive measures for the ENSO available to the general public.
2. Technical risk inspection visits to assess risks posed by heavy rainfall and flooding, identifying external threats and the vulnerability of our customers’ facilities. These visits were performed by geological, meteorological, and risk specialists from the Monitoring Center staff, with the help of drones. Final reports contained findings, risk assessments, and specific recommendations to the customer for improvement.
3. In-person seminars in the largest cities of the departments at risk due to the ENSO, explaining the latest forecasts and possible implications for each region. These seminars included preventive measures to reduce and mitigate damages to our insureds’ facilities. These seminars were done in-house.
4. Advice on the ENSO and monitoring of customers. Review of their ENSO emergency response plans.

Lastly, the Monitoring Center provides information to different areas of RIMAC, including:

1. Forecast of rainfall scenarios at locations nationwide, for purposes of underwriting and the establishment of insurance conditions that ensure the profitability of property policies.
2. Advice and weather forecasts for underwriting catastrophic crop insurance.
3. Alerts and simulation of damages to customers affected by different climate phenomena.

## 4. METRICS AND OBJECTIVES

### 4.1. Operation Metrics

In the face of accelerating climate change, insurance companies must tackle a unique and urgent challenge: guaranteeing business continuity and preserving the planet. The importance of measuring and establishing climate objectives is a testimony to our commitment to a sustainable and resilient future.

#### a. Corporate GHG Emissions

The precise measurement of GHG emissions has become a fundamental pillar for environmental and business decision-making. Below are some of the metrics associated with corporate emissions (Lima, Cusco, Chiclayo, Arequipa, Piura, and Trujillo locations):

**Table 11:** Corporate GHG emissions metrics

GHG Emission Sources	GHG Emissions tCO <sub>2</sub> e
<b>Category 1</b>	<b>638.16</b>
Own fuel consumption – stationary equipment	26.13
Own fuel consumption – mobile equipment	368.34
Extinguisher	0.25
Coolant	0.00
Septic tank	243.44
<b>Category 2</b>	<b>899.00</b>
Electric energy consumption	899.00
<b>Category 3</b>	<b>1,112.34</b>
Air travel	691.78
Hired transportation	0.38
Local transportation - taxi	1.27
Document transport	11.82
Solid waste transport	0.92
Commuter – home to work	393.49
Home office	11.11

GHG Emission Sources	GHG Emissions tCO <sub>2</sub> e
Lodging	1.58
<b>Category 4</b>	<b>350.86</b>
Electric energy: Loss of T&D	114.03
Drinking water consumption	4.70
Paper consumption	34.68
Purchase of materials and inputs	177.26
Generation of solid waste	20.20
<b>Category 5</b>	<b>629.62</b>
Third-party fuel consumption – ambulances	25.87
Third-party fuel consumption – tow trucks	603.76
<b>Total</b>	<b>3,629.98</b>

Source: RIMAC Seguros y Reaseguros

## b. Investment portfolio GHG emissions

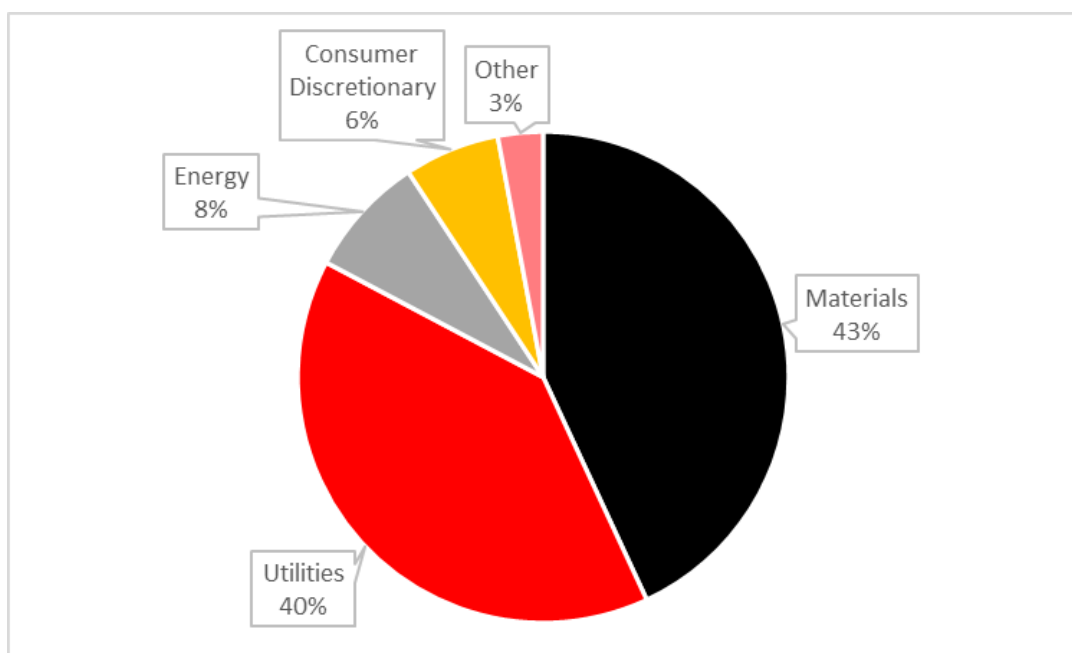
The investment portfolio's carbon footprint covers the assets under management (AUM) of RIMAC's portfolios.

**Table 12:** Corporate GHG emissions metrics

Absolute Financed Emissions	FY 2023
Detail	Data
Total absolute financed emissions (metric tons of CO <sub>2</sub> equivalents)	26.13 tCO <sub>2</sub> e
Percentage of measured portfolio coverage	32.5%

Source: RIMAC Seguros y Reaseguros

**Fig. 7: Absolute carbon footprint by investment sector**



Source: RIMAC Seguros y Reaseguros

### c. Resource Management

The efficient management of resources has become an unavoidable commitment. Below are some of the metrics used to assess and boost these eco-efficiency efforts regarding the resources used in our operations:

**Table 13: Resource management KPIs**

KPI	Unit	FY 2023
GHG emissions per employee	tCO <sub>2</sub> e/employee	1.46
Average water consumption per employee	m <sup>3</sup> /employee	164.00
Cups of coffee consumed per employee	units/employee	5,378
Single-use merch (flyers)	units/year	10,870

Source: RIMAC Seguros y Reaseguros

**\*\*\*END OF DOCUMENT\*\*\***

### Annex 1: Climate- and nature-related risk questionnaire, INSPAT

#### Terrain Characteristics

<b>Soil Type</b>	<input type="checkbox"/> Zone 1	<input checked="" type="checkbox"/> Zone 2	<input type="checkbox"/> Zone 3	<input type="checkbox"/> Zone 4	<input type="checkbox"/> Zone 5
<b>Condition</b>	---				

#### Construction Materials

<b>Outside:</b>	Brick and Cement
<b>Internal Divisions:</b>	Metal/Concrete Structure
<b>Roofs:</b>	Brick and Cement

#### Distance to the Sea/River

<b>Horizontal Distance:</b>	201 m to 300 m	<b>Vertical Distance:</b>	41 m to 50 m
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#### Exposure to Landslides, Flash Floods, or Mudslides

Is the property located in the way of flash floods or mudslides?	No
Is there a historical record of flashfloods or mudslides?	No
Have damages occurred in the district due to flash floods or mudslides?	No
Have cave-ins occurred, or is it possible that they could occur, causing damage to the insured subject-matter?	No
Are there dikes, gabions, flood control channels, or other protective civil works?	No
<b>Comments</b>	

#### Rainfall

<b>Occurrence of rain</b>	Medium	<b>Water drainage system:</b>	None
<b>Location of premises</b>	Location II		

#### Protection against Rain and Floods

Existing protections	Maintenance	Cleanup	Orderliness
<input checked="" type="checkbox"/> Rain gutters on roofs	Average	Average	Average
<input checked="" type="checkbox"/> Vertical drainage system	Good	Average	Poor
<input checked="" type="checkbox"/> Sump	Average	Average	Good
<input checked="" type="checkbox"/> Filters	Average	Good	Poor
<b>Water drainage system discharges in local sewer system</b>	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No
<b>There is a contingency plan in case of rainfall</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not applicable

#### Earthquake Exposure

<b>Earthquake (per Munich Re):</b>	<b>Zone 2</b>
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Source: RIMAC Seguros y Reaseguros

**Annex 2: Climate- and nature-related risk rating, INSPAT**

GENERAL CLIMATE- AND NATURE-RELATED RISK RATING		OVERALL RATING	
		Excellent Risk	17-20
		Above Average/Good Risk	14-16
		Average Risk	10-13
		Below Average/Bad Risk	8-9
Poor Risk	1-7		
Concept		Coefficient	Points
<b>1. DISTANCE TO SEA/RIVER</b>			
Horizontal distance	Less than 200 m	0	2
	201 m to 300 m	2	
	301 m to 400 m	4	
	401 m to 500 m	6	
	500 m to 1,000 m	8	
	More than 1,000 m	10	
Vertical distance	Less than 12 m	0	8
	13 m to 20 m	2	
	21 m to 30 m	4	
	31 m to 40 m	6	
	41 m to 50 m	8	
	More than 50 m	10	
<b>2. DISTANCE TO MOUNTAINS</b>			
Location in water course	Yes	0	3
	No	3	
Historical record	Yes	0	3
	No	3	
Damages due to flash floods	Yes	0	3
	No	3	
Possible landslides	Yes	0	3
	No	3	
Civil protection	Yes	6	0
	No	0	
<b>3. RAINFALL</b>			
Occurrence of rain	Low	10	5
	Medium	5	
	High	0	
Water drainage system	Not applicable	5	0
	Yes	5	
	No	0	
Location of premises	Location III	10	5
	Location II	5	
	Location I	0	
<b>4. ZONE (SOIL TYPE)</b>			
	Zone 1	3	2
	Zone 2	2	
	Zone 3	1	
	Zone 4 / Zone 5	0	



GENERAL CLIMATE- AND NATURE-RELATED RISK RATING		OVERALL RATING	
		Excellent Risk	17-20
		Above Average/Good Risk	14-16
		Average Risk	10-13
		Below Average/Bad Risk	8-9
		Poor Risk	1-7
Concept		Coefficient	Points
<b>5. CONSTRUCTION MATERIALS</b>			
Outside	Metal/concrete structure	2	1
	Brick and cement	1	
	Wattle and daub / sillar stone / wood / plaster	0	
Internal divisions	Metal/concrete structure	2	2
	Brick and cement	1	
	Wattle and daub / sillar stone / wood / plaster	0	
Roofs	Metal/concrete structure	2	1
	Brick and cement	1	
	Wattle and daub / sillar stone / wood / plaster	0	
<b>6. EXPOSURE TO EARTHQUAKE</b>			
Earthquake (per Munich Re)	Zone 0	8	4
	Zone 1	6	
	Zone 2	4	
	Zone 3	2	
	Zone 4	0	

Source: RIMAC Seguros y Reaseguros