OSFI’s Climate Risk Management Guideline & How Insurers Can Prepare

The Institute for Catastrophic Loss Reduction
January 27, 2023
# Agenda

<table>
<thead>
<tr>
<th>Setting the Scene</th>
<th>OSFI Draft Guideline B-15: Climate Risk Management</th>
<th>Insurers, Climate Risk Management &amp; Disclosures</th>
<th>What to Look for in 2023</th>
<th>Q&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>11</td>
<td>15</td>
<td>19</td>
<td>28</td>
</tr>
</tbody>
</table>
Setting the Scene
Climate change is the defining issue of our time

Climate change presents business risks and opportunities, such as:

- Increased Regulation
- Investor Demands
- Disclosure Requirements
- Market Pressure
- Business Resilience
Climate-related risks and opportunities: TCFD Framework

The Task Force on Climate-Related Financial Disclosures (TCFD) provides a useful categorization of climate risks and opportunities.

Transition Risks
Policy and Legal Technology Market Reputation

Physical Risks
Acute Chronic

Opportunities
Resource Efficiency Energy Source Products/Services Markets Resilience

Governance

Strategy

Risk Management

Metrics and Targets

Financial Impact

Strategic Planning, Risk Management

Risk

Opportunities
Task Force on Climate-Related Financial Disclosures

TCFD World Impact

- Countries/jurisdictions with TCFD supporters
- Jurisdiction with announcements of TCFD-aligned reporting requirements

TCFD-Aligned Regulatory Reporting Requirements:

1. Brazil
2. European Union
3. Hong Kong
4. Japan
5. New Zealand
6. Singapore
7. Switzerland
8. United Kingdom
9. United States
10. Canada

Assets: $194 tn
Countries and Jurisdictions: 95
Regulators and Government Entities: 120+
Combined Company Market Capitalization: $27+ tn
TCFD Supporters Globally: 3,960

Coming Soon
International standards and domestic regulatory frameworks use TCFD\(^1\) as their backbone.

TCFD endorsed by economies representing 85% of global GDP

**TCFD Framework**
- Governance
- Strategy*
- Risk Management
- Metrics & Targets*

**International / Supra-national Standards**
- ISSB: International standard (evolution of SASB)

**Domestic Rules & Standards**
- UK: Domestic regulation in force
- EU: ESRS Exposure Drafts
- USA: SEC Proposed
- Canada: CSA, OSFI Proposed
- EU, NZ, Japan, Brazil and others

\(^1\) Task Force on Climate-related Financial Disclosures

* There are certain aspects of strategy and metrics and targets (e.g. scenario analysis and the approach to Scope 3 emissions) that are not universal.
### TCFD Recommendation

#### Percent of Companies Disclosing

<table>
<thead>
<tr>
<th>TCFD Recommendation</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Board Oversight</td>
<td>5%</td>
<td>9%</td>
<td>14%</td>
<td>24%</td>
</tr>
<tr>
<td>B. Management’s Role</td>
<td>3%</td>
<td>6%</td>
<td>8%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Risks and Opportunities</td>
<td>36%</td>
<td>41%</td>
<td>45%</td>
<td>52%</td>
</tr>
<tr>
<td>B. Impact on Business</td>
<td>18%</td>
<td>21%</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>C. Resilience of Strategy</td>
<td>2%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Risk Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Risk Identification &amp; Assessment Processes</td>
<td>20%</td>
<td>24%</td>
<td>27%</td>
<td>34%</td>
</tr>
<tr>
<td>B. Risk Management Processes</td>
<td>8%</td>
<td>8%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>C. Integration into Overall Risk Management</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Metrics &amp; Targets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Climate-Related Metrics</td>
<td>21%</td>
<td>25%</td>
<td>29%</td>
<td>39%</td>
</tr>
<tr>
<td>B. Scopes 1, 2 and 3 GHG Emissions</td>
<td>12%</td>
<td>13%</td>
<td>15%</td>
<td>21%</td>
</tr>
<tr>
<td>C. Climate-Related Targets</td>
<td>7%</td>
<td>10%</td>
<td>14%</td>
<td>23%</td>
</tr>
</tbody>
</table>
# TCFD Recommendations

<table>
<thead>
<tr>
<th>Governance</th>
<th>Strategy</th>
<th>Risk Management</th>
<th>Metrics and Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclose the organization’s governance around climate-related risks and opportunities</td>
<td>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning, where such information is material</td>
<td>Disclose how the organization identifies, assesses, and manages climate-related risks</td>
<td>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</td>
</tr>
<tr>
<td>a) Describe the board’s oversight of climate-related risks and opportunities</td>
<td>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term</td>
<td>a) Describe the organization’s processes for identifying and assessing climate-related risks</td>
<td>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</td>
</tr>
<tr>
<td>b) Describe management’s role in assessing and managing climate-related risks and opportunities</td>
<td>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning</td>
<td>b) Describe the organization’s processes for managing climate-related risks</td>
<td>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks</td>
</tr>
<tr>
<td>c) Describe how the organization identifies, assesses, and manages climate-related risks</td>
<td>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</td>
<td>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management</td>
<td>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</td>
</tr>
</tbody>
</table>
OSFI Draft Guideline B-15: Climate Risk Management
Draft Guideline B-15: Climate Risk Management

Two-part draft guideline clearly laying out governance and risk management expectations and calling for climate-related financial disclosures.

Final version expected in 2023.

Desired Outcomes:

- Insurers understand and mitigate against potential impacts of climate-related risks to their business model and strategy.
- Insurers have appropriate governance and risk management practices to manage identified climate-related risks.
- Insurers remain financially resilient through severe, yet plausible, climate risk scenarios, and operationally resilient through disruption due to climate-related disasters.
Link Between Draft Guideline and TCFD Recommendations

OSFI’s draft guideline tells organizations what they should do.

With respect to climate management, the draft guideline indicates what OSFI thinks insurers should do across:
- Governance
- Risk Management
- Climate-related Scenario Analysis & Stress Testing
- Capital & Liquidity Adequacy

TCFD recommends what organization should disclose.

The TCFD doesn’t prescribe action, it provides a framework for disclosure; this serves as a guide to where organizations should focus their efforts. The recommendations and guidance are useful for governance, strategy, risk management, metrics and targets and their related processes.

OSFI’s draft guideline largely aligns to the TCFD.

The draft guideline is structured slightly differently than the TCFD but developing the processes that the TCFD calls to disclose would ensure alignment to the OSFI draft guideline. Full alignment to the TCFD equates to near total alignment to OSFI’s draft guideline.
OSFI’s Climate-related Financial Disclosures

Gradual Phase-In

Reporting requirements begin after FY ‘23 and gradually phase in until all elements of disclosure are required of insurers in 2027.

Flexibility for Format & Location

Insurers are able to choose where they publish disclosures. Insurers also have discretion on the format of climate disclosures.

Annual Cadence

Insurers will need to publish these disclosure annually, within 180 days after the end of their fiscal year.

Largely Aligned to TCFD

The disclosure requirements are categorized in the same four categories as the TCFD and cover the same content. The ISSB exposure draft makes up most of the remaining required content.

OSFI Draft Guideline B15: Climate Risk Management, Chapter 2
Insurers, Climate Risk Management & Disclosures
Example: Governance of Climate Risk Management

Climate-related risks identified by Co-operators

Co-operators maintains a list of potential climate-related risks in an effort to assess the impacts and potential response, along with determining the period in which these risks can impact us.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Type</th>
<th>Description and Response</th>
<th>Time Horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in frequency and severity of extreme weather events</td>
<td>Physical</td>
<td>Climate change is leading to rising claims in our P&amp;C insurance portfolio. This trend will inevitably lead to an increasing protection gap between insured losses and total economic losses. Closing this gap by broadly passing these additional costs on to policyholders is not a sustainable business model nor consistent with our mission as a co-operative. Therefore, our ability to maintain and grow profitability is highly dependent on our ability to accurately estimate and price for these weather-related events and to mitigate them effectively to the extent possible.</td>
<td>Short-term (1 to 3 years) and ongoing</td>
</tr>
<tr>
<td>Increase in mortality and morbidity</td>
<td>Physical</td>
<td>The mortality and morbidity risks related to climate change may impact our Life insurance portfolio. For example, increases in extreme weather events such as flooding, and heatwaves may lead to increased health issues including the spread of infectious diseases and viruses. Accordingly, we regularly test the health risk from an epidemic, among other risks, in our company’s financial condition testing scenario.</td>
<td>Short-term (1 to 3 years) and ongoing</td>
</tr>
<tr>
<td>Risk exposure accumulation</td>
<td>Physical</td>
<td>Risk exposure accumulation is the risk of large aggregate losses from a single event or peril due to the concentration of insured risk exposed to that single event or peril. One of the biggest drivers of our insured losses is due to changes in exposure – we expect that adverse changes in exposure will continue to accumulate in the coming years. We have invested resources into tools such as CHARM to ensure that our understanding of our risk exposure is as accurate as possible.</td>
<td>Short-term (1 to 3 years) and ongoing</td>
</tr>
</tbody>
</table>

**Category** | **OSFI Draft Guideline**
---|---
Governance | Insurers should incorporate the implications of climate change and the transition to a low carbon economy into their business model and strategy

- Excerpted part of Co-operators’ 2021 TCFD Report
- Only one part of the first Principle of the Governance section for climate risk management
- Full alignment by insurers will take time
- Elements required for Governance rely on strategy, risk assessment, etc.

Source: Co-operators, 2021 TCFD Report, p. 26
Example: Governance Disclosure

<table>
<thead>
<tr>
<th>Category</th>
<th>Disclosure Content</th>
<th>Inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Describe the board of directors’ oversight of climate-related risks and opportunities.</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Describe management’s role in assessing and managing climate-related risks and opportunities.</td>
<td></td>
</tr>
</tbody>
</table>

- Excerpted part of **Intact Financial Corporation’s 2021 Social Impact Report**
- High-level discussion of board level oversight
- Provides transparency on board committees’ climate-related responsibilities

Example: Governance Disclosure

Enterprise Risk Committee
- Headed by our Chief Risk Officer, this committee oversees risk management priorities, assesses the effectiveness of risk management programs, policies and actions of each key function of the business and reports quarterly to the Board Risk Management Committee. The Committee is mandated to identify risks that could materially impact the business, measure risks in terms of impact on financial resources and reputation, monitor risks and manage risks in accordance with our risk appetite statement.
- The Enterprise Risk Committee has identified climate change as one of our top 10 risks for the Company.

Operating Committee
- Oversees all operations of IFC. Oversees the group-level climate change strategy, net zero target progress, climate adaptation initiatives and climate risk management approaches.

Operational Investment Committee (OIC)
- Reviews investment strategies, monitors performance and discusses investment risks.
The OIC oversees climate change engagement strategies with investees, commitments to climate initiatives such as Climate Engagement Canada and progress on investment in achieving net zero targets.

Disclosure Committee
- Ensures all disclosures are complete, accurate and timely. Oversees all corporate disclosures, including the Social Impact Report and responses to regulators and supervisory entities on climate change topics.

<table>
<thead>
<tr>
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<th>Disclosure Content</th>
<th>Inclusion</th>
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</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Describe the board of directors’ oversight of climate-related risks and opportunities.</td>
<td>✔️</td>
</tr>
<tr>
<td></td>
<td>Describe management’s role in assessing and managing climate-related risks and opportunities.</td>
<td>✔️</td>
</tr>
</tbody>
</table>

- Provides high-level insight into climate-related management committee responsibilities
- Higher level disclosure requirements than management requirements
- Aligned to TCFD; minimum disclosure levels are low

What to Look for in 2023
Aligning to OSFI Draft Guideline

**Begin OSFI alignment journey**
- Develop a plan for OSFI alignment:
  - Evaluate existing reporting practices
  - Assess priority areas to build capacity and plug reporting gaps
  - Build and enhance climate-related governance and risk management frameworks
  - Review final Guideline, when published

**Improve climate risk management practices, disclose**
- Issue 2023 Disclosures covering:
  - Governance: Board and management oversight of climate issues
  - Strategy: Climate risks and opportunities with associated impacts on business, strategy, and financial planning
  - Risk management processes within the organization
  - Metrics on Scope 1 and 2 emissions and risk

**Continue improving climate risk management and disclosures**
- Continue strengthening climate governance, improve climate risk management processes.
- Utilize metrics to assess and manage climate risks and their impact on organization and strategy.

**Move towards closer Guideline alignment**
- Processes aligned to all climate risk management Principles in the Guideline are in place.
- Organizations are close to full alignment to the underlying elements of these Principles.

**Final elements of disclosure required, requiring underlying climate risk management processes:**
- Resilience strategy: Scenario analysis for physical and transition risks
- Metrics: Scope 3 emissions required for most insurers

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Global Stocktake Report of the first Global Stocktake to COP28 assessing collective progress under the Paris Agreement

IPCC Synthesis Report
Synthesis of 2022 reports; non-technical and focused on policymakers

Updated NDCs
Publication of new Nationally Determined Contributions

Global Stocktake
Report of the first Global Stocktake to COP28 assessing collective progress under the Paris Agreement

Disclosure Milestones

2022

2023 Q1
2023 Q2
2023 Q3
2023 Q4

Reports

IEA CET Perspective
Opportunities and challenges of scaling/accelerating clean energy technologies

IPCC Synthesis Report
Synthesis of 2022 reports; non-technical and focused on policymakers

Updated NDCs
Publication of new Nationally Determined Contributions

Global Stocktake
Report of the first Global Stocktake to COP28 assessing collective progress under the Paris Agreement

Disclosure Adjacent Events

EU Import Ban
Ban on certain oil products in Dec ’22 and Feb ’23

UK TPT
Development of Transition Plan Taskforce to strengthen disclosure expectations

US Scenario Analysis
Federal Reserve Board and 6 of largest US banks to conduct pilot scenario analysis

Disclosure Specific Milestones

ISSB: the final standards are expected to be published
UK: mandatory TCFD aligned disclosure to apply to
1) occupational pension schemes (assets >£1B) and
2) asset managers and asset owners (AUM >£5B)
US: SEC initial plan to finalize its climate disclosure rules with phase in period 2023–2026 (delayed)

EU: Estimated EFRAG adoption expected. Anticipated implementation 2023–2026

Canada: OSFI expects to begin implementing the annual disclosures required by the guideline

New Zealand, Switzerland, Brazil, Egypt, Singapore

Increasing regulatory and governmental attention expected
Regulation & Disclosure Timeline

Manifest Climate Timeline

- **Dec 2015**: TCFD created
- **June 2017**: TCFD recommendation released
- **2015**: Company founded (originally Mantle314)
- **2017**: MVP and successful pilot with 14 public companies

**2020**
- **Oct**: CSA Proposal on climate-related disclosure
- **Nov**: Formation of the ISSB

**2021**
- **Mar**: SEC Proposal for climate-related disclosures
- **Apr**: OSFI releases draft guideline on climate risk management
- **May**: ISSB released 2 exposure drafts (S1 and S2)
- **Oct**: CSA Proposal on climate-related disclosure
- **Nov**: CDP to align with ISSB
- **November 2021**: Climate Solution V1

**2022**
- **Mar**: ISSB released 2 exposure drafts (S1 and S2)
- **Apr**: UK enforces TCFD reporting
- **May**: OSFI releases draft guideline on climate risk management
- **Nov**: CDP to align with ISSB
- **November 2022**: Climate Solution V2

**2023**
- **April**: SEC to publish final climate-related disclosure rule
- **June**: Final ISSB standards expected
- **Early 2023**: OSFI to publish final Guideline B-15

**2022**
- **April**: UK enforces TCFD reporting
- **April**: ISSB released 2 exposure drafts (S1 and S2)
- **Nov**: CDP to align with ISSB
- **November 2022**: Climate Solution V2.1

**2023**
- **April**: SEC to publish final climate-related disclosure rule
- **June**: Final ISSB standards expected
- **Early 2023**: OSFI to publish final Guideline B-15

**Increasing regulatory and governmental attention expected**
We help the world's leading businesses grow with the changing climate and turn climate risks into an advantage.

By focusing on risk management, strategy, and governance aligned with regulation.
A climate risk planning platform, combining the power of data, scalability of technology, and deep climate expertise.
Our Solution

Technology enabled Climate Risk Planning

1. Align disclosure with global regulatory requirements
2. Develop climate action plans and provide support, resources and tools
3. Benchmark & track against peers
4. Provide climate thought leadership trends & insights
What should I focus on next year?

As a regulated organization?

Focus on impact
Ensure you’re not behind
Align with the standards
Q&A
Thank You.
Appendix
## Draft Guideline and TCFD Alignment

OSFI’s draft guideline is more prescriptive in its guidance than the TCFD recommendations, which nevertheless largely align to the draft guideline.

<table>
<thead>
<tr>
<th>Category</th>
<th>OSFI Draft Guideline</th>
<th>TCFD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Insurers should incorporate the implications of climate change and the transition to a low carbon economy into their business model and strategy</td>
<td>Aligned: Multiple recommendations covering processes related to the integration of climate into strategy</td>
</tr>
<tr>
<td></td>
<td>Insurers should have governance, policies, and practices to manage climate-related risks</td>
<td>Aligned: Multiple recommendations covering processes related to risk identification, assessment and management, as well as associated oversight</td>
</tr>
</tbody>
</table>
| Risk Management              | Insurers should have processes to price climate-risk sensitive assets and liabilities and manage exposure in line with their risk appetites:  
  - Risk identification, measurement, and management  
  - Risk monitoring and reporting | Aligned: Climate-related risk identification and management processes recommended, along with additional guidance covering tool and model use |
|                              | Insurers should mitigate the impact of climate-related disasters on their critical operations:  
  - Operational preparedness and resilience for climate-related disasters  
  - Awareness and capabilities building | Aligned: Risk management process development recommended, along with guidance on informing management and ensuring internal awareness and competency |
| Scenario Analysis (Strategy) | Insurers should use climate scenario analysis to assess the impact of climate-related risk drivers on their risk profile, business strategy, and business model.  
  - Climate Scenario Analysis | Aligned: Scenario analysis recommended to assess resilience to climate impacts |
| Capital and Liquidity Adequacy | Insurers should maintain enough capital and liquidity buffers to manage their climate-related risks | Not mentioned |
## Disclosure: TCFD-Aligned Requirements

<table>
<thead>
<tr>
<th>Category</th>
<th>Disclosure Content</th>
<th>FRFI Insurers Implementation Year</th>
<th>TCFD Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governance</strong></td>
<td>Describe the board of directors’ oversight of climate-related risks and opportunities.</td>
<td>2023</td>
<td>Identical to TCFD</td>
</tr>
<tr>
<td></td>
<td>Describe management’s role in assessing and managing climate-related risks and opportunities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>Describe the climate-related risks and opportunities the FRFI has identified over the short, medium, and long term.</td>
<td>2023</td>
<td>Identical to TCFD</td>
</tr>
<tr>
<td></td>
<td>Describe the impact of climate-related risks and opportunities on the FRFI’s businesses, strategy, and financial planning.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Describe the resilience of the FRFI’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</td>
<td>2027</td>
<td></td>
</tr>
<tr>
<td><strong>Risk Management</strong></td>
<td>Describe the FRFI’s processes for identifying and assessing climate-related risks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Describe the FRFI’s processes for managing climate-related risks.</td>
<td>2023</td>
<td>Identical to TCFD</td>
</tr>
<tr>
<td></td>
<td>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the FRFI’s overall risk management</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Disclosure: TCFD and ISSB-aligned Requirements

<table>
<thead>
<tr>
<th>Category</th>
<th>Disclosure Content</th>
<th>IAIGs Headquartered in Canada</th>
<th>Other Federally Regulated Insurers</th>
<th>TCFD Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Metrics and Targets</strong></td>
<td>Disclose the metrics used by the FRFI to assess climate-related risks and opportunities in line with its strategy and risk management process. Describe the targets used by the FRFI to manage climate-related risk and opportunities and the issuer’s performance against these targets.</td>
<td>2023</td>
<td>2025 – 2026</td>
<td>Aligned to TCFD, informed by ISSB*</td>
</tr>
<tr>
<td><strong>GHG Emissions</strong></td>
<td>a) i) Disclose the FRFI’s Scope 1 GHG emissions and the related risks.</td>
<td></td>
<td>2023</td>
<td>Identical to TCFD</td>
</tr>
<tr>
<td></td>
<td>a) ii) Disclose the FRFI’s Scope 2 GHG emissions and the related risks.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) iii) Disclose the FRFI’s Scope 3 GHG emissions and the related risks.</td>
<td></td>
<td>2027</td>
<td></td>
</tr>
<tr>
<td><strong>ISSB Cross-Industry Metrics</strong></td>
<td>b) Disclose the report standard used by the FRFI to calculate and disclose the GHG emissions referred to in a). If the reporting standard referred to in (b) is not the GHG Protocol, disclose how the reporting standard used by the FRFI is comparable with the GHG Protocol.</td>
<td>2023</td>
<td>2023 – 2027</td>
<td>TCFD Guidance recommends using GHG Protocol</td>
</tr>
<tr>
<td></td>
<td>Physical risks – the amount and percentage of assets or business activities vulnerable to physical risks.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transition risks – the amount and percentage of assets or business activities vulnerable to transition risks.</td>
<td></td>
<td>2026</td>
<td>Aligned to TCFD, related to Strategy, and Metrics and Targets</td>
</tr>
<tr>
<td></td>
<td>Climate-related opportunities – the proportion of revenue, assets or business activities aligned with climate-related opportunities, expressed as an amount or as a percentage.</td>
<td></td>
<td></td>
<td>Unclear – likely partially tied to Scenario Analysis</td>
</tr>
</tbody>
</table>

*The ISSB Exposure Draft recommends metrics for the insurance sector that OSFI will require by 2026; these are likely to have overlap with metrics used by insurers to inform their strategy and risk management.*
## Disclosure: ISSB Industry-Specific Metrics Phase-in

<table>
<thead>
<tr>
<th>Category</th>
<th>Disclosure Content</th>
<th>Insurers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incremental ISSB Cross-industry Metrics</strong></td>
<td>Capital deployment: the amount of capital expenditure, financing or investment deployed toward climate-related risks and opportunities, expressed in CAD.</td>
<td><strong>Implementation Year</strong></td>
</tr>
<tr>
<td></td>
<td>Internal carbon prices: the price per metric tonne of GHG emissions used internally by an entity, including how the entity is applying the carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis), expressed in the CAD per metric tonne of CO\textsubscript{2} equivalent.</td>
<td>2025</td>
</tr>
<tr>
<td></td>
<td>Remuneration: the proportion of executive management remuneration affected by climate-related considerations in the current period, expressed in a percentage, weighting, description, or amount in CAD.</td>
<td></td>
</tr>
<tr>
<td><strong>ISSB Industry-Specific Metrics (Insurer)</strong></td>
<td>Investment Management: Total invested assets, by industry and asset class, in CAD – linked to climate-related risks</td>
<td>2026</td>
</tr>
<tr>
<td></td>
<td>Investment Management: Description of approach to incorporation of climate risk factors in investment management processes and strategies</td>
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<td>Policies to Incentivize Responsible Behavior: Net premiums related to energy.</td>
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<td>Policies Designed to Incentivize Responsible Behavior: Net premiums written related to energy efficiency and low carbon technology.</td>
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<td>Climate Risk Exposure: Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes in CAD.</td>
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<td>Climate Risk Exposure: Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance) in CAD.</td>
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<td>Climate Risk Exposure: Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy.</td>
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