Resolution Life

Task Force on Climate-related Financial Disclosures (TCFD) Report

For the year ended
31 December 2024

Letter from our General Counsel

We are pleased to share our first report aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework. It reflects our desire for transparency, and is an acknowledgement that robust data and standardisation of disclosure requirements – with the Bermuda Monetary Authority (BMA) moving to the International Sustainability Standards Board (ISSB) standards – will enable more informed decisions and better outcomes for our company and our industry.

At Resolution Life, our commitment to sustainability is aligned with our mission and our purpose: protecting the financial futures entrusted to us and helping the life insurance industry expand into new markets. This commitment is also reflected in our first guiding principle. We always seek to 'do the right thing', whether it concerns the companies we work with, our policyholders and our regulators, or our people, our communities and the planet.

This report shows our progress during 2024. It builds on climate-related activity undertaken over the past seven years, since our founding, as we work to decarbonise our own operations and embed a philosophy of responsible investing into the investment portfolio. In 2024, we saw numerous notable climate-related events, including extreme heatwaves in Europe and North America, which contributed to widespread wildfires. In Asia, heavy monsoon rains caused flooding, damaging infrastructure and displacing communities. Meanwhile, parts of Africa and Australia experienced droughts, affecting food security and water resources. These events underscore the ongoing impacts of climate change and the need for continued global action.

Letter from our General Counsel

Setting a sustainability agenda is challenging, given heightened uncertainties we see across different geographies, political landscapes and markets. We intend to take a pragmatic and thoughtful approach to our role in navigating these challenges. In line with this, our focus this year was to improve data quality and reduce our global emissions. We continued to build our emissions data and measurement capabilities to meet the incoming reporting requirements, and we published our first public Principles for Responsible Investment (PRI) report. At the end of 2024, Resolution Life announced the acquisition of 100% of its shares by Nippon Life, subject to regulatory approval. Nippon Life has a more advanced sustainably agenda than us and we look forward to working with them in the coming years.

Looking ahead, our intention is to build on the foundations laid out in this report. We will continue to embed sustainability into our business and how the company works with others, reduce our emissions globally, refine our approach to managing climate risks and opportunities – including in our operations, investments and insurance portfolios – and further improve our data quality. We will couple this with continued good work on our wider sustainability agenda, driving forward our efforts to provide a fair and inclusive working environment for our people and delivering benefits to the communities in which we operate.

Contents

Introduction

Our response to the TCFD recommendations

The TCFD provides a framework for organisations to disclose climate-related risks and opportunities, with recommendations spanning four key pillars – governance, strategy, risk management, and metrics and targets.

Recommendation	Response	Disclosure reference
Governance		
a) Describe the board's oversight of climate-related risks and opportunities	Climate risk governance framework, Board and Management Committee detail, training on climate issues	Page 7-9
b) Describe management's role in assessing and managing climate-related risks and opportunities	Climate risk governance framework, Board and Management Committee detail	Page 7-9
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Time-bound risks and opportunities, scenario analysis	Page 11, 12-13
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Overall strategy, scenario analysis	Page 10, 12-13
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Investment approach, scenario analysis	Page 12-13
Risk Management		
a) Describe the organisation's processes for identifying and assessing climate-related risks	Resolution Life Risk Management Framework	Page 14-16
b) Describe the organisation's processes for managing climate-related risks	Resolution Life Risk Management Framework	Page 14-16
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Resolution Life Risk Management Framework, Three Lines of Defence Model	Page 14-17
Metrics & Targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Scenario analysis	Page 12-13
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Scope 1,2,3 (excluding investments), own operations, Scope 3 emissions (including investments)	Page 18-20
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Targets	Page 21

Introduction

Figure 1 | Resolution Life at a glance

We act as a global custodian to the life insurance and annuity industry by providing capital for growth through reinsurance and acquiring and managing portfolios of life insurance companies. This removes stranded costs and mitigates long-term risks so that the industry can continue to respond to the needs of policyholders.

Our innovative approach ensures promises can be kept, the primary market can grow, and everyone involved can have a secure financial future. Our team is resolute in our commitment to work together to protect these futures.

Our main customers are primary life insurers in mature markets, including North America, Europe, Australasia and Asia. We serve them through two distinct business segments:

- The **Institutional business**, comprising our teams in Bermuda, Singapore, the UK and the US, includes flow reinsurance, PRT reinsurance, and supporting the acquisition and management of portfolios of policies from primary insurers. We invest the assets and pay the claims and, in certain instances, administer the policies.
- The **Retail business** in Australasia serves one million customers across Australia and New Zealand, providing them with competitive premiums, quality investment management, great customer service and efficient claims management.

c.$85bn *assets under management*

c.$8bn *capital deployed*

c.4m *policies*

c.1,700 *employees*

Please refer to the Resolution Life Australasia Limited (RLAL) New Zealand Climate Statement for further information on RLAL's climate governance framework.

Introduction

Figure 2 | Our business model

Our sustainability approach and progress

Our mission at Resolution Life is to protect the financial futures entrusted to us, and to help secure the long-term future of life insurance, which we believe is a societal good. We operate in a highly regulated environment. For us, doing the right thing in the right way, for all our stakeholders, is of crucial importance. We recognise the importance of our role in addressing broader sustainability challenges, including those impacting the environment and society. As such, our commitment is to make a positive impact, ensuring a better world for generations to come.

Since our inception in 2018, we have refined and expanded our sustainability approach, thoughtfully incorporating best practices from our peers as well as the companies we have acquired along the way. We have evolved our approach to meet the changing regulatory requirements and to ensure we align with the expectations of our stakeholders.

Figure 3 | Our sustainability progress

2018
- Resolution Life inception
- First sustainability policy developed

2021
- Launched annual ESG questionnaires for asset managers

2022
- Became a signatory to the PRI
- Defined and aligned global approach to sustainability
- Developed Group Responsible Investment Policy
- Established Board and senior management ESG oversight
- Environmental and social risks included in overall Group risk taxonomy
- Measured our global GHG emissions for the first time and offset our business travel

2023
- Submitted first private PRI report
- Published Our Approach to Sustainability

2024
- Filed first public PRI report
- Published our operational GHG emissions in our Sustainability Update

Governance

Introduction

Strong governance is fundamental to all our activities, including the implementation, enhancement and monitoring of sustainability within our business. Resolution Life has established a clear sustainability governance structure, which includes Board and Management oversight, quarterly scorecards, a robust risk management framework to address climate-related risks, a Responsible Investment Policy, and a Sustainability Policy. Additionally, we became a signatory to the United Nations-supported PRI in 2022, reaffirming our commitment to responsible investment practices. We published our first internal PRI report in 2023 and our first public report in 2024.

Climate governance framework

Figure 4 | Resolution Life's governance framework for climate-related matters[1]

Resolution Life Group Holdings Ltd. (RLGH) Board

Board Committees

Risk | Investment

Company Steering Committee (SteerCo) and Executive Leadership Team (ELT)

Management Committees

Investment & Credit | Risk & Compliance | Sustainability

1 The RLGH Board and management committees have a company-wide mandate that extends beyond climate-related matters.

Board and Management Committee detail

Resolution Life Group Holdings Ltd. Board

Frequency: Quarterly

The Board sets the tone for Resolution Life's culture of integrity, accountability and transparency, and is responsible for providing oversight guidance and stewardship of the company's business, strategy, performance, governance and risk management framework. It plays a crucial role in approving our sustainability strategy and goals, ensuring these are adopted across all our geographies. Additionally, the Board is responsible for reinforcing our commitment to sustainable and responsible business practices.

Board Investment Committee

Frequency: Quarterly

The Investment Committee is responsible for overseeing investment portfolio transactions, development and maintenance of our investment strategy, and investment risk management policies. Additionally, the Committee reviews investment management performance and oversees the activities of investment managers. It also reviews our Responsible Investment Policy, ensuring alignment with our commitment to responsible and sustainable investing.

Board Risk Committee

Frequency: Quarterly

The Risk Committee is responsible for overseeing the development and implementation of risk management systems and processes designed to identify, manage and mitigate material risks. It provides recommendations to the Board on matters such as the Company's risk appetites, risk budget and effectiveness of the risk management framework. The Committee also updates the Board on key risks including those related to climate change through the Chief Risk Officer (CRO) reports and through ad-hoc reports and analyses. In addition, the Risk Committee ensures a robust risk culture is embedded across the organisation.

The CRO report is a standing agenda item on the Risk Committee and includes a sustainability section that provides an overview of the sustainability activities undertaken in the previous quarter. Over 2024, this has included the amendments to the Management Sustainability Committee governance structure and underlying working groups, outputs from our horizon scanning activities and updates to our carbon reduction initiatives. In addition, the Risk Committee reviews and signs off the annual GSSA (ORSA) which is submitted to the BMA and contains details of Resolution Life's approach to climate change risk and analysis of climate change risks.

The Management Sustainability Committee feeds into the Board Risk Committee, with items such as the Sustainability Policy being tabled at both Committees.

Management:

Company Steering Committee

Frequency: Weekly

The Company Steering Committee (SteerCo) is a forum for senior executives to meet, discuss and develop advice to provide to members of the Group and their officers including in relation to governance, strategy, financial and business performance matters. The purpose of the SteerCo is to provide advice and recommendations to the RLGH Board and other members of the Group, and to contribute to information sharing throughout the Group, as well as advising on ways to help the Group to meet shareholder and regulatory expectations.

SteerCo have provided advice relating to sustainability themes, sustainability strategy and climate risk and also on our ambition and direction.

Executive Leadership Team

Frequency: Monthly

The Executive Leadership Team (ELT) is a forum for senior executives to meet and discuss matters of material significance to the Group as a whole, and the ELT is responsible for successfully overseeing the delivery of the Group's mission. The ELT seeks to form a common view of the matters within its remit – which includes strategy, financial and business performance, people and culture matters – for the benefit of the SteerCo and other members of the Group. The ELT also provides steer on our ambition and direction, including climate-related goals and targets.

The ELT has provided advice relating to the sustainability themes, sustainability strategy and climate risk alongside annual review of our Sustainability Report and PRI Reports.

Investment & Credit Committee

Frequency: Quarterly

The Investment & Credit Committee is responsible for recommending investment strategies and managers, monitoring the performance of our managers and the performance of our portfolio against Objectives and Key Results (OKRs), and for monitoring credit and market related risks.

Updates on the progress and outcomes of our sustainability-related activities are presented at the Committee, including outputs from the annual ESG asset manager questionnaires highlighting how our asset managers are incorporating sustainability into their investment process. This Committee reviews the Responsible Investment Policy prior to adoption by the Board.

Management Risk & Compliance Committee

Frequency: At least quarterly

The Management Risk & Compliance Committee oversees the Group's risk profile, exposures and trends, ensuring a comprehensive understanding of the risk landscape. It is also responsible for overseeing the evolution of our Group Risk Management Framework, continuously enhancing risk capabilities, policies, tools and processes to effectively manage and mitigate potential risks.

Management Sustainability Committee

Frequency: Quarterly

The Management Sustainability Committee provides oversight of sustainability activities, ensuring they are conducted in accordance with established policies and standards, and that associated risks are effectively managed. They are responsible for responding to sustainability and climate-related regulatory requirements, as well as the development and implementation of the sustainability strategy and action plan to drive progress on our commitments. The Committee also identifies and develops mitigation plans for climate-related risks and opportunities across the Group. A scorecard, collating information against environmental, social and governance metrics, is presented and discussed at each Committee meeting.

There are a number of underlying working groups, including a Climate Risk & Investments Working Group and a Sustainability Operations Working Group, that report into the Management Sustainability Committee. The Sustainability Operations Working Group focuses on operational efforts across our jurisdictions, including the coordination of global GHG measurement and reduction initiatives. The working group seeks to ensure all activities undertaken are aligned across the company and with our overarching Sustainability Themes, meeting every two months to drive progress.

The Climate Risk & Investments Working Group ensures company-wide alignment on sustainability-related risks and investment activities. The working group meets monthly and provides a forum to discuss and drive forward items including our reporting requirements, horizon scanning outputs, policy updates, asset manager engagement activities as well as developing and ratifying plans around our strategy and risk appetite.

Training on climate issues

The RLGH Board is composed of individuals who bring a wealth of knowledge and expertise, enabling them to perform their duties effectively. Continuous learning is important, because climate is an evolving area, scientific knowledge is improving, and the implications for the business are complex. Therefore, we need to ensure adequate training is available to the Board so they can make informed decisions for the business in the short, medium and long term.

In 2024, our RLGH Board received externally-led climate and sustainability training, marking a significant step in our commitment to sustainable practices. We aim to build on this training annually, as well as progressively expanding the training delivered to include our local insurance subsidiary Boards. The Senior Leadership team of our Australasia insurance entity has also received climate and sustainability training that is specific to their business and covers geographical nuances and additional regulatory requirements.

In 2024, a number of employees undertook climate-related courses from the University of Cambridge Institute for Sustainability Leadership (CISL). These courses support our organisation by increasing our knowledge and understanding of climate and sustainability more broadly. In addition to this, several employees signed up for the PRI Academy courses to further their understanding of responsible investing.

To complement external programmes, in July 2024, we hosted a session led by an external consultant on the current and emerging sustainable finance regulatory landscape, with a particular focus on the key geographies where we operate. The session was attended by senior leaders and key personnel who need to stay informed about these regulations, and understand the implications for the business, as part of their day-to-day responsibilities. In addition, our regional entities hold ad-hoc lunch and learn sessions, which provide employees with an opportunity to share insights, discuss ideas and stay up to date on latest trends and best practices in the sustainability field.

Strategy

Overall strategy

At Resolution Life, our Sustainability strategy is guided by our first principle to 'do the right thing' whether that be with the companies we work with, our policyholders and our regulators or our people, our communities and the environment. We have established a Sustainability framework which reflects our commitment to responsible business practices and our recognition of the growing importance of sustainability across our sector. The framework outlines our three Sustainability Themes: People, Environment and Communities. These themes, underpinned by sound governance, meeting our compliance obligations and mature risk management, act as guardrails in our decision making. By adopting this framework, we aim to contribute to a more sustainable future and create long-term value for our stakeholders. From an environmental perspective, we want to play our part in protecting the planet. This report marks the first time we have measured our global finance emissions, and we will use the data to proceed in a thoughtful, measured manner. We will look to reduce our global emissions, and will set relevant and pragmatic targets over the next few years in line with global standards.

Our work in 2024 that was guided by our sustainability framework included:

- Measuring our operational global greenhouse gas (GHG) emissions and offsetting our global business travel through a partnership with Trees4Travel.
- Updating our supplier code of conduct and due diligence process to prioritise suppliers who are either carbon neutral or have carbon reduction initiatives in place.
- Evolving our Diversity, Equity and Inclusion squad into a global council, with representatives from each of Resolution Life's entities. The aim is to develop a skilled, high-performing workforce that is reflective of the diverse global marketplace and fosters an inclusive culture that embraces our differences and drives innovation to accelerate growth. The council has been looking to achieve this by focusing on three tenets: lead through accountability, empower potential, and inspire belonging. A practical example of this is our Mentoring Across Differences programme, which we will launch in 2025, to support and nurture the development of talent specifically in under-represented groups. This will enhance different viewpoints in the company, driving innovation and organisational learning.
- Supporting our strong history of community work across all our entities, including maintaining our long-term relationship with Transitional Community Services in Bermuda, a charity that helps disenfranchised young men aged 18 to 34 into work, by building their confidence, skills and resilience.

Strategy

Time-bound risks & opportunities

Resolution Life has identified key climate-related risks and opportunities that are relevant to our business. This encompasses both transition risks – arising from shifts in policy, technology and market dynamics – and physical risks associated with acute and chronic climate impacts. We have also highlighted the opportunities that may be unlocked.

Table 1 | Climate-related risks and opportunities, and their materiality on Resolution Life's assets

- Short-term: 0-3 years
- Medium-term: 3-10 years
- Long-term: 10+ years

	Short to medium term	Medium to long term
Climate-related risks		
Transition risks	Changes in regulation could render individual assets as non-compliant, potentially generating transaction costs and loss of income when replacing certain assets. A sudden change in investor sentiment for carbon-intensive sectors (e.g. energy) could have a large impact on asset liquidity and valuation leading to higher unrealised losses in the investment portfolio.	Value and quality of all assets may decline if issuers struggle to adapt or mitigate the impacts of transitioning to a low carbon economy. This leads to the risk of holding "stranded" assets in carbon-intensive sectors over the long term if the companies we support via our investment portfolios are significantly impacted by these transition risks.
Physical risks	Reduction in value and income from certain asset classes linked to infrastructure and real estate that may be damaged during extreme weather events and natural disasters such as hurricanes, floods and wildfires. This can extend to companies we have invested in or have provided financing to, should their business operations be negatively impacted by these climate events. Short-term liquidity risk to meet liability payments due to increased mortality, morbidity and hospitalisation due to extreme weather events and natural disasters. Any outsourced business operations in areas with higher levels of physical risk and substandard infrastructure may be at risk due to weather events such as extreme heatwaves or droughts.	Long term general disruption to the life insurance market due to increased mortality, morbidity and hospitalisation due to extreme weather events and natural disasters. This may require additional asset sales (and therefore loss of income and increased transaction costs) to support increased liability payments. Companies/issuers we are invested in with business operations concentrated in areas with higher levels of physical risk, may see a decline in equity/debt valuation over the long term.
Climate-related opportunities		
Transition opportunities	Maintain transparency and trust with stakeholders through positive reputation with rating agencies, policyholders and investors. This can also lead to greater access to financing, increase attractiveness to investors and potential talent. Potential higher risk-adjusted return expectations from well-positioned assets in our investment portfolios.	Potential increased risk-adjusted returns from investing in technology providers that create/advance solutions to manage transition risk in our industry. Companies/issuers that have proactively built resilience and align closely with low-carbon goals could present valuable investment opportunities over the long term.
Physical opportunities	Maintain transparency and trust with stakeholders through positive reputation with rating agencies, policyholders and investors. This can also lead to greater access to financing, increase attractiveness to investors and potential talent. Higher risk-adjusted return expectations from investment portfolios that are managed to incorporate climate effects.	Potential increased risk-adjusted return from investing in infrastructure projects or real estate that help manage physical risks (e.g. forestry and other carbon capture projects). Companies/issuers that have proactively built resilience against physical risks and align closely with low-carbon goals could present valuable investment opportunities over the long term.

Investment approach

At Resolution Life we are dedicated to responsible investment because it aligns with our purpose of 'protecting financial futures', our first guiding principle of 'do the right thing', and our longer-term objectives as an insurance provider. By incorporating sustainability considerations, including climate change, within our investment decision-making processes, we aim to reduce risks, strengthen the resilience of our portfolio, and ultimately contribute to driving positive change in the companies we invest in.

Our approach to responsible investment is guided by:

Risk mitigation: By considering sustainability factors in the management of our assets, we believe that we can better identify and mitigate risks that could affect the long-term performance of our investments, helping to ensure that policyholders' funds are protected.

Long-term sustainability: Life insurance is a long-term financial commitment. Engaging in responsible investment aligns with our interest in ensuring the sustainability of our investments over many decades. We believe that investing sustainably over the long term will provide resilience in the face of economic and market fluctuations.

Reputation and trust: Responsible investment practices enhance our company's reputation, building trust among policyholders and investors. Clients, partners, investors, employees and other stakeholders are increasingly conscious of ESG issues, and they value knowing that their insurer is making ethical and socially responsible investment choices while providing the necessary risk-adjusted returns.

Regulatory compliance: Many of the jurisdictions that we or our partners operate in have introduced or are considering introducing regulations that encourage or require financial institutions (including life insurance companies) to consider sustainability factors in their investment decisions. Engaging in responsible investment helps the company remain compliant with evolving regulations.

Social and environmental impact: As a life insurance company we recognise our role as a responsible corporate citizen. By investing in companies that demonstrate responsible and sustainable practices, we can contribute to positive social and environmental outcomes, aligning with our corporate values and mission.

We acknowledge our responsibility in responding to climate change and are committed to fulfilling our duties as a socially responsible organisation. By investing in companies that exhibit responsible and sustainable practices, we can contribute to positive social and environmental outcomes, aligning with our corporate values and mission. In 2022, we established our Group Responsible Investment Policy which laid out the principles and minimum standards for responsible investment within our organisation. As part of that, we developed the framework and controls for managing any associated risks. Our subsidiaries are given this Policy and framework as the blueprint under which they are free to operate. Consistent with our fiduciary duties to our policyholders, cedants and investors, our Responsible Investment Policy is designed to protect and enhance the value of our investments over the long term. As a long-term investor, we believe that companies should aim to generate and deliver sustainable financial value, supported by long-term owners who are clear about their expectations and to whom the investee company is accountable.

To gain the investment capabilities necessary and access a broad range of asset classes, we have outsourced the management of our investment portfolio to third-party asset managers. They are responsible for the execution of our investment strategy and incorporating our position on climate and sustainability. For example, our asset managers apply our exclusionary screens to avoid investments in industries or companies that are incompatible with our responsible investment principles. Currently we have restricted controversial weapons and tobacco.

Our preferred investment approach is engagement rather than exclusion. Our investment teams across Resolution Life frequently engage with our asset managers to understand how sustainability issues are being integrated into the investment process. These teams also expect managers to engage with their portfolio companies on sustainability matters. Managers are mandated to provide specific reporting on sustainability, including environmental factors relevant to their asset class. We formally review their approach and progress annually. We seek the presence of responsible investment policies for the majority of our mandates. This includes ensuring that their Responsible Investment Policies align with the investment mandate. We also evaluate resourcing and incentives, such as team structures, operating models and remuneration structures. Additionally, we assess staff competencies and experience in responsible investment.

Climate scenario analysis

In 2024 we performed a qualitative climate scenario analysis heat mapping exercise to support us in identifying these risks and opportunities across short-, medium- and long-term time horizons. The analysis is designed to test severe but plausible scenarios that can test Resolution Life's business strategy and resilience.

Two different scenarios from the International Energy Agency (IEA) were assessed:

- **Net Zero Emissions by 2050 (NZE)** – shows a narrow but achievable path for the global energy sector to achieve net zero CO_2 emissions by 2050, with advanced economies reaching net zero in advance of others. It is consistent with limiting global temperature rise to 1.5°C
- **Announced Pledges Scenario (APS)** – takes into account all recent government commitments relating to climate change, including Nationally Determined Contributions (NDCs), and assumes they will be met in full and on time. It is consistent with limiting global temperature rise to 1.7°C

Methodology

Climate risks and opportunities were identified at a sector level at different time horizons across various assessment lenses, including Policy, Technology, Reputation and Market (aligned to TCFD categories), out to 2050. Each sector receives a risk and opportunity score ranging between 1 ('low' impact) and 4 ('high' impact) as per the scoring scales below. The overall sector score is an average across assessment lenses and time horizons.

Our investment portfolio was mapped to these sector scores to identify where the portfolio is concentrated, and where the risks and opportunities might lie.

Strategy

Figure 5 | Rating explanation for risk and opportunity scores

Risk Score Scale			Opportunity Score Scale		
L	-1	The change is limited by nature and is unlikely to materialize over the time horizon for the sector.	L	1	The change is limited by nature and is unlikely to create demand and/or growth/investment over the time horizon for the sector.
M	-2	The change has the potential to impact the sector, but is not material enough over the time horizon for the sector.	M	2	The change provides examples of potential demand and/or growth/investment for the sector. However, they are unlikely to be transformational over the time horizon for the sector.
H	-3	The change is significant to the sector leading to a decline, resulting in a material impact over the time horizon.	H	3	The change provides compelling demand and/or growth/investment for the sector. The example(s) demonstrate a clear transformational path for the sector over the time horizon.
VH	-4	The change represents a prolonged threat to the profitability of the sector, likely leading to the collapse of some players.	VH	4	The change sees the whole sector experience rapid expansion and/or transformation over the time horizon.

Results

The results in table 2, below, reflect an initial assessment of scenario analysis and support us prioritising areas of focus for additional risk and opportunities analysis, such as performing risk and opportunity analysis of individual issuers within the portfolio, and for further embedding into risk management and strategic planning processes.

We have presented the findings from our scenario analysis into heatmap below. They provide a sector-level overview of the key findings from our transition risk and opportunity assessment. It does not capture physical risks and opportunities. Given the diversity of our investments which span multiple sectors, we have highlighted specific industries in the heatmap that could face higher risks and opportunities based on our qualitative scenario analysis methodology. This approach ensures that we have a comprehensive understanding of sectors we may invest in to allow us to make informed decisions.

Table 2 | Subset of material sectors analysed

Sectors	Risk Score – APS	Risk Score – Net Zero	Opportunity Score – APS	Opportunity Score – Net Zero
Air & Space Transport	-1.8	-2.5	1.3	1.4
Business, Cultural & Civil Services	-0.5	-0.5	0.5	0.5
Coal	-1.8	-2.2	0.7	0.8
Electricity Supply	-0.9	-1.3	1.7	2.4
Finance & Insurance	-1.3	-1.6	1.2	1.4
Mining & Metals (excl. Coal and Steel)	-1.6	-1.7	1.8	2.3
Oil and Gas	-1.9	-2.4	1.2	1.3
Power Production – Fossil Fuels Segment	-2.2	-2.6	1.0	0.9
Power Production – Low Carbon	-0.8	-1.0	2.1	2.6
Real Estate	-1.6	-1.9	1.9	2.5
Road Transport	-1.3	-2.0	1.5	2.1
Software, Technology, Hardware and Equipment	-0.5	-0.6	1.0	1.1

Next steps

We plan to continue leveraging and enhancing our scenario analysis capabilities during 2025. We have already begun exploring potential approaches, such as quantitative scenario analysis modelling, while acknowledging that our capabilities will need to continue to be enhanced over the coming years, including:

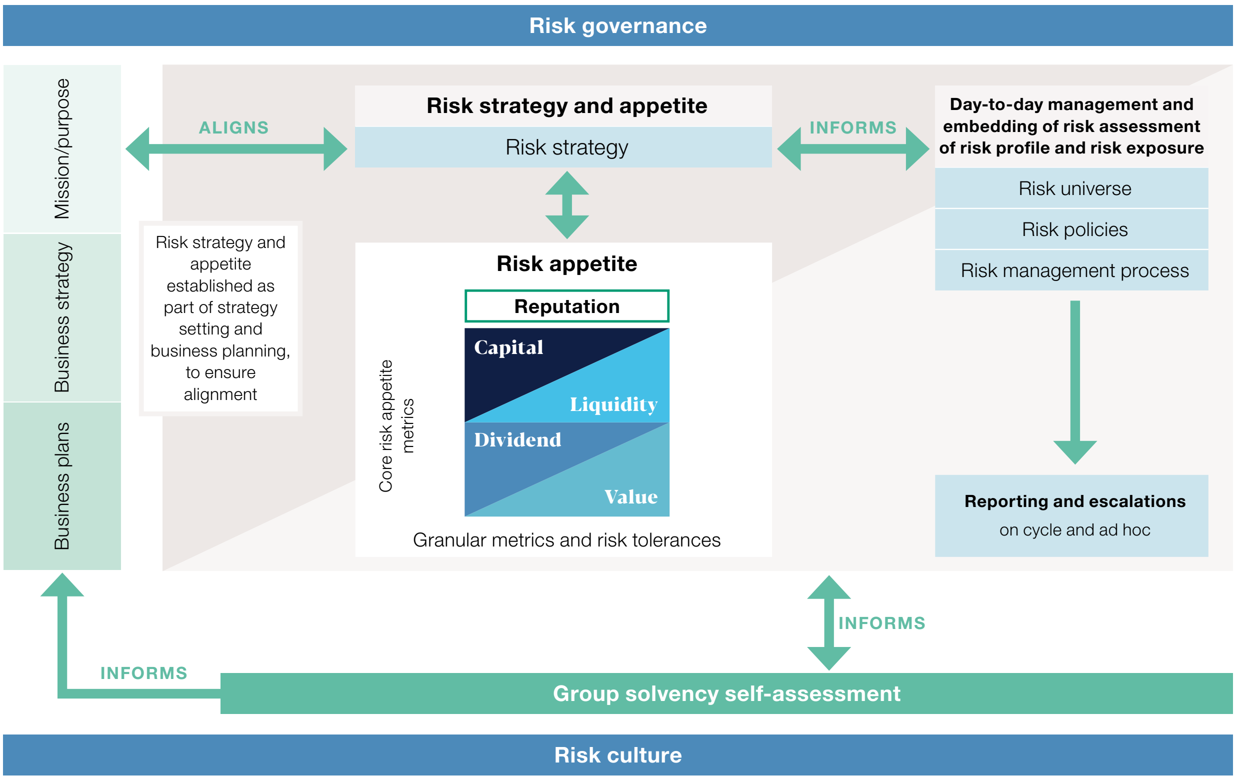
- Improvements to our climate-related data
- Developing a bottom-up quantitative climate scenario analysis approach
- Developing a plan for the investment portfolios to meet certain climate targets

Risk Management

Overall approach to managing risks

The Risk Management Framework (RMF) provides a holistic and consistent way in which to identify, measure, manage, monitor and report on all types of risks within our organisation, including climate risks. Each regulated insurance entity of the company adopts this framework, allowing for materiality and proportionality, considering the nature, scale and complexity inherent in all our entities.

Figure 6 | Risk Management Framework



Risk Management

Strong risk management is at the heart of the company's strategy. The RMF sets out the minimum requirements in respect of the key risk management processes. The company is further investing in strengthening its approach to risk management following its designation as an Internationally Active Insurance Group, through a risk transformation programme which will significantly strengthen the overall Risk Management function, including investment risk capability. As a result, we will be in a stronger position to oversee climate change risk.

The risk strategy and risk preferences are aligned with the business strategy. The risk strategy sets out the Group's risk philosophy, desired risk outcomes and risk preferences. It sets out qualitative statements and provides visibility on how risk management is incorporated consistently across all levels of the business. The risk strategy (which includes climate risk) is reviewed and approved annually by the Board as part of the strategy review and strategic planning process.

Risk universe

Resolution Life maintains a catalogue identifying all reasonably foreseeable and relevant risks facing the business, including climate risk. The potential impact and materiality of these risks are regularly assessed throughout the year in accordance with a risk matrix that considers both financial and non-financial risk impacts. The measurement process includes an evaluation or comparison of the risk exposure to the stated risk appetite tolerances, as well as mitigating factors that may bring a risk within tolerance.

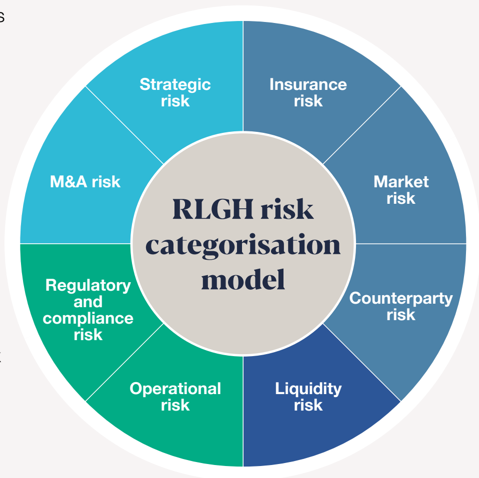
During 2024, Resolution Life invested time and resources analysing the climate change risk profile of the investment portfolios for the first time. The leadership teams have invested time to understand the outputs and conclusions of this work and to further define the company's climate risk management strategy and appetites which continues to evolve. We plan to develop a specific climate risk appetite statement over the course of the next two years.

The risk wheel below sets out how Resolution Life measures and manages its material risks. Resolution Life measures and reports on risk exposures with relevant metrics, reported in a consistent format and on a regular basis. This provides a sound basis for monitoring the company's risk profile in relation to its risk appetite. Trends as well as the absolute risk level are important indicators. Climate risk sits within the strategic risk category in our risk universe at Resolution Life. Climate risk is classified as such due to its long-term impact on business sustainability, regulatory compliance, and financial stability, making it important enough to be a standalone category within the risk taxonomy for dedicated management and accountability.

Stress and scenario testing (including climate risk stress testing) is performed at least annually.

Figure 7 | Risk categorisation at Resolution Life

- Risk exposure largely not quantifiable, but risks actively managed. Risk policies set out minimum requirements for management of each risk. Business and risk metrics are projected over the business planning period under a range of scenarios, which provides insights into these risk types.
- Risk policies set out minimum requirements for management of each risk. The main risk mitigation for regulatory, compliance and operational risk is an appropriate risk and control culture. Operational risk is assessed quantitatively as part of the capital at risk and value at risk metrics. Resolution risks are determined by bottom-up and top-down risk assessment.



- Risk policies set out minimum requirements for management of each risk in addition to holding capital. Quantitative risk assessment undertaken through capital at risk and value at risk metrics, and individual risk stresses at a range of severities.
- Risk policies set out minimum requirements for management of liquidity risk. Risk exposure captured via quantitative risk metrics. Stressed cash balances are considered as part of stress and scenario testing. Liquidity buffers are held at RLGH and entity level.

Risk Management

Risk policies

Resolution Life Group has a number of global business policies, a subset of which are owned by the risk function, including the risk strategy and risk management framework policy, the operational risk policy and the insurance risk policy.

The Sustainability Policy is a component of the company's governance framework. In developing the policy, we considered a range of international standards to guide our approach and have committed to continuously monitor the evolving risk and regulatory landscape from both a global and local perspective to ensure our business operations are in line with current standards; this includes compliance with PRI. The policy sets out controls and minimum standards including ensuring Resolution Life understands where its sustainability practices can be improved, both in terms of design and implementation. Resolution Life complies with PRI disclosure requirements and demonstrates to external stakeholders that it meets its sustainability exposure reporting requirements.

Risk management process

We manage climate change risk within our risk framework in the same manner as other key risks. Climate change risk is subject to the same identification, measurement, management, monitoring and reporting requirements as the other risks that we manage. All our insurance entities will now record climate change risks in a consistent manner, which will enable improved consideration and mitigation of climate change risks globally. A new global risk system went live in October 2024. During the fourth quarter of 2024, entities started to record all key risks including climate change risks in the system in order to facilitate a global view of all the climate change risks that our company is exposed to.

The writing and submission of the GSSA (ORSA) reflects the culmination of the annual risk assessment and is required to document in detail the risk strategy, risk management framework and the key risks to which the company is exposed to. The GSSA is required to evidence that the regulatory capital held by the company is sufficient to cover all key risks under stress scenarios and includes the consideration of the impact of climate change risks on the investment portfolio.

Risk identification

The company maintains a catalogue identifying all reasonably foreseeable and relevant risks facing the business. This process includes regularly evaluating the potential impact and materiality of all the identified risk types, including risks related to climate change. We use the TCFD guidance to support our definition of climate risks which are categorised into transition and physical risks, as described in the Strategy section of this report. Transition risk arise from shifts to a lower-carbon economy, including regulatory changes, technological advancement, market shifts and reputational risks. Physical risks include acute risks, such as extreme weather events, as well as chronic risks like rising sea levels and temperature increases.

Risk measurement/assessment

The company has processes to evaluate and measure all identified risks, both qualitatively and, where appropriate, quantitatively, regularly throughout the year. The measurement process includes an evaluation or comparison of the risk exposure to the stated risk appetite tolerances and considers mitigants currently in place.

The RMF was updated in 2022 to include environmental and sustainability risk within the overall company risk taxonomy and was further refined in 2024. In addition, we have defined high-level principles to guide our Sustainability Strategy within our Sustainability Policy. As such, climate-related risks are assessed in the same way as all our other types of risks.

We acknowledge the need to consider our own external impact on climate change and how it in turn impacts the company's own financial performance, reputation and operations. Whilst this is an evolving concept, going forward, we will enhance our risk management and strategy capabilities to consider this in line with the latest industry standards and practices.

Risk monitoring

Risk exposures are monitored on an ongoing basis. Where appropriate, control points are established for heightened monitoring, and limits are established that should not be breached. The risk management framework includes early warnings or triggers that allow timely consideration of, and adequate response to, material risks. Key risk indicators are used to monitor risk on a day-to-day basis allowing for the proactive management of risks.

Risk monitoring and reporting is carried out by the responsible managers in the first line of defence, with appropriate oversight and assurance from the second and third lines of defence.

Three lines of defence model

To support the execution of its risk management processes. RLGH has adopted a 'three lines of defence' model.

- **The first line** is the owner of the business area, who owns and takes responsibility for identifying, assessing and reporting on the different risks within their business area. The business manager is also responsible for designing and maintaining effective processes and controls. In the context of climate risk, their role is essential in integrating climate considerations into business strategies and operations.
- **The second line**, consisting of the Risk and Compliance teams, plays a crucial role in climate risk management by developing risk management frameworks, policies and procedures, and ensuring compliance with regulatory requirements and internal standards. These teams design and implement the risk framework and recommend the company's risk appetite to the Board. They also monitor and challenge the actual risk profile of the company and each entity against the preferred level of risk appetite. Furthermore, they assess the effectiveness of the control environment and report thereon to the Management Risk Committee.
- **The third line** is performed by internal audit, which provides independent assurance of the effectiveness of governance, risk management practices and the control environment, including how climate risks are being managed across the first and second lines of defence.

When considering climate risk within our investment portfolios, our first line of defence (Investment Management team) requires our Asset Management Partners to consider all factors that may impact an investee Company (e.g. the ability to pay the relevant coupons and principal over the lifetime of a debt instrument). These factors are evaluated in conjunction with the long-term nature of climate risk relative to the weighted average life of the asset portfolio under review. This approach requires our Asset Managers to consider climate risk in a holistic way, incorporating it into their investment decisions. The first line of defence engages with our Asset Managers to understand their investment process and frequently incorporate questions around climate-related considerations when discussing transactions with managers, where relevant.

More formally, our asset managers' process for integrating and reporting climate-related analysis for their respective portfolios is further evaluated as part of the annual ESG review. This review aims to understand the processes employed by our asset management partners, taking into account the nuances of the specific asset classes they manage for Resolution Life. The output is then reviewed by both the first and second lines of defence.

Further to the above, portfolio level carbon intensity and climate scenario analysis is reviewed by the Sustainability and Risk teams to assess how exposed the company's investment portfolios are to climate risk. This generates areas of focus to consider more broadly as part of the company's sustainability strategy and overall business strategy.

Metrics & targets

Introduction

Resolution Life has partnered with Green Moves, an Australian sustainability consultancy, since 2022 to collate our global environmental operational data in a consistent and consolidated way. Initially we defined our baseline global carbon footprint using 2021 emission data; however in 2021 our business activities were significantly affected by COVID-19, meaning data from that year was not a reasonable base for measuring future progress. Therefore, in 2023, we decided to change our baseline year to 2022, which will allow for a more realistic and consistent comparison over time. We publicly reported on our operational emissions for the first time in our 2023 Sustainability Update report and have completed our 2024 operational emissions measurements.

In 2024, we partnered with an external consultancy to calculate our financed emissions. This is an important step in our sustainability journey and we will look to improve our data collection and quality in subsequent years. This data will guide us in defining thoughtful and meaningful emissions reductions targets over the next few years. In additional to our emissions data, we have scorecards that are populated by each of our insurance entities. These are presented to the Management Sustainability Committee on a quarterly basis. Data collected in the scorecards allow us to determine our areas of focus.

Scope 1, 2, 3 emissions (excluding financed emissions)

Emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, with ISO 14064-1:2018 and using industry accepted emission factors from government sources. Country specific emission factors have been used where available.

Table 3 | RLGH 2024 carbon summary compared to our base year 2022 (tCO_2e)

Emission Source	2022	2023	2024
Total Scope 1	7.10	2.80	2.78
Total Scope 2 – Location Based	742.40	600.40	558.17
Total Scope 2 – Market Based	742.40	595.10	418.50
Total Scope 3	123,891.26	98,975.56	50,378.74
Total Scope 1, 2 & 3 – Location Based	**124,640.76**	**99,578.76**	**50,939.69**
Total Scope 1 ,2 & 3 – Market Based	**124,640.76**	**99,573.46**	**50,800.01**

Metrics & targets

We have reduced our total Scope 1,2 and 3 emissions (excluding financed emissions) from 124,640.76 tCO_2e in 2022 to 50,800.01 tCO_2e in 2024, a 59.2% decrease from our base year. Scope 1 and 2 market-based emissions reduced by 43.8% and Scope 3 emissions reduced by 59.3% from our base year.

Own operations

By analysing these trends in our emissions data and taking proactive measures, we aim to continuously improve our sustainability practices and reduce our overall emissions. In 2024, our overall emissions decreased by 49.0% from 2023. A number of factors contributed to this, including: moving to more energy efficient premises in Sydney, reducing our information and communications technology (ICT) spend, as well as improved data collection and more accurate emission factors for food and catering, post & courier, ICT, professional services, and working from home.

In particular, over the past year we focused on reducing emissions from our spend on professional services. We updated our global supplier code of conduct and standard to include our intention to prioritise suppliers that are carbon neutral or have carbon reduction initiatives in place. We also updated our due diligence documents to include questions to prospective suppliers on their plans relating to their carbon emissions. We engaged with our biggest suppliers to determine where they were on their carbon reduction journey and if they were carbon neutral. Engaging with our supply chain is crucial for understanding the broader impact of our operations and fostering collaborative efforts towards sustainability.

To further mitigate our environmental impact, we offset all our business travel CO_2 emissions for 2024 using our partner Trees4Travel, part of the ZEERO GROUP, an environmental 'Tech for Good' company that supports planting projects in developing countries and invests in United Nations certified emission reduction units. Specifically, 4,001 tCO_2e was compensated through carbon credits from renewable energy projects certified by the UN. Additionally, 24,388 trees were planted to support biodiversity and local communities in Mozambique. These initiatives not only help offset our emissions but also deliver social and environmental benefits.

Alongside the company-wide initiatives, each of our entities works to minimise their own carbon footprint where possible through activities such as energy efficiency measures in the office and reducing waste.

Financed emissions

By far the most material part of our carbon footprint comes from our investment activities and therefore it is important to measure and monitor these emissions and leverage this information to identify and assess climate risks and opportunities.

We use the following core metrics for assessing risks and opportunities on our investments, in line with guidance from the BMA and TCFD.

Table 4 | Metrics

Metric	Definition	Methodology	Strengths	Weaknesses
Total Carbon Emissions	Total GHG emissions of the investment portfolio	$\sum^{1} \frac{\text{current value of investment}_i}{\text{issuer's market capitalisation}_i} * \text{issuer's Scope 1, 2 and 3 GHG emissions}_i$	Commonly accepted carbon footprint of a portfolio	Difficulty to compare relative to peers
Carbon Footprint	The total carbon emissions of the investment portfolio normalised by the market value of the portfolio	$\frac{\sum_{n}^{i} \frac{\text{current value of investment}_i}{\text{issuer's market capitalisation}_i} * \text{issuer's Scope 1, 2 and 3 GHG emissions}_i}{\text{current portfolio value (\$M)}}$	Simplicity and allows for comparing across industry	There is volatility driven by non-climate factors, and it's sensitive to outliers
Weighted Average Carbon Intensity (WACI)	The WACI is the investment portfolio's exposure to carbon-intensive companies as a percentage of revenue	$\sum_{n}^{i} \frac{\text{current value of investment}}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1, 2 and 3 GHG emissions}_i}{\text{issuer's \$M revenue}_i}$	Simplicity and allows for comparing across industry	Can only be used for corporates, there is volatility driven by non-climate factors, and it's sensitive to outliers

Metrics & targets

Methodology

We use the financed emissions methodology developed by the Partnership for Carbon Accounting Financials (PCAF), in conformance with the GHG Protocol, to calculate these metrics for our Scope 3 category (15 Investments) GHG emissions. PCAF was developed by a global partnership of financial institutions as a response to demand for a standardised approach to measure and report financed emissions. Scope 1, 2 and 3 GHG emissions are used for issuers and are sourced from a third-party data provider.

Data limitations

The data reported has been reported on a best efforts basis, and it is important to be transparent with the limitations with the data. There remain limitations with the data, with regards to the use of estimates and proxy information for calculating the metrics, the time lag between financial reporting and emissions reporting, and Scope 3 emission double counting which occurs when aggregating emissions at a portfolio level. These limitations are acknowledged as part of PCAF, however it is important to be transparent and consider them alongside the metrics reported.

Data quality

PCAF requires firms to disclose information on their data quality across asset classes for the purposes of transparency and limitations on data availability. Data quality is specific to each asset class, and is assessed using a 1-5 score, with 1 being the highest data quality and 5 the lowest. We envision to improve data quality and coverage over time.

Data coverage

Whilst we aim to maximise the coverage of our financed emissions reporting, certain assets are excluded due to methodology or data constraints. We report our data coverage of financed emissions against total AUM and in-scope financed emissions. Cash, derivatives and asset-backed securities are not in-scope for financed emissions given no PCAF guidance exists to address these product types, while data limitations prevent all assets from being included for in-scope financed emissions.

Table 5 | 2024 Metrics

Metrics	2024 (base year)	Units
Scope 1, 2	3.3	$MtCO_2e$
Scope 3	15.7	$MtCO_2e$
Total carbon emissions	18.9	$MtCO_2e$
Carbon footprint	425	tCO_2e/$m invested
Weighted Average Carbon Intensity (WACI)	1,224	tCO_2 e/$m revenue
AUM coverage	63	%
In-scope financed emissions coverage	84	%

Table 6 | Asset class breakdown

Metric	Scope	AUM ($bn)	Financed Emissions ($MtCO_2e$)	PCAF data quality	Carbon footprint	Units
Corporates	Scope 1 & 2	35.4	2.4	3.0	67	tCO_2 e/$m
	Scope 3		15.7	3.7	442	tCO_2 e/$m
Sovereign	Scope 1 incl. LULUCF	3.1	0.6	1.3	210	tCO_2 e/$m
	Scope 1 excl. LULUCF		0.7	1.3	228	tCO_2 e/$m
Real estate	Scope 1 & 2	6.0	0.3	3.9	44	tCO_2 e/$m

Corporates

Corporates represents by far the largest asset class in terms our financed emissions. We have provided financed emissions for all sectors within our corporates asset class (including public and private equities, corporate bonds, municipals), in line with PCAF requirements.

Issuer's Scope 3 for all sectors are included in line with PCAF requirements. However, it is recognised that this data quality is worse than issuer's scope 1 & 2 data. This is due to the difficulty of calculating Scope 3 downstream emissions, which necessitates a greater use of proxies.

Sovereigns

For sovereign bonds, emissions cover Scope 1 domestic GHG emissions from sources located within the country territory, aligning with the United Nations Framework Convention on Climate Change (UNFCCC) definition of domestic territorial emissions. Emissions are also shown inclusive and exclusive of land use, land use change and forestry (LULUCF), as per the PCAF recommendation to report both values given there is no agreed consensus on their inclusion/exclusion.

Resolution Life is predominantly exposed to sovereigns in developed countries, including Australia, Japan, New Zealand and the US. As a result, data quality is high given emissions are sourced and verified directly from the UNFCCC.

Real estate

Real estate financed emissions includes both commercial and residential real estate mortgages and equity. Data quality is poorer for real estate than other asset classes due to data limitations with sourcing building emissions. Emissions are typically calculated leveraging floor areas and emission intensities sourced from the Carbon Risk Real Estate Monitor tool for different property types and regions.

Next steps

We endeavour to continue improving the data quality and coverage of our financed emissions reporting over time. We also note that methodologies and market best practices are continually evolving, and therefore we expect that certain aspects of these values may be restated in the future.

Targets

As Resolution Life is a young company, we are in the early stages of our sustainability journey. At this point, our focus has been on measuring our global operational emissions, improving our data quality, offsetting our business travel, and responsible investment.

We have been measuring our global operational GHG emissions since 2022, with parts of our business measuring them for many years prior. 2024 is the first year we have measured our financed emissions and so 2024 is the first time we have a full picture of our global emissions.

We continue to seek to minimise our carbon emissions; however we are yet to set specific carbon reduction targets for several reasons, including our own growth journey and changing baseline alongside the changing geopolitical landscape.

We will continue to proceed in a thoughtful manner and reduce our global emissions, using our data to focus our attention to ensure our efforts are as effective as possible. We will look to set relevant and pragmatic targets over the next few years in line with global standards.

Glossary

APS	Announced Pledges Scenario
AUM	Assets under management
BMA	Bermuda Monetary Authority
CISL	Cambridge Institute for Sustainability Leadership
ESG	Environmental, social and governance
GHG	Greenhouse gas
GSSA	Group Solvency Self-Assessment
IEA	International Energy Agency
ISSB	International Sustainability Standards Board
LULUCF	Land use, land use change and forestry
NZE	Net Zero emissions by 2050
OKR	Objectives and Key Results
ORSA	Own Risk and Solvency Assessment
PCAF	Partnership for Carbon Accounting Financials
PRI	Principles for Responsible Investment
RMF	Risk Management Framework
TCFD	Task Force on Climate-related Financial Disclosures
UNFCCC	United Nations Framework Convention on Climate Change
WACI	Weighted Average Carbon Intensity

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