



2025 Climate Risk Management Report (OSFI Guideline B-15)

AIG Insurance Company of Canada



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Introduction



Cautionary Statement This Report

This Office of the Superintendent of Financial Institutions (“OSFI”) B-15 Climate Risk Management report covers AIG Insurance Company of Canada (hereinafter referred to as “AIG Canada,” the “Company,” “we,” “us,” “our”) unless otherwise noted in the report.

This report provides information required by OSFI Guideline B-15 Climate Risk Management applicable to AIG Canada for the fiscal year ended December 31, 2025, unless otherwise noted. It includes detailed information regarding our climate-related governance, risk management, strategy and metrics.

As appropriate, preliminary information, including information from developments occurring in early 2026, may also be referenced in this report and may be subject to change in future reports based on more complete data.

The methodologies, assumptions and estimates underlying our climate-related and other sustainability-related strategy, analysis and data (including greenhouse gas (“GHG”) emissions, financed emissions, transition planning and climate scenario analyses) continue to develop and are likely to continue to change in the future, including as a result of regulatory, industry, scientific or other developments. For example, the

information related to our GHG emissions may continue to evolve, as a result of updates we make to the methodologies, boundaries and processes that we use to collect, prepare and present such data.

In addition, certain information in this report incorporates or otherwise relies upon data from third parties, which may have been prepared or be presented in ways that are not consistent with our methodologies or practices. Except as required by law, AIG does not, and does not undertake any obligation to, independently verify such third party information.

As a result of these factors, the information presented in this report could differ from information in future disclosures. Except as required by law, we undertake no obligation to update any statement (including statements regarding historical periods) made in this report or future disclosures.

For a high-level overview of AIG’s sustainability efforts, visit <https://www.aig.com/home/about/corporate-responsibility/sustainability>.

We reference our third party websites throughout this report, which are not incorporated by reference into this report nor is their content attributable to AIG Canada. We take no responsibility for third party websites or their contents, or for any loss or damage that may arise from their use.

Reporting Frameworks

This report provides climate-related disclosures in line with those disclosure expectations required for fiscal year ending 2025, as set out in Chapter 2 of OSFI Guideline B-15 Climate Risk Management.

Appendix B: Cautionary Statement Regarding Forward-Looking Information

This report contains statements, which, to the extent they are not statements of historical or present fact, may constitute “forward-looking statements”. These forward-looking statements are intended to provide management’s current expectations or plans for future operating and financial performance based on assumptions currently believed to be valid and accurate, including those statements relating to climate-related scenarios, transition planning, assumptions, climate projections, forecasts, statements of AIG Canada’s future intentions, estimates and judgments. Forward-looking statements are often preceded by, followed by or include words such as “will,” “believe,” “anticipate,” “expect,” “expectations,” “intend,” “plan,” “strategy,” “prospects,” “project,” “anticipate,” “should,” “seek,” “guidance,” “outlook,” “view,” “target,” “goal,” “estimate,” and other words of similar meaning.

All forward-looking statements involve risks, uncertainties and other factors that may cause results or data to differ, possibly materially, from those express or implied in the forward-looking statements. Certain of the risks and opportunities described and our plans for the future may not occur or may be more or less significant than anticipated. There are many factors that could cause AIG Canada’s actual results, performance or achievement of our objectives to differ, possibly materially, from those described or implied in the forward-looking statements. Factors that could cause actual results to differ, possibly materially, from those in specific projections, targets, goals, plans, assumptions and other forward-looking statements include, without limitation: economic and technological viability, absence of a Canadian standardized sustainable investment taxonomy, unverified third-party data, limitations as to inputs, available data and evolving information, and other climatic, government, consumer and market factors outside of AIG Canada’s control.

Forward-looking statements speak only as of the date of this report, or in the case of any document incorporated by reference, the date of that document. We are not under any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Our Business

American International Group, Inc. (NYSE: AIG) and its consolidated subsidiaries (hereinafter referred to as “AIG” or “AIG Group”) is a leading global insurance organization, headquartered in New York. AIG Canada is AIG’s property and casualty insurance company licensed in Canada and is a wholly owned subsidiary of AIG.

AIG Canada is one of the country’s leading property and casualty insurance companies, providing a wide range of business and consumer products to the marketplace through a network of independent brokers. AIG Canada has provided insurance solutions for 60 years and is federally licensed to operate in all provinces and territories in Canada.

AIG Canada enjoys strong ratings from the principal rating agencies: S&P: AA- and A.M. Best: A. In 2025, AIG Canada reported insurance revenue of \$1.61 billion, assets of \$4.30 billion, and policyholder surplus of \$1.16 billion. AIG Canada served over 19,000 policyholders, handled approximately 11,400 claims, and incurred insurance service expenses of \$910 million.

AIG provides insurance solutions that help businesses and individuals in over 200 countries and jurisdictions protect their assets and manage risks through AIG operations, licenses and authorizations as well as network partners.

This climate risk management report covers AIG Canada and presents information for fiscal year 2025 (January 1 – December 31, 2025) unless otherwise noted.

For information on AIG Canada’s financial data, please see [OSFI’s Financial data for property and casualty companies](#).



Governance



Board Governance

The Board of Directors of AIG Canada (hereinafter referred to as the “Board”) has the overall responsibility for the oversight of AIG Canada’s management of climate-related risks and opportunities and our strategic plans to respond, as well as the achievement of climate-related metrics and targets. The role and responsibilities of the Board and its committees are summarized in Figure 1 and formally stated in each charter. These charters are reviewed at least annually to help maintain and improve the effectiveness of our Board.

Members of the Board have a range of skills, experience and expertise to support and understand our business. The Board aims to have an appropriate level of relevant skills and competencies, as well as access to specialist advice, as climate-related risks and opportunities evolve. The Board uses a skills matrix to define an optimal composition, reflective of its current and future needs in consideration of its oversight responsibilities and succession. On an annual basis, directors complete a self-assessment of their skills against various competencies of the skills matrix, which includes sustainability.

The Risk Committee of the Board (the Risk Committee) meets at least quarterly and assists the Board in its oversight of risk and capital

management on an enterprise-wide basis, including climate-related risk.

The Risk Committee’s key responsibilities include ensuring:

- appropriateness of risk appetite,
- adherence to risk appetite, risk policies and practices,
- review of how major risks of AIG Canada are being managed, and
- overall adequacy and effectiveness of risk management function.

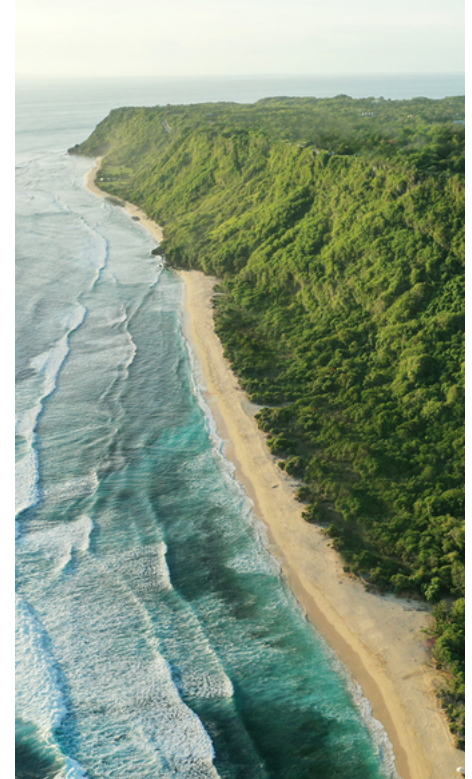
The Risk Committee receives quarterly reports from the Chief Risk Officer (CRO) of AIG Canada on activities including those relating to the management of climate-related risks. Beginning in 2026, these reports include climate-related opportunities, which in combination with climate-related risks, allow the Risk Committee to oversee climate-related activities holistically and advise the Board on progress.

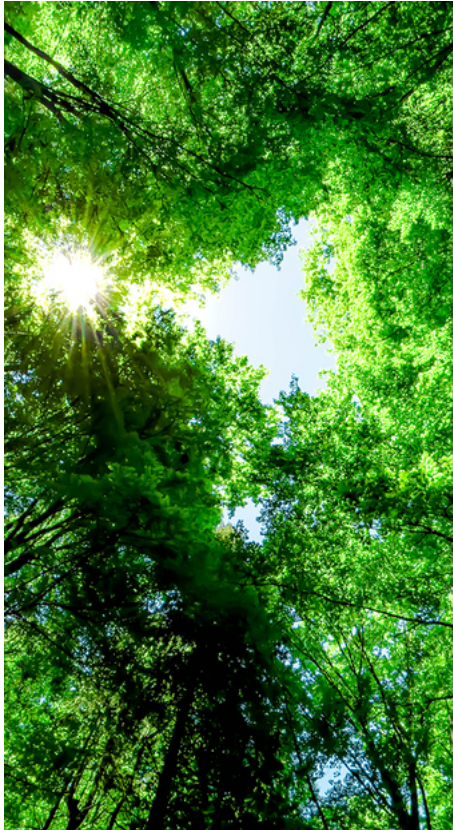
In 2025, the Board and Risk Committee conducted the following activities:

- reviewed and updated the Board and its committee charters to include references to their respective roles in relation to climate-related risks and opportunities,

- received quarterly updates from the CRO on climate-related risks,
- participated in climate education sessions led by the Chief Sustainability Officer of AIG Group, and
- attended external training on OSFI’s Guideline B-15, Climate Risk Management, OSFI’s climate-related risk returns and the Canadian climate-related disclosure regulatory landscape.

Climate-related considerations are not currently specifically factored into Board member remuneration.





Leadership and Management

AIG Canada's leadership team is comprised of those who hold senior management roles within our business, led by AIG Canada's President and Chief Executive Officer (CEO). AIG Canada's business strategy is developed and implemented under the leadership and direction of AIG Canada's CEO.

AIG Canada's Risk and Capital Committee (RCC) is the management committee responsible for the oversight of climate-related risks. As of November 2025, the RCC is also responsible for the oversight of climate-related opportunities, ongoing monitoring of achievements against metrics and targets, as well as climate-related disclosures required by regulators in collaboration with the AIG Global Sustainability Office and other relevant group functions. The committee, chaired by the AIG Canada CRO, is comprised of members from AIG Canada's senior management team, including:

- President and CEO,
- Chief Financial Officer,
- General Counsel,
- Chief Actuary,
- Senior Vice President and Head of Claims Canada, and

- Chief Compliance Officer.

Governance over risk processes is supported through a framework of corporate policies which define roles and responsibilities, as well as controls adopted across AIG's businesses. These risk policies communicate the philosophy, rules, and expectations on how AIG Canada manages risk. When appropriate, these policies are reviewed and updated annually.

In 2025, management conducted the following activities:

- discussed climate-related risk information,
- completed OSFI's Standardized Climate Scenario Exercise (see [Risk Management](#) for further details), and
- operated a Climate Risk Steering Committee to coordinate and provide direction regarding our climate-related disclosures.

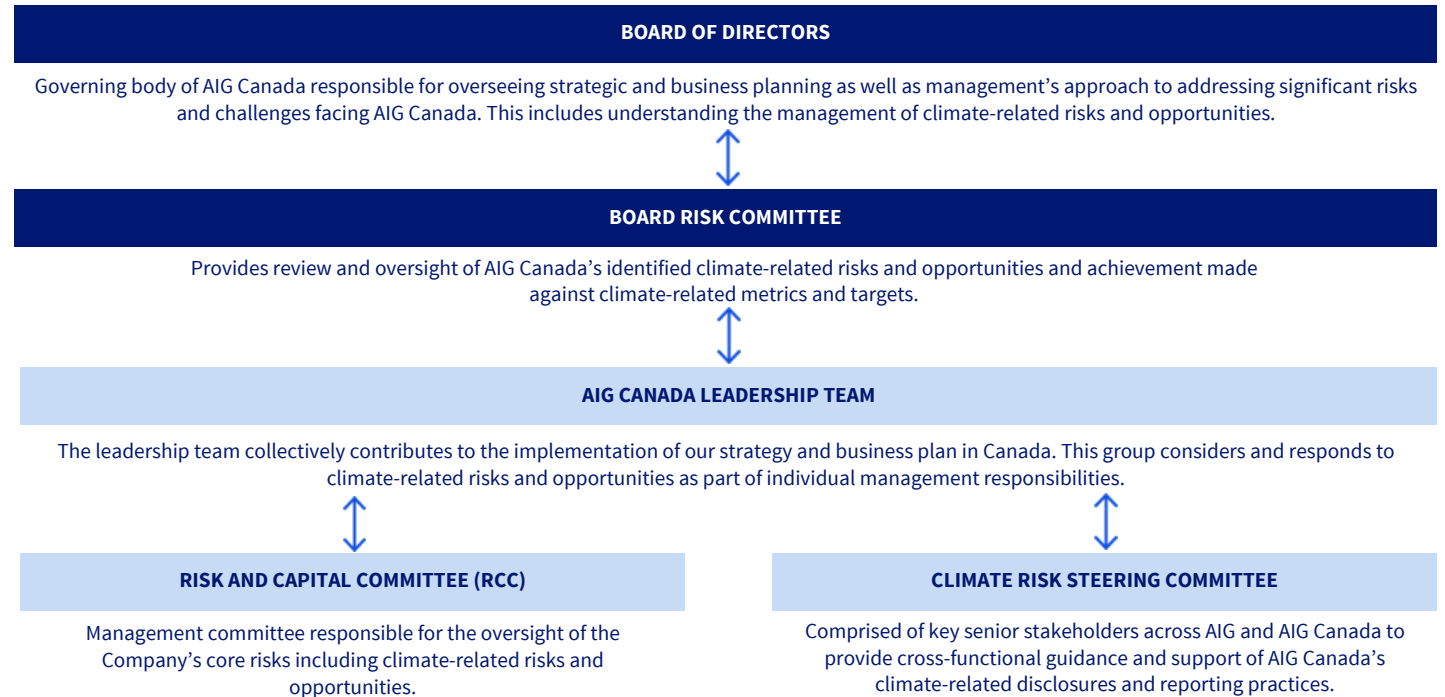
AIG Group

The governance structures of our ultimate parent entity, AIG, oversee climate-related risks and opportunities across the global organization, including AIG Canada. Locally, we work together with colleagues from across AIG to ensure that local climate-related activities are aligned with AIG's global strategy and framework. In exercising its authority over AIG Canada's business, the AIG Canada Board ensures that it considers instructions issued by AIG and that they are implemented wherever possible. This includes compliance with policies, procedures and guidelines issued by AIG including AIG's climate-related commitments.

Teams across AIG have skills and capabilities that are highly relevant to managing climate-related risks and opportunities, including but not limited to underwriting, risk management, actuarial, natural catastrophe modelling, legal and government affairs, financial reporting, and data analytics. AIG also has a dedicated Global Sustainability Office which supports and partners with AIG Canada.

AIG’s Executive Vice President, General Counsel and AIG’s Chief Sustainability Officer are responsible for leading the development and implementation of AIG’s group-wide sustainability strategy. For more information on AIG’s Global Sustainability Governance, see page 10 of the [AIG 2025 Sustainability Report](#).

Figure 1. Climate-related Governance Diagram



Strategy



Climate Risk

Climate change has three distinct areas that create risk for AIG Canada:

Physical Risks

Both direct and indirect impacts from event driven (acute) or longer-term (chronic) shifts in climate patterns. Climate change contributes to an increase in the frequency and severity of natural disasters and the creation of uncertainty as to future trends and exposures.

Transition Risks

Transitioning to a lower carbon economy may entail extensive policy, legal, regulatory, technology and market changes to address mitigation and adaptation requirements related to climate change.

Liability Risks

Risks may arise from people or businesses seeking compensation for losses they may have suffered from physical or transition risks. These actions may be due to policy and technological changes, as well as from third parties who seek to influence policy or recover losses from others whom they believe are responsible by means of alleged failure to mitigate, adapt or disclose.

As climate-related risks and opportunities evolve, we intend to further develop our strategic responses accordingly. We aim to monitor and mature our approach to the identification, documentation and management of climate-related risks, including our current and proposed mitigation efforts.



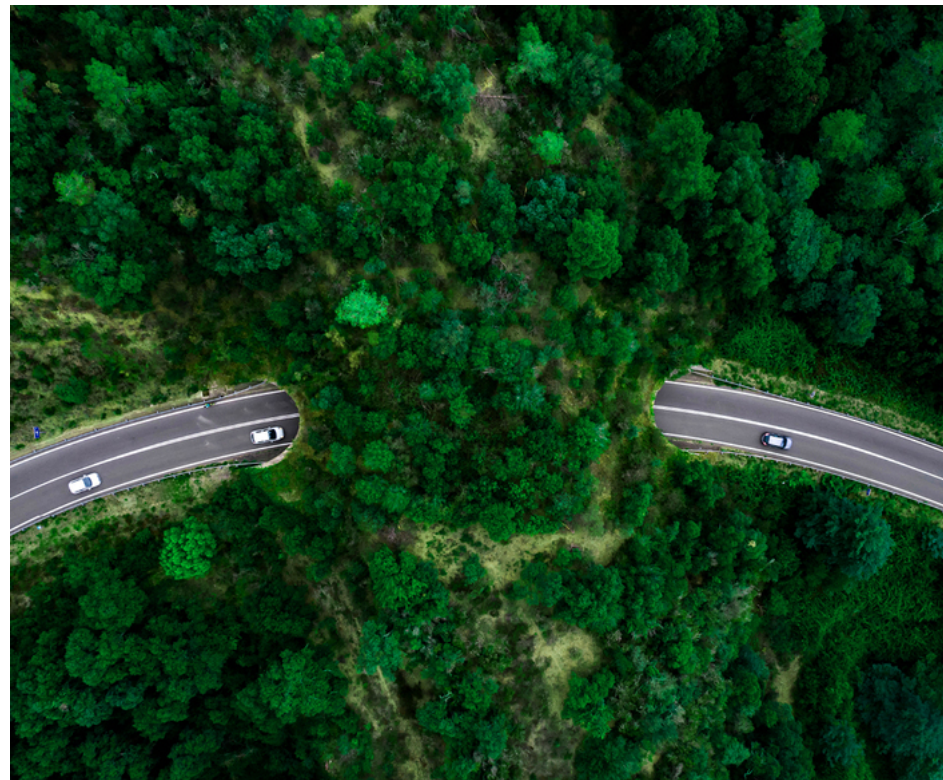
Climate-related risks

AIG Canada’s identified climate-related risks and associated business impacts are set out in the following table. These risks are dynamic and continue to evolve.

Time Horizons

The time horizons in AIG Canada’s risk assessment are:

Horizon	Period	Description
Short-term	1 - 3 years	Consistent with AIG Canada’s 3 year strategic and business planning cycle.
Medium-term	3 - 7 years	This time horizon broadly aligns with the time taken for AIG Canada’s investments to reach maturity.
Long-term	7 + years	AIG has committed to reach net-zero GHG emissions by 2050. This time horizon aligns with that commitment.



Climate-related risks

Risk	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Natural Catastrophe Risk</p> <p>Physical</p> <p>Short, medium and long- term</p> <p><i>Insurance</i></p>	<p>Risk of increased frequency, severity, and simultaneity of severe weather events (including but not limited to flooding, hurricanes, drought, heatwaves, wildfires, winter storms and severe convective storms).</p> <p>Climate change contributes to an increase in the frequency and severity of natural disasters.</p>	<p>Natural catastrophe events occurred during the reporting period and impacted AIG Canada's property insurance business through increased claims activity associated with severe weather events, including flooding, wildfire, and severe convective storms.¹</p>	<p>An increase in extreme weather events may result in higher claims costs and volumes for AIG Canada.</p> <p>Climate change may present challenges to our ability to effectively underwrite, model and price catastrophe risk particularly if the frequency and severity of such events continues to increase.²</p>	<p>AIG Canada uses industry-recognized catastrophe models and applies proprietary modelling processes and assumptions to loss estimates. We leverage these models to understand our overall exposure, helping us make informed decisions about risk acceptance, diversification and mitigation.</p> <p>In line with industry practice, AIG Canada maintains reinsurance to manage and limit its exposure to large catastrophe losses.</p> <p>AIG Canada also monitors developments in catastrophe modelling and climate science and assesses opportunities to enhance modelling capabilities for perils.</p>

¹ At this time, the quantitative current financial effects for this risk are not separately identifiable.

² At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this risk.

Risk	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Climate Litigation and Legal Risk</p> <p>Transition</p> <p>Liability</p> <p>Medium and long term</p> <p><i>External environmental and insurance</i></p>	<p>As climate change continues to evolve, there is a risk of increased climate-related litigation in Canada and globally.</p> <p>Litigation may arise in relation to insured clients, including actions against directors and officers for alleged 'greenwashing' or failures in climate-related disclosure and risk management, as evolving legislation in Canada increases regulatory oversight and associated legal exposure.</p> <p>In addition, AIG Canada itself may be subject to direct legal scrutiny as climate related disclosure expectations and legal standards continue to evolve.</p>	<p>In FY25, AIG Canada has not incurred any specifically identifiable claims related to climate litigation or legal risk respect of its insured clients.</p> <p>AIG Canada has not been subject to any climate-related litigation.³</p>	<p>As climate litigation becomes more prevalent amidst evolving regulatory oversight, AIG Canada may be exposed to litigation-related risks both directly and indirectly.</p> <p>Litigation involving insured clients may result in increased claims costs for AIG Canada under relevant liability policies. Additionally, direct legal action against AIG Canada may result in increased legal and defense costs and related expenditures, including settlements, regulatory penalties, and compliance and governance requirements.⁴</p>	<p>AIG Canada continues to monitor developments in climate related litigation, regulatory expectations, and legal precedents. This includes ongoing review of claims activity, legal developments, and emerging market practices.</p>

³ At this time, the quantitative current financial effects for specifically identifiable claims related to climate litigation or legal risk are not separately identifiable.

⁴ At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this risk.

Risk	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Reputational Risk Transition Short, medium, and long term <i>External environment and Insurance</i></p>	<p>Clients, regulators and other stakeholders are placing greater scrutiny on climate-related topics. Increasingly, there is disparity among stakeholder groups, as well as individual constituents within stakeholder groups regarding expectations about how businesses should respond to and communicate about climate issues.</p> <p>Companies that are unable to meet stakeholders' diverging expectations could suffer from negative publicity, reputational harm or loss of client or investor confidence, which could adversely affect operations.</p>	<p>In FY25, there were no specifically identifiable reputational impacts to AIG Canada directly attributable to climate-related factors. While climate-related positions and underwriting criteria may influence individual client decisions, it is not possible to attribute non-renewals or foregone opportunities to reputational factors.⁵</p>	<p>Increased scrutiny and evolving expectations from AIG Canada's stakeholders, may result in differing views regarding AIG Canada's response to climate change as it seeks to balance the interests of various parties.</p> <p>Any perceived misalignment could adversely affect the AIG Canada brand and reputation, which may, in turn, impact AIG Canada's ability to attract and retain clients.⁶</p>	<p>AIG Canada engages with stakeholders to communicate its underwriting approach, climate related positions, and alignment with AIG Group policies. This includes ongoing dialogue to support transparency and manage expectations regarding coverage decisions and transition related criteria.</p>

⁵ At this time, the quantitative current financial effects for this risk are not separately identifiable.

⁶ At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this risk.

Risk	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Operational Risk and Business Continuity Risk</p> <p>Physical</p> <p>Short, medium and long-term</p> <p><i>Own operations</i></p>	<p>The physical Impacts of climate change may result in disruptions to sites and office locations, as well as to the infrastructure, supply chains and third parties upon which AIG Canada operations depend.</p>	<p>To date, climate related physical events have resulted in minimal impact on AIG Canada's operations.</p> <p>Short term weather related disruptions have been managed through established business continuity measures. AIG Canada has not experienced material operational disruption arising from climate related impacts to third party service providers during the reporting period.</p>	<p>Exposure to severe weather events may result in operational disruptions, which could impact AIG Canada's clients, reputation and workforce.</p> <p>Operational and business disruptions may require reallocating resources or the engagement of alternative service providers to ensure critical functions continue to operate.</p> <p>However, we cannot predict the long-term impacts of climate change on our business and results of operations.⁷</p>	<p>AIG Canada maintains business continuity and operational risk management frameworks designed to address a broad range of hazards, including severe weather events. These frameworks include contingency planning for operations disruptions, and third party service interruptions.</p> <p>AIG Canada works with its third parties to assess enterprise resilience, conducting regular testing and ensuring third parties have business continuity plans in place.</p>

⁷ At this time, the level of measurement uncertainty is too high to disclose the anticipated quantitative financial information for this risk.

Risk	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Investment and Credit Risk</p> <p>Physical, transition and liability</p> <p>Medium to long term</p> <p><i>Investments</i></p>	<p>If there is coordinated action to move away from a carbon-intensive economy, financial market participants may fundamentally reassess carbon-intensive assets and the businesses that rely on them. Shifts in consumer behaviour as well as regulatory incentives and penalties may affect the long-term viability of these businesses and, the value of the instruments they issue. At times, revaluation may lead to asset impairments and corresponding credit exposure related to those instruments.</p>	<p>At this time, AIG Canada does not attempt to attribute realized losses in the investment portfolio to specific climate-related events or developments. Given the relatively short duration of the portfolio, in the current reporting period, we do not view climate risks as financially material.⁸</p>	<p>The relatively short duration of our investment portfolios provides substantial structural mitigation of climate-related financial risks that might be expected to manifest over longer investment horizons. As securities mature, our managers have the opportunity to regularly reposition portfolios at par on the basis of complete information and market pricing. Additionally, the portfolio's broad diversification mitigates the overall impact of idiosyncratic climate-related losses experienced by single issuers. We expect these risks to remain limited in magnitude.⁹</p>	<p>AIG's Global Investments team, together with ERM and other functional support teams, discuss transition scenarios and their potential impact on asset performance. Physical and transition risks are two of many factors considered in a holistic review of an issuer's credit. We do not consider them in isolation as other balance sheet or operational factors may substantially mitigate (or exacerbate) these risks when considered together.</p>

⁸ At this time, the quantitative current financial effects for this risk are not separately identifiable.

⁹ At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this risk.

Risk	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Technology Risk</p> <p>Physical and transition</p> <p>Medium to long term</p> <p><i>Insurance and own operations</i></p>	<p>The scope and scale of climate change impacts may challenge AIG Canada's ability to adapt its technology, data, and systems quickly to evolving risks.</p>	<p>In FY25, there were minimal impacts associated with this risk.</p> <p>AIG Canada has utilized MSCI data to support in the OSFI transition risk return as well as to identify physical risks.</p>	<p>The evolving nature and scale of climate-related risks may increase demands on AIG Canada's technology infrastructure, data capabilities, and analytical tools required to support underwriting, pricing, modelling, and reporting activities.</p> <p>This may result in increased capital and operating expenditures related to technology infrastructure, system enhancements, third-party data, and analytics capabilities, although the extent and timing of such impacts remain uncertain.¹⁰</p>	<p>AIG Canada continues to monitor evolving requirements and emerging industry practices related to technology, data, and analytical capabilities.</p> <p>As required, we assess associated requirements and evaluate potential enhancements to our technology infrastructure, data capabilities, and systems, including planned investments in modelling capabilities.</p>

¹⁰ At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this risk.

Risk	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Government and Regulatory Risk</p> <p>Transition</p> <p>Short, medium and long term</p> <p><i>External environment, Own operations and Insurance</i></p>	<p>Governments may increase regulatory requirements and oversight related to climate change.</p> <p>This includes evolving climate related disclosure requirements, supervisory expectations, and broader policy or legislative measures aimed at supporting progress toward emissions reduction and transition objectives.</p>	<p>During the reporting period, AIG Canada experienced increased regulatory and supervisory expectations related to climate related disclosures.</p> <p>These developments have resulted in additional internal effort and resource allocation to support compliance activities, including the preparation of climate related disclosures and regulatory returns.¹¹</p>	<p>Over the medium to long term, evolving climate related regulation and supervisory expectations may result in further changes to disclosure requirements, regulatory guidance, and expectations placed on the insurance sector.</p> <p>Increased regulatory intervention may require AIG Canada to dedicate additional resources to compliance, enhance internal processes, and adapt aspects of risk management and underwriting practices to remain aligned with regulatory expectations.¹²</p>	<p>AIG Canada continues to monitor climate-related regulatory developments.</p> <p>Ongoing efforts include maintaining compliance with existing regulatory requirements, preparing for new and evolving disclosure expectations, and supporting internal governance processes related to climate risk management.</p> <p>AIG Canada will continue to assess regulatory developments and adapt its approach as necessary to respond to changes in climate related regulatory and supervisory expectations.</p>

¹¹ At this time, the quantitative current financial effects for this risk are not separately identifiable.

¹² At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this risk.

Risk	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Cost and availability of reinsurance</p> <p>Physical</p> <p>Transition</p> <p>Medium and long term</p> <p><i>Insurance</i></p>	<p>Potential impact of climate change, both within Canada and globally, could undermine reinsurer appetite and reduce reinsurance capacity, leading to increased costs to accessing reinsurance.</p>	<p>In FY25, AIG Canada did not observe any direct effects of climate-related impacts on the cost or availability of reinsurance.</p>	<p>Reinsurance costs may increase following periods of elevated catastrophe activity. In extreme cases, there may be less or no availability of reinsurance for certain perils in highly climate risk exposed regions. This may result in an adverse effect on our business, results of operations and financial condition.</p> <p>Decreased reinsurance capacity could result in AIG Canada retaining a greater level of insurance risk on a net basis, which could lead to increased costs of insurance for clients.¹³</p>	<p>AIG Canada leverages the enhancements of modelling capabilities, informed by industry developments and practices at the AIG Group level.</p> <p>Reinsurance pricing and coverage are reviewed on an annual basis, with periodic reassessments to reflect evolving risk conditions and claims incurred.</p>

¹³ At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this risk.

Climate-related opportunities

AIG Canada’s identified climate-related opportunities and the anticipated impacts we reasonably expect are set out in the following table. These opportunities are dynamic and may continue to evolve.

Opportunity	Description	Current Impact	Anticipated Impact	AIG Canada’s Efforts
<p>Working with clients and partners to provide new products</p> <p>Medium and long term</p> <p><i>Insurance</i></p>	<p>Opportunities for engagement, education and partnerships with clients and distribution networks support climate-related risk mitigation, reduction and development of insurance solutions to climate-related risks/impacts.</p>	<p>In FY25, there has been no direct effect of climate-related opportunities associated with the development of new climate-related products.</p>	<p>There are opportunities for AIG Canada to work closely with our clients and distribution channels to support risk reduction within portfolios that have direct impacts from climate-related risks.</p> <p>Through engagements with the market and stakeholders, new insurance solutions may be developed in specific sectors, generating new revenue streams and diversifying our exposure to climate risks.¹⁴</p>	<p>AIG Canada routinely reviews our current portfolio of offerings to assess opportunities for enhancement and to address unmet client needs.</p> <p>AIG Canada intends to continue monitoring for emerging climate-related opportunities and as required will assess feasibility for implementing new products or additional coverage that are aligned with AIG Group.</p>

¹⁴ At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this opportunity.

Opportunity	Description	Current Impact	Anticipated Impact	AIG Canada's Efforts
<p>Technology and data improvements</p> <p>Medium and long term</p> <p><i>Insurance</i></p>	<p>Innovation and investment in technology/ data improvements may provide opportunities to further analyze existing exposures to changing climate impacts and allow for potential to insure emerging risks.</p>	<p>There has been minimal impact of climate-related technology and data improvements in the current year.</p>	<p>Technological growth may provide opportunities for AIG Canada to offer insurance coverage for emerging climate-transition related areas.</p> <p>Advancements in data-driven insights and improved modelling capabilities may enable the development of new coverage options for perils.¹⁵</p>	<p>AIG Canada continues to monitor emerging climate-related technology, data, and analytical capabilities.</p> <p>Modelling approaches are continuously reviewed to identify opportunities for improvement, including through collaboration with third party providers.</p>

¹⁵ At this time, the level of measurement uncertainty is too high to disclose anticipated quantitative financial information for this opportunity.

Risk Management



Risk Management Program

AIG Canada considers risk management an integral part of our business strategy and a key element in our approach to corporate governance. Annually, AIG Canada conducts an Own Risk and Solvency Assessment (ORSA) to evaluate our risk profile and related capital requirements. Climate risk is included in the ORSA process.

Risk Register

To ensure the effective management of risk, AIG Canada maintains an enterprise risk register that is updated quarterly. Inputs to the risk register are provided by AIG Canada's risk stewards, including any concerns or relevant mitigation efforts. Climate-related risks are included in this risk register.

On a quarterly basis, high inherent and high residual risks are presented to the RCC, which provides management level input on the risks. Following the RCC review, the register is presented to the Board Risk Committee.

Risk Appetite Statement

AIG Canada's Risk Appetite statement defines the level of risk that it is prepared to take in pursuit of objectives and sets the criteria that guides risk management decisions and actions within the organization. The statement is organized by key risk categories, which includes climate risk.



Risk Management Process

Our Risk Management Cycle describes our end-to-end risk management process. It can be used to manage a range of risk types including climate-related risks. In line with our risk management framework, the key steps undertaken include the following:

Risk Identification

Identification: AIG Canada identifies risks through a combination of top-down and bottom-up approaches. In 2025, additional climate risks and associated business impacts were identified and the risks were added to the risk register alongside applicable time horizons.

Analysis: Identified risks go through an analysis process, including analyzing root cause, likelihood and consequence. This is conducted using AIG Canada’s structured risk assessment matrix.

Evaluation: Risks are further evaluated and assigned a rating, with input from the risk stewards, RCC and Risk Committee of the Board – both from an inherent perspective (pre-controls) and residual perspective (post-controls). They are then prioritized and ranked within the overall risk profile of AIG Canada.

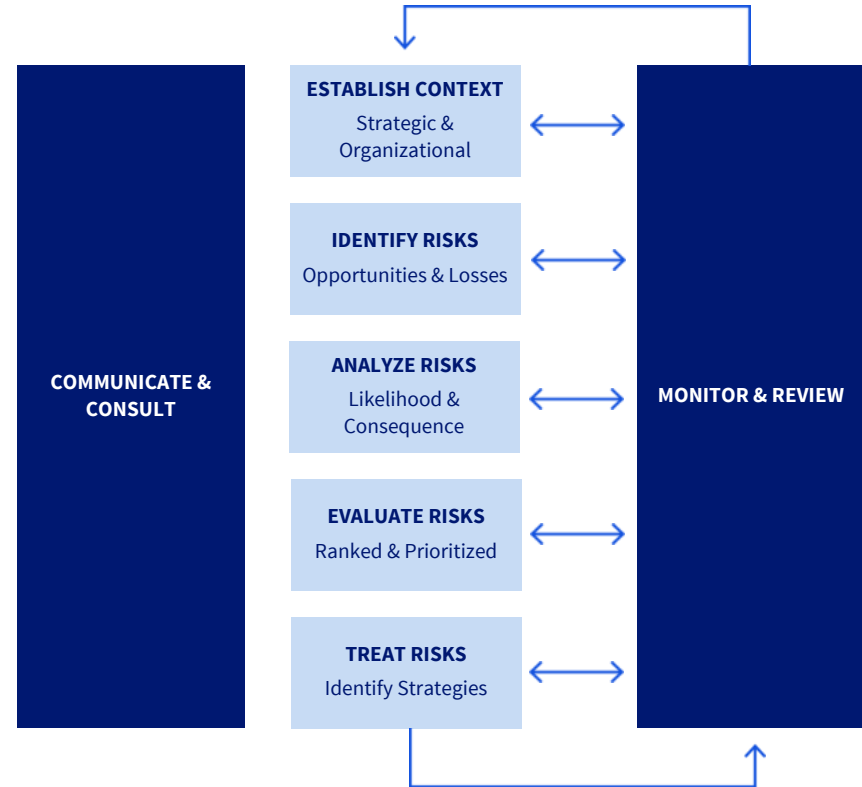
Treatment: Treatment plans are discussed including the ability to tolerate, treat, transfer or terminate the risk. Key controls and/or actions plans are put in place to treat the risk and bring the exposure within acceptable levels.

Climate Risk Assessment and Management

AIG Canada completed the OSFI Standardized Climate Scenario Exercise (SCSE) and gained insight on its exposure to physical (flood and wildfire) and transition (credit) risk. The transition risk analysis in the SCSE included the use of three climate scenarios developed by the Network for Greening the Financial System (NGFS): Net Zero 2050, Below 2°C Immediate and Below 2°C delayed.

In addition, for natural catastrophe risk, AIG Canada uses third party catastrophe models and internal tools to evaluate and simulate frequency and severity of catastrophic events and losses to AIG Canada’s portfolios.

Figure 2: Risk Management Cycle



Opportunity Management Process

AIG Canada recognizes there are climate-related opportunities that could have an impact on our business model. These opportunities are managed through integration into our overall business strategy and operational planning.



Metrics and Targets



AIG's Net Zero Commitments

Globally, as the parent entity of AIG Canada, AIG has committed to reach net zero GHG emissions across its operations, underwriting and investments portfolios by 2050 or sooner. Underlying this commitment, AIG has committed to:

- Source 100% renewable energy for AIG's operations¹⁶ by 2030 or sooner,
- Work toward setting science-based emissions reduction targets, and
- Limit underwriting and investment in certain fossil fuel activities related to coal, oil sands and Arctic exploration.

AIG Canada is included in AIG Group's commitments. Details on AIG's commitments can be found on page 22 of the AIG [2025 Sustainability Report](#).



¹⁶ The 100% renewable energy commitment applies to scope 2 emissions from electricity usage for facilities controlled or owned by AIG.

Greenhouse Gas Emissions

We measure scope 1 and scope 2 GHG emissions based on operational control by considering the internationally recognized methodologies from the Greenhouse Gas Protocol (GHGP).

We use operational control to define reporting boundaries for owned and leased assets across scope 1 and scope 2 GHG emissions. In FY25 for AIG Canada, this included the following:

- **Scope 1 emissions**¹⁷: direct emissions from mobile combustion (motor gasoline).
- **Scope 2 emissions (location-based)**: indirect emissions from the generation of purchased electricity and heating using the location-based method.

AIG Canada's 2025 Scope 1 and 2 Emissions

	Metric tons of CO ₂ e
Scope 1 Emissions	38
Scope 2 Emissions (location-based)	64
Total Scope 1 and 2 (MTCO ₂ e)	102

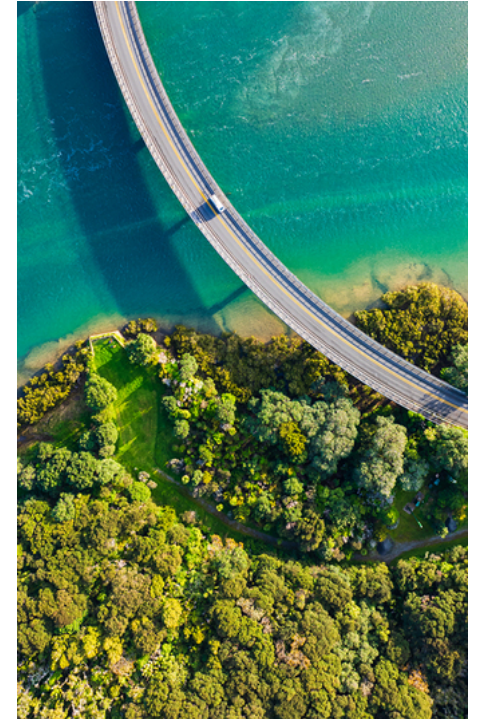
Where reasonably available, GHG emissions are calculated based on actual (e.g., metered) data received, including from third parties. In instances where actual data is not reasonably available, we rely on estimates by considering internationally accepted and recognized methodologies and standards.

GHG emissions information is subject to measurement and estimation uncertainties, resulting from limitations inherent to the data and methods used for compiling and determining such information. The methodologies and assumptions used to determine such data are still in the early stages of development and are likely to change.

As our measurement and estimation techniques evolve, the use of different methodologies and changes in data availability could result in materially different measurements. The precision of different measurement techniques may also vary. GHG emission calculations incorporate certain third-party information.

GHG Emissions Assessment Criteria:

1. AIG considers the principles and guidance of the World Resources Institute and the World Business Council for Sustainable Development's (WBCSD) The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition and GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard to guide the criteria to assess, measure, and report the GHG emissions metrics.



¹⁷ Energy consumed through landlord-controlled heating, cooling or generator equipment at sites within AIG's operational control is included in scope 2 (heating and cooling) or scope 3.8 (refrigerants and fuel from generators) upstream leased assets. As AIG purchases this energy from landlords (rather than purchasing the fuel directly), AIG determined these emissions are indirect and belong in either scope 2 (heating and cooling) or scope 3.8 (refrigerants and fuel from generators) in alignment with GHGP.

2. Carbon dioxide equivalent (CO₂e) emissions are inclusive of carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) and industrial gases, which include hydrofluorocarbons (HFCs), sulfur hexafluoride (SF₆), perfluorocarbons (PFCs), and nitrogen trifluoride (NF₃). Emissions by individual gas are not disclosed as a majority of CO₂e relates to CO₂. These CO₂e emissions utilize Global Warming Potentials (GWPs) as follows: (i) where the GWP is not embedded in the emission factor, GWPs defined by the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6 – 100 year horizon), (ii) where the GWP is embedded in the emission factor but the emission factor by individual gas is not disclosed, the embedded GWP is applied, or (iii) where the GWP is embedded in the emission factor and the emission factor by individual gas is disclosed, the embedded GWP is converted to AR 6.
 3. CO₂e emissions are calculated by multiplying actual or estimated activity data (e.g., energy or fuel usage) by relevant emissions factors and/or GWPs. All emissions factors are updated annually, where applicable.
 4. MTCO₂e = metric tonnes of carbon dioxide equivalent.
 5. Scope 1 emissions include the sources listed below. Approximately 0% of reported Scope 1 emissions were estimated.
 - a) Ground Transportation
 - As fuel consumption data was available for ground transportation, emissions were calculated based on fuel consumption collected from third-party invoices multiplied by an emission factor.
 - Emission Factor Source: EPA 2025 - E10 Ethanol-Gasoline Blend (10% Ethanol, 90% Motor Gasoline)
 6. Scope 2 emissions include the sources listed below. Approximately 82% of reported Scope 2 emissions were estimated.
 - a) Purchased Electricity
 - Emissions from purchased electricity used by AIG Canada offices were calculated using the following approach:
 - Where electricity consumption was available, emissions were calculated based on monthly or quarterly consumption collected from third-party invoices or internal usage records.
 - Where electricity consumption was not available, an estimate was determined using square footage from internal building records multiplied by benchmark median energy intensity values from the Department of Energy (“DOE”) Building Performance Database (“BPD” accessed on April 20, 2023).
 - b) Purchased Heating and District Heat
 - Emissions from purchased heating (natural gas or other fuels) and district heat used by AIG Canada's offices were calculated using the following approach:
 - As fuel consumption was not available, an estimate was determined using square footage from internal building records multiplied by benchmark median energy intensity values from DOE BPD, accessed on April 20, 2023.
 - IEA Energy Efficiency Indicators (July 2024) were used to calculate the fuel mix (i.e., proportion of the real estate site's energy consumption from natural gas).
- Emissions associated with overhead are excluded unless provided by the landlord and apportioned by tenancy (i.e., floor area).
 - Emission Factor Sources:
 - EPA – Stationary Combustion – Natural Gas & EPA 2025 - Stationary Combustion - Petroleum Products - Heavy Gas
 - UK Government GHG Conversion Factors for Company Reporting 2025 (DEFRA)

Climate Targets

AIG Canada Targets

AIG's global Climate Transition Plan is intended to drive a unified strategy and companywide alignment. AIG Canada is committed to contributing to the execution of AIG's transition strategy locally, as applicable to our business. At this time, AIG Canada has not made any commitments/set targets at the local level.

Because transition planning is a multi-phase, iterative process based on ongoing internal activities, we expect that AIG Canada's contribution to AIG's Climate Transition Plan will be refined as part of our and AIG's sustainability journey.

In 2025, AIG Canada monitored AIG's commitment to limit underwriting and investing in certain fossil fuel activities related to coal-fired power plants, thermal coal mines or oil sands.

AIG's Group progress is described in AIG Group's [2025 Sustainability Report](#).



Appendix A: OSFI B-15 Index

Category	Expectation	Location in AIG Canada OSFI B-15 Climate Risk Management Report
Governance	a) Describe the governance body(ies) (e.g., board of directors, committee, other) or individual(s) responsible for oversight of climate-related risks and opportunities, including their identity, responsibilities, skills and competencies, process around staying informed including the frequency of meetings, oversight of strategy, major transactions, risk management processes, target setting and monitoring progress towards those targets, and a description of whether and how climate-related considerations are factored into their remuneration.	Governance – Board Governance
	b) risks and opportunities, including their identity, responsibilities, skills and competencies, process around staying informed including the frequency of meetings, oversight of strategy, major transactions, risk management processes, target setting.	Governance – Management and leadership

Category	Expectation	Location in AIG Canada OSFI B-15 Climate Risk Management Report
Strategy	<p>a) Describe the climate-related risks and opportunities the FRFI has identified that could reasonably be expected to affect its cash flows, access to finance or cost of capital, including:</p> <ul style="list-style-type: none"> • The classification of each climate-related risk as either physical or transition risk; • The expected timeframe for the occurrence of effects associated with each risk and opportunity (short, medium, or long term); • The FRFI’s definitions of ‘short term,’ ‘medium term,’ and ‘long term’ in relation to strategic decision-making planning horizons. <hr/> <p>b)i) Business Model and Value Chain Describe:</p> <ul style="list-style-type: none"> • the current and anticipated effects of climate-related risks and opportunities on the FRFI’s business model and value chain; • where in the FRFI’s business model and value chain the climate-related risks and opportunities are concentrated. <p>Strategy and Decision making Disclose information about current and anticipated:</p> <ul style="list-style-type: none"> • changes to the FRFI’s business model, including its resource allocation, to address climate-related risks and opportunities; • direct mitigation and adaptation efforts; • indirect mitigation and adaptation efforts. <p>Financial Position, financial performance, and cash flows Describe:</p> <ul style="list-style-type: none"> • how climate-related risks and opportunities have affected the FRFI’s financial position, financial performance, and cash flows for the reporting period; • how the FRFI expects its financial position, financial performance, and cash flows to change over the short, medium, and long term, given its strategy to manage climate-related risks and opportunities. 	<p>Strategy – Climate-related risks, Climate-related opportunities</p> <hr/> <p>Strategy</p> <ul style="list-style-type: none"> • Climate-Related Risks - Current impacts, anticipated impacts, and AIG Canada’s efforts • Climate-Related Opportunities - Current impacts and anticipated impacts, and AIG Canada’s efforts

Category	Expectation	Location in AIG Canada OSFI B-15 Climate Risk Management Report
Risk Management	a) Disclose information about the FRFI's processes and related policies for identifying, assessing, prioritizing, and monitoring climate-related risks. In meeting this disclosure expectation, the FRFI should explain how it has applied Principle 3, and its supporting paragraphs, in Chapter 1 of this Guideline.	Risk Management – Risk Management Process
	b) Disclose information about the FRFI's processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities including information about whether and how the FRFI uses climate-related scenario analysis to inform its identification of climate-related opportunities.	Risk Management – Opportunity Management Process
	c) Disclose information about the extent to which, and how the FRFI's processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and inform the FRFI's overall risk management process.	Risk Management – Risk Management Program

Category	Expectation	Location in AIG Canada OSFI B-15 Climate Risk Management Report
Metrics and Targets	<p>a) Disclose metrics used by the FRFI to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>Metrics and Targets</p>
	<p>b)i Disclose separately the FRFI's Scope 1 and location-based Scope 2 absolute gross GHG emissions for the period.</p> <p>Disclose the measurement approach, inputs, and assumptions the FRFI uses to measure its Scope 1 and Scope 2 GHG emissions, and the underlying reasons for these decisions.</p> <p>Disclose the reporting standard used by the FRFI to calculate and disclose GHG emissions. If the reporting standard used by the FRFI is not the GHG Protocol Corporate Standard, disclose how the reporting standard used by the FRFI is comparable.</p>	<p>Metrics and Targets - Greenhouse Gas Emissions</p>
	<p>c) Disclose any quantitative and qualitative climate-related targets the FRFI has set to monitor progress towards achieving its strategic goals, including:</p> <ul style="list-style-type: none"> • The objective of the target; • The period over which the target applies; • The base period from which progress is measured; • Any revisions to the target and an explanation of those revisions; • Disclose information about the FRFI's approach to setting and reviewing each target and how it monitors progress against each target; • Disclose information about the FRFI's performance against each climate-related target and an analysis of trends or changes in the FRFI's performance. <p>For any GHG emissions target disclosed (and the corresponding metrics, if applicable), disclose it both gross of, and net of, carbon offsets, if applicable, and explain the type of offset (for example, carbon credit, nature-based, other.)</p>	<p>Metrics and Targets – Climate Targets</p>



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