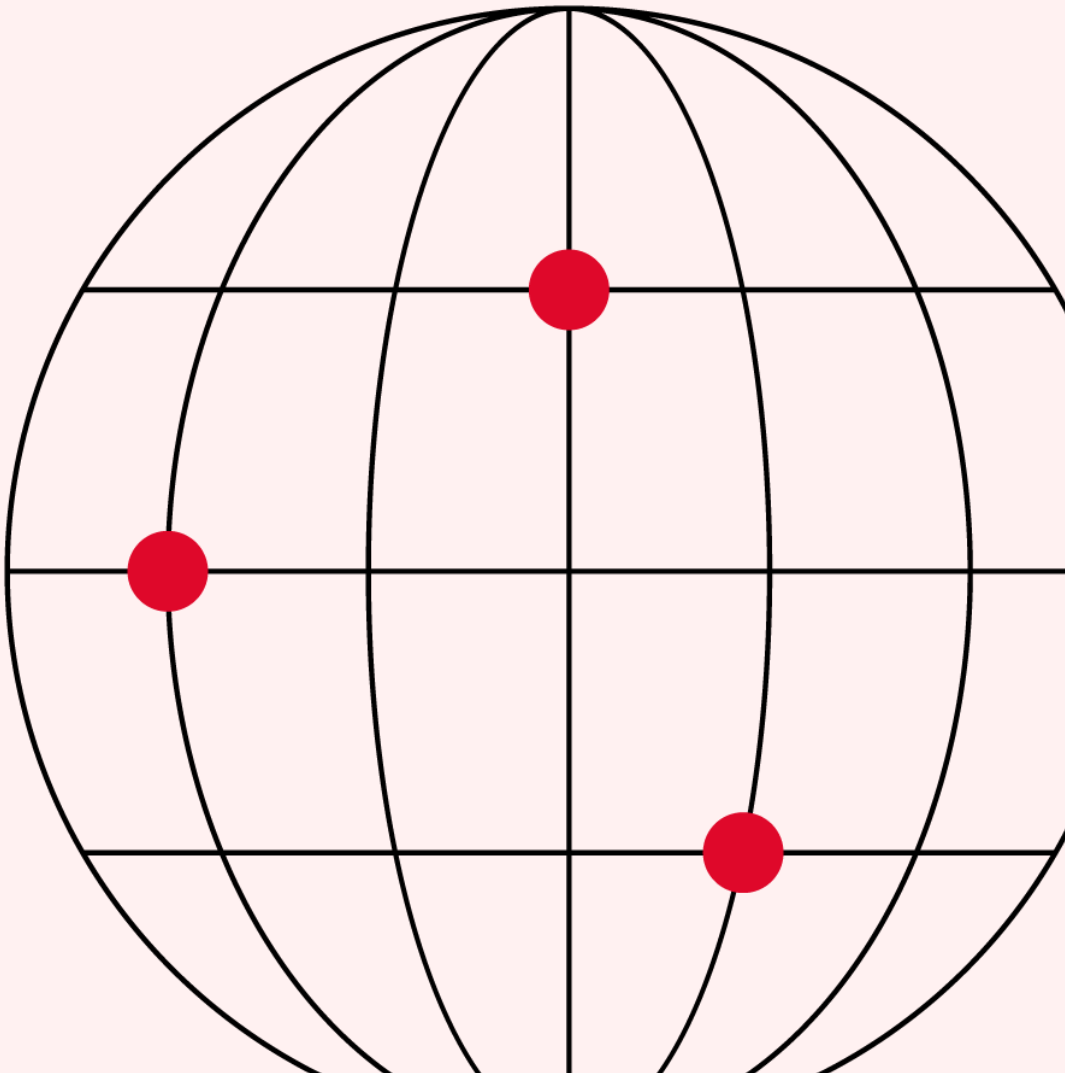
SOMPO

# Aspen Insurance UK Limited - Canadian Branch

# Climate-Related Financial Disclosure Report - 2025



SOMPO

# Contents

# Disclaimer/Caution on Forward Looking Statements

This report may include forward-looking statements based on the Branch and Group management policies and plans, including those of the Sompo Group. These statements were created based on information available at the time of compilation, and the current position of the Canadian Branch. These statements are subject to risks and uncertainties and are not guarantees of future performance. Actual outcomes and results of activities may differ from such statements due to future changes in the business, economic, regulatory, market, or competitive environment, as well as other factors. The Branch and the Group assume no obligation to update these forward-looking statements unless required by applicable law or regulation.

# Introduction and Scope

This report includes information about the Canadian branch of Aspen Insurance UK Limited ("AIUK"), a specialty (re)insurer that provides both insurance and reinsurance solutions across a range of commercial lines, including property, casualty, professional, marine, energy and other specialty lines of business. During FY2025, AIUK was a key subsidiary of Aspen Insurance Holdings Limited (the "Aspen Group"). On August 27, 2025, AIHL entered into a definitive Agreement and Plan of Merger (the "Merger Agreement"), under which Aspen Insurance Holdings Limited would be acquired by a wholly owned indirect subsidiary of Sompo Holdings, Inc. ("Sompo"), a leading global provider of commercial and consumer property and casualty (re)insurance. The merger closed on February 24th, 2026. This report covers the fiscal year commencing January 1, 2025 and ending December 31, 2025 and thus pertains to the reporting period when the AIUK Canadian Branch was part of the Aspen Group. This report does not take into account the acquisition by Sompo and the strategy for the Canadian Branch under the Sompo umbrella; all statements in the present tense refer to the position immediately prior to the acquisition. This report has been prepared in consideration of the Office of the Superintendent of Financial Institutions ("OSFI") Guideline B-15: Climate Risk Management, the Autorité des marchés financiers ("AMF") Climate Risk Management Guideline and is aligned with applicable Group-wide governance and risk management frameworks. Finally, this report has been prepared in accordance with the IFRS Sustainability Disclosure Standards and reflects the sustainability-related risks and opportunities relevant to the AIUK Canadian Branch operations.

# Governance

## Board Oversight

For FY2025, the AIUK Canadian Branch's climate-related risks and opportunities were governed through the Aspen Group's enterprise risk management ("ERM") framework. As the AIUK Canadian Branch is not a separate legal entity from AIUK, it is subject to oversight by the AIUK Risk and Capital Oversight Committee, an advisory committee to the Board with delegated responsibility to assist with oversight of the risk and capital management framework, internal controls, risk exposures and assessments, stress and scenario analysis, and compliance oversight. The Committee also supports relevant Board and remuneration governance by ensuring that risk management is appropriately considered in the compensation policy, with climate risk embedded in the wider risk management framework. The AIUK Chief Risk Officer is ultimately responsible for managing the financial risks from climate change, and their remuneration is determined by the Committee based on evaluation of their level of achievement.

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## Branch Oversight

The AIUK Canadian Branch Management Team includes representation from Underwriting, Claims, Actuarial, Finance, Legal, Operations, Risk and Compliance, and maintains oversight of the Branch risk profile and capital requirements. Through the ORSA process and ongoing Branch oversight, the Canadian Steering Group approves and monitors the Branch risk strategy and risk appetite and receives regular reports from the Canadian Branch Risk Officer. Branch oversight is met through the following:

- Quarterly review of net risk exposures relative to risk appetite;
- Quarterly review of risk capital requirements against available capital;
- Annual business plan review, including output from the actuarial model supporting the prospective own risk assessment and capital requirements;
- Annual review and approval of risk appetites; and
- Annual review and approval of the AIUK Canadian Branch's ORSA report.

In addition, premium monitoring is undertaken with regular reporting to the Canadian Steering Group and UK Underwriting Committee and with monthly Branch reporting to the UK Executive Committee supporting ongoing oversight of Branch activities.

## Committees and Oversight Structure

Committee oversight of climate-related matters is primarily undertaken through the AIUK Risk and Capital Oversight Committee. The Committee receives updates from management on the framework for managing financial risks associated with climate change, reviews the risk and capital position against risk appetite on a quarterly basis, reviews key risk indicator thresholds, considers scenario and stress testing outputs, oversees management processes for identifying and mitigating material risks to the strategic plan, and reviews and challenges risk policies and standards on at least an annual basis where appropriate. The Committee draws upon input from Risk, Actuarial, Underwriting, Operations and Compliance functions in assessing climate-related matters.

## Management Responsibilities

Management accountability for climate-related risks in relation to the AIUK Canadian Branch is administered at the AIUK level. Responsibilities are aligned with Group frameworks and applied at the Branch level to meet Canadian supervisory expectations.

Management is responsible for identifying, assessing, monitoring and managing climate-related risks and opportunities and escalating material matters through established governance channels, specifically, the AIUK Risk and Capital Oversight Committee. Management monitors climate-related exposures through risk indicators, scenario analysis outputs, and relevant climate-related metrics reported through the enterprise risk management framework. These metrics support ongoing assessment of the Branch's risk profile and alignment with established risk appetite. The AIUK Compliance Function monitors regulatory requirements and developments and the Branch Manager (also UK Chief Underwriting Officer for AIUK) provides monthly reporting on the Branch to the UK Executive Committee. The UK Chief Operating Officer holds overall responsibility for the operational resilience framework and policy relied upon by the Branch. In addition to its risk oversight, management also considers climate-related opportunities arising from the transition to a lower-carbon economy, including implications for underwriting strategy, products and services, and investment activities.

## Reporting & Monitoring Framework

Climate-related reporting is embedded within existing governance and risk reporting processes. Branch climate metrics are primarily aligned to Aspen Group metrics and are presented on a Branch-specific basis where available. Reporting to management and oversight committees includes climate-related risk assessments, relevant scenario analysis outputs, risk appetite metrics, regulatory developments, and other indicators used to monitor the Branch's exposure to climate-related risks. These reporting processes support oversight of climate-related risks within the Branch's broader risk management and capital framework.

## Post-Acquisition Transition

On February 24, 2026, Sompo completed its acquisition of Aspen Insurance Holdings Limited. As a result, Aspen became part of the Sompo Group during 2026 and is transitioning to Sompo's governance and operating framework. At the reporting date for this disclosure, governance and oversight of the AIUK Canadian Branch for FY2025 were carried out in accordance with the AIUK framework described above. At present, ultimate oversight sits within the Sompo Group, and the Branch is transitioning to Sompo's climate governance framework as integration activities continue.

# Strategy

## Climate Risk Profile

The AIUK Canadian Branch assesses climate-related risks within the broader business strategy, risk management framework, and risk appetite established by AIUK and the Aspen Group. Additionally, climate-related opportunities have been identified at the Aspen Group level through the broader climate assessment and business planning processes. Given the current size and business profile of the AIUK Canadian Branch, these opportunities have not been formally assessed at the Branch level, although relevant Group-level considerations may be incorporated into business planning and strategic objectives over time.

Consistent with its broader risk management framework and customer-focused approach, the AIUK Canadian Branch seeks to manage climate-related risks while continuing to support the fair treatment of customers throughout the insurance product life cycle.

***Identification and Assessment of Climate Risks and Opportunities***

At the Aspen Group level, key climate risks and opportunities were identified in 2024, with participation across the business to identify, document and assess climate-related risks and opportunities impacting Aspen's insurance underwriting, investment portfolio and business operations. These were prioritised against a climate risk materiality framework, considering impacts to balance sheet resilience, regulatory exposure, brand and operations. Material climate risks are owned at a senior level within the Aspen Group, with key controls identified and monitored for design and operating effectiveness, and each risk subject to review / challenge at least annually under the wider risk framework. In 2025, material risks were reassessed by owners, challenging and updating the assessments where necessary.

From an AIUK Canadian Branch perspective, the risks were reviewed in the latter half of 2025 in the context of the business model and strategic priorities to identify those risks most pertinent to the Branch. Table 1 illustrates the climate risks acknowledged to have potential impacts to underwriting, investments, and operations for the AIUK Canadian Branch.

*Table 1: Climate risks across time horizons (Short 2-3y, Medium 3-10y, Long 10-30y)*

| Risk Type & Time Horizon - Short/Medium/Long (S/M/L) | Description of Risk |
|---|---|
| **Underwriting** | |
| **Transition Risk**<br>▪ Litigation Risk *(S/M/L)*<br>▪ Assessing Climate Risk *(S/M)*<br>▪ Technology Risk *(L)*<br>▪ Political Risk *(S/M/L)*<br>▪ Policy Risk *(S/M)*<br>▪ Insurance Coverage Changes *(S/M/L)*<br>▪ Reputation Risk *(S/M)* | ▪ Greater D&O, disclosure, and misleading claims exposure<br>▪ Emerging climate risks and limited data could lead to mispricing or underestimating exposures<br>▪ Novel low-carbon technologies may carry unknown underwriting risks<br>▪ Divergent climate policies could increase claims volatility<br>▪ Climate-related legal or tort changes could increase liability claims<br>▪ Perceived weak climate action or failure to deliver on commitments could affect demand |
| **Investments** | |

| | |
|---|---|
| **Physical & Transition Risks**<br>▪ Economic Uncertainty (M/L)<br>▪ Political & Regulatory Uncertainty (M/L)<br>▪ Liquidity & Stranded Assets (L)<br>▪ Market Sentiment & Reputation (M/L)<br>▪ Credit Risk (M/L)<br>▪ Green Investment Risk (L) | ▪ Climate-related market, policy, and sentiment shifts could increase volatility and reduce asset values and returns.<br>▪ Political and regulatory divergence could alter asset demand, pricing, and investment opportunities across markets.<br>▪ Transition pressures could weaken credit quality, create stranded assets, and reduce liquidity in affected sectors. |
| **Operations** | |
| **Physical Risks**<br>▪ Business Interruption (L)<br>▪ Productivity (L) | ▪ Severe weather and related climate events could disrupt facilities, core services, suppliers, or employee effectiveness.<br>▪ Heat- and disruption-related effects could reduce productivity and, to a lesser extent, affect talent retention over time. |
| **Transition Risk**<br>▪ Strategy & Planning (M/L)<br>▪ Reputational Risk (M/L)<br>▪ Reliance on Others (M/L)<br>▪ Increased Costs (M/L)<br>▪ Resource & Knowledge Gaps (S/M)<br>▪ Regulation & Litigation (S/M/L) | ▪ Evolving climate regulation, disclosure expectations, and transition requirements could create implementation, compliance, and reputational risk.<br>▪ Execution depends on Group resources, supplier data, and specialist expertise, creating capacity and oversight challenges.<br>▪ Transitioning operations may increase systems, reporting, travel, tax, and other operating costs. |

**Physical Risk:**
Climate-related physical risks are considered in the risk management strategy and integrated into the underwriting and risk frameworks. However, the AIUK Canadian Branch does not write property insurance and therefore does not have direct underwriting exposure to physical climate perils. As a result, physical climate risk is not currently a significant source of underwriting exposure for the Branch.

Aspen's operations are not in high-risk areas, and we regularly update our business continuity and disaster recovery plans to address severe weather impacts.

**Transition Risk:**
Transition risks arise from the shift towards a low-carbon economy. Regulatory changes, evolving public attitudes, and market developments (e.g. new technologies) can impact the assets and profitability of companies we invest in or insure. Our investment portfolio is subject to ESG factors and climate-related transition risks. We actively monitor our exposure to companies with coal, gas or oil reserves. Our portfolio managers support sustainability measures, incorporating a sustainability overlay in investment decisions. The Aspen Group Responsible Investment Policy, first approved by the Group Board in Q4 2022, applies to all Group entities, including the Branch.

Overall, the Branch's climate-related risk profile was assessed as **low** on a residual basis. The most significant residual exposures are concentrated in operational and implementation-related transition risks. The assessment reflects the nature of the Branch's current business mix, which has limited direct exposure to climate-sensitive risks, as well as an investment portfolio predominantly comprised of government (or equivalent) bonds.

Climate-related risks may nevertheless affect the Branch's business model and value chain across underwriting, investments, operations, and key third-party dependencies. Potential impacts include higher or more volatile claims, mispricing and liability exposure, shifts in insurance demand, lower asset values and returns, weaker credit quality, stranded asset and liquidity pressures, implementation and compliance challenges, increased operating costs, and disruption to facilities, suppliers, core services, and productivity over time.

The main risks in the Branch's current value chain come from reliance on third parties, rather than from direct underwriting or investment exposure. This includes reliance on wider Group resources, AIUK core services, suppliers, and outside specialists to support climate-related work, reporting, and implementation. These dependencies can make it challenging to

deliver changes, maintain oversight, and meet regulatory expectations, especially where Canadian climate requirements are broader than those applied elsewhere in the Aspen Group.

Climate related-risks remain subject to ongoing monitoring and reassessment as market conditions, regulatory requirements, and the Branch activities evolve.

## Climate Resilience and Scenario Analysis

To better understand climate-related risks within the Branch, Aspen uses forward-looking climate scenarios across multiple time horizons. These scenarios analyze potential impacts of various climate and policy outcomes to our operations and value chain. This assessment identifies the likely risks and opportunities that could be expected to arise from physical climate hazards as well as transition risks to a low-carbon economy.

For the current reporting period, Aspen used quantitative scenario analysis to assess the potential climate risk to the investment portfolio of the Branch. Aspen has also assessed underwriting exposures to the Branch from physical and transition risk, concluding that exposure to physical climate perils is negligible due to no concentration in catastrophe-exposed lines or geographies driving climate sensitive losses, and climate litigation and transition-related credit risk assessments for the Branch is proportionate to AIUK and well within risk tolerance.

## Implications for Investment Strategy

Aspen assessed the investment-related impacts of climate change on the AIUK Canadian Branch portfolio using BlackRock's Aladdin Climate Model. The analysis considers both physical and transition risks under a range of physical scenarios (SSP2 4.5 and SSP5 8.5) and transition scenarios (Orderly – Net Zero 2050 and Disorderly – Delayed Transition), helping Aspen to better understand the resilience of the Branch investment portfolio under different climate pathways. Given the current portfolio composition—predominantly government bonds together with investment-grade corporate bonds—the Branch's investment climate exposure is currently assessed as relatively low.

Climate-related market and policy developments could affect the Branch's fixed-income portfolio through changes in issuer credit quality, valuations, and market liquidity, particularly in sectors more exposed to transition-related pressures. Over time, these developments could contribute to ratings migration, weaker liquidity, and valuation pressure in affected holdings. Political and regulatory divergence may also affect pricing and demand for issuers and sectors exposed to climate-related change. Aspen used the following scenarios to test the resilience of its investment portfolio against these possible future conditions:

**Physical risk:**

SSP2 4.5 - 2.7°C by 2100 - Average Risk (2050)

- This scenario depicts social, economic, and technological trends not shifting away from the current landscape, while projecting an increase in the global surface temperature by 2.1°C to 3.5°C (averaged over 2081-2100 as compared to pre-industrial periods).

SSP5 8.5 - 4.4°C by 2100 - Average Risk (2050)

- This scenario describes a world with rapid development achieved largely through the use of fossil fuels and estimates the global surface temperature to increase by 3.3°C to 5.7°C (averaged over 2081-2100 as compared to pre-industrial periods).

**Transition risk:**

Orderly – Net Zero 2050 – Average Risk (Today)

- This scenario assumes climate policies are introduced early and become gradually more stringent. The orderly scenario limits global warming to just below 1.5°C through stringent climate policies and innovation, reaching global net zero $CO_2$ emissions around 2050.

Disorderly – Net Zero 2050 – Average Risk (Today)

- This scenario explores higher transition risk due to climate policies being delayed. This delay then forces a very aggressive policy response starting in 2030, such that carbon prices would have to increase abruptly.

The Aladdin tool provides output for both an immediate and 2050 timeframe. For Branch reporting, the physical scenario outputs shown below reflect the 2050 horizon and the transition scenario outputs reflect the immediate (current) horizon selected from the model outputs.

*Table 2: Climate scenario outputs for the AIUK Canadian Branch investment portfolio*

| Risk Type | Scenario and Time Horizon | Portfolio Coverage | % Change in NAV |
|---|---|---|---|
| Physical | Expected Emissions – SSP2 4.5 (2050) | 87.5% | 0.01% |
| | High Emissions – SSP5 8.5 (2050) | | 0.01% |
| Transition | Orderly Transition – Net Zero (Current) | | -1.00% |
| | Disorderly Transition (Current) | | -0.09% |

Overall, the analysis indicates that the AIUK Canadian Branch investment portfolio performs well against both the physical and transition scenarios, with immaterial losses across all scenarios. There are isolated issuer-level sensitivities under the orderly transition scenario, but these are not significant in the context of the aggregate portfolio.

## Financial position, financial performance and cash flows

For the reporting period, the AIUK Canadian Branch did not identify a separately measurable amount of claims, reserves, investment results, or cash flows that could be reliably attributed solely to climate change. For long-term climate impacts, it is often difficult to distinguish climate-related effects from other drivers of financial performance, including portfolio composition, claims inflation, market movements, and broader macroeconomic conditions. This is particularly relevant for the AIUK Canadian Branch given its current liability-focused underwriting profile and investment portfolio, which is predominantly composed of government bonds and is therefore currently assessed as having relatively limited climate exposure.

While current methods do not allow the Branch to precisely isolate all climate-related financial effects in a given reporting period, management uses information available at the reporting date to understand potential climate-related impacts and support decision-making. Over time and over longer periods, climate risks may affect the AIUK Canadian Branch's financial position, financial performance, and cash flows through changes in operating and compliance costs, implementation risk, liability-related claims exposure, and changes in investment values, credit quality, spread levels, and liquidity in affected sectors. As data, modelling, and climate risk measurement practices continue to evolve, the AIUK Canadian Branch expects to further strengthen how it assesses and discloses climate-related financial effects over time.

## Overall Climate Resilience and Outlook

Based on current assessments, the AIUK Canadian Branch's climate-related financial exposure is primarily associated with transition and operational risks rather than direct physical climate impacts. The Branch's liability-focused underwriting profile and predominantly government bond investment portfolio contribute to a relatively resilient position under the scenarios assessed. Climate-related risks and opportunities will continue to be monitored through the Branch's risk management, business planning, and investment oversight processes as regulatory expectations, market conditions, and the climate risk landscape evolve.

# Risk Management

## Risk Identification, Assessment, and Monitoring

The AIUK Canadian Branch identifies and assesses climate-related risks through a Group-led climate materiality process that is then applied and refined at the Branch level. In 2024, Aspen undertook a facilitated workshop with participation from across the business to identify, document, and assess climate-related risks and opportunities affecting insurance underwriting, the investment portfolio, and business operations. Risks were considered against a climate risk materiality framework, under which risks were prioritized based on their potential impact on financial performance, capital adequacy, operational resilience, regulatory compliance, and strategic objectives.

In 2026, a high-level review of all Group identified climate risks was undertaken from an AIUK Canadian Branch perspective, in the context of the Branch's business model and strategic priorities, to identify the risks most relevant to the Branch. This covered risks across underwriting, investments and operations, considering physical and transition impacts, alongside potential time horizons. This approach supports assessment of both the Branch's current climate-related exposures and how those exposures could change over time as the business profile, operating environment, or broader climate-related drivers evolve.

Climate-related opportunities are also considered through strategic planning processes. Given the current size and business profile of the Branch, opportunity assessments are primarily conducted at the Aspen Group level rather than through separate Branch-specific monitoring processes.

Measurement and monitoring are supported by scenario analysis, operational resilience assessment, and climate-related metrics aligned to the Aspen Group framework. For investments, Aspen uses BlackRock's Aladdin Climate Model to assess the portfolio under physical and transition scenarios, while operational monitoring includes the annual operational resilience self-assessment. Ongoing monitoring is further supported through Branch and Group metrics, including indicators for changes in underwriting in climate-exposed lines, changes in investment portfolio composition, physical and transition climate-adjusted values, carbon intensity, alignment to science-based targets, green/social/sustainability bond exposure, and year-on-year operational emissions. These measures help management monitor whether climate-related exposures remain within the Branch's current risk profile and support escalation and reassessment where risk characteristics change.

## Integration into ERM and Risk Appetite

Aspen's risk management framework is articulated in the Group Risk Policy. The framework is the basis through which Aspen protects franchise value and seeks to enable sustained profitable growth. It is embedded across the Group, including the AIUK Canadian Branch, and comprised of activities performed throughout the business cycle to manage risk and capital. Climate / Sustainability risk is integrated into the Group Risk Management Framework, recognizing that the implementation of existing risk policies and procedures provide an appropriate level of governance and oversight over Aspen's risks, including Climate.

The main elements of Aspen's risk management framework include:

- The Risk Universe and Taxonomy; provides a common terminology and categorization to enable aggregation, analysis and reporting of risks
- The Risk Appetite Framework; describes the level and types of risk Aspen wishes to take in pursuit of our strategic objectives. It is the foundation for business planning and decision making
- Risk Governance; Policies describe our risk management framework, document risk management practices, and roles and responsibilities for risk management activities

- The Risk Control Framework; the collective actions taken to manage and mitigate risks, including ongoing monitoring of the effectiveness of these actions

Climate and Sustainability risks and opportunities are managed under the broader governance framework within Aspen. The Group Underwriting Committee (GUC) and Group Asset and Liability Management Committee (ALMIC) retain oversight of Climate / Sustainability components within Underwriting and Investments respectively, as standing sub-committees of the Group Executive Committee (Group ExCo) of Aspen Insurance Holdings Limited. The Group Risk and Capital Committee (GRCC), also a sub-committee of the Group ExCo, is responsible for the oversight, design, implementation and operation of the risk control framework of Aspen, which encompasses Climate / Sustainability risk management within the broader Group Risk Framework.

As part of the integration work following the Sompo acquisition, the AIUK Canadian Branch will align its approach to climate risk to Sompo's approach.

At the Branch level, climate-related monitoring is supported through metrics aligned to the Aspen Group, including underwriting, investment, and operational indicators. The Group Sustainable Underwriting Guidelines framework and Responsible Investment Policy define additional parameters related to climate and sustainability and support management of climate-related risks and opportunities within the Branch.

## Climate Risk Controls

The AIUK Canadian Branch considers material climate risks are owned at a senior level within the Aspen Group, with key controls identified and monitored for design and operating effectiveness, and each risk subject to review and challenge at least annually under the wider risk framework.

Additional control activities relevant to the Branch include catastrophe modelling and monitoring at AIUK head-office level, annual operational resilience self-assessment and scenario testing, and application of the Group Sustainable Underwriting Guidelines and Responsible Investment Policy. The AIUK Risk and Capital Oversight Committee also reviews risk policies and standards, selected scenarios and stress tests, and management updates on climate-related risk assessments and framework developments.

## Capital and Liquidity

The AIUK Canadian Branch considers climate-related risks within its annual Branch Financial Condition Testing (FCT) and Internal Capital Adequacy Assessment Process (ICAAP) processes. Physical risk is principally addressed through adverse claims frequency and severity scenarios, while transition risk is considered immaterial for the Branch’s current investment profile, including no exposure in 2024 and 2025 to the high-carbon generation industry. The Branch Adequacy of Assets Test (BAAT) framework also supports the assessment of capital resilience under adverse conditions.

The Branch’s liquidity profile is supported by a portfolio predominantly invested in government or government-equivalent bonds, together with access to additional liquidity from head office and the Group revolving credit facility. On this basis, liquidity risk resulting from climate-related issues is currently considered very low.

## Changes from Prior Periods

The overall approach to identifying, assessing, and managing climate-related risks remained broadly consistent during the reporting period, with refinements to risk ownership, materiality assessments, and Branch-specific reviews.

# Metrics and Targets

## Climate Metrics

Given the Branch's liability-focused underwriting portfolio and predominantly fixed-income investment portfolio, the AIUK Canadian Branch climate-related metrics are primarily focused on investment exposures, operational emissions, and indicators used to monitor emerging climate-related risks. These metrics are intended to provide management with useful information on whether the Branch's climate exposure remains consistent with its current business model and risk profile.

The metrics reflect those currently used or proposed by management to identify changes in risk concentrations, assess sensitivity under climate pathways, inform investment monitoring, and track operational emissions. Where methodology or Branch data limitations exist, the AIUK Canadian Branch relies on reasonable proxies and Group-aligned methods.

## Greenhouse Gas Emissions

Because the Branch has no dedicated physical operations in Canada, operational emissions are estimated using an allocation methodology of AIUK emissions, based on Branch activity levels. As a result, reported emissions should be interpreted as indicative estimates rather than direct measurements of Branch-specific emissions.

AIUK emissions are collated over a 12-month period from 1 January 2025 to 31 December 2025, and where necessary, are calculated by converting consumption data into tonnes of carbon equivalent (tCO2e) using the following emission factor libraries:

a) UK Government GHG Reporting Factors v2024 (Version 1.1)
b) Association of Issuing Bodies v2023

All factors are applied in accordance with the UK Government's Environmental Reporting Guidelines (March 2019, updated 2023).

Emissions are calculated in accordance with the GHG Protocol Corporate Accounting Standard, using an emissions measurement platform aligned to ISO 14064.

AIUK is committed to reducing energy consumption and leases office space in London that is supplied with 100% renewable electricity. The building underwent significant capital upgrades, replacing gas boilers with air-source heat pumps. These improvements are expected to reduce the Company's Scope 1 emissions.

In 2025, the Company continued to receive carbon emission data using an external firm called Furthr. Their report uses energy consumption levels from the property management company to calculate energy usage. Other energy emission indicators include business travel and hotel stays. When compared to 2024, the 2025 emissions have significantly decreased, largely driven by the transition away from natural gas heating following the installation of heat pumps at the Company's main office and reducing overall energy use. The Company is now able to report energy consumption based on actual meter readings rather than kWh data previously inferred from expenditure and apportioned to UK offices. This enables the reporting of more accurate activity data and improved market-based and location-based emissions calculations.

*Table 3: The AIUK Canadian Branch Scope 1 and Scope 2 GHG emissions for FY2025*

| Emissions Category | Measurement Approach, Boundaries, and Data Limitations | Emissions ($tCO_2e$) |
|---|---|---|
| **Scope 1 – Direct emissions** | Calculated as a GWP-based allocation of AIUK emissions; the Branch has no direct physical presence in Canada. | 0.5 |
| **Scope 2 – Purchased electricity (location-based)** | Calculated as a GWP-based allocation of AIUK emissions; servicing is undertaken primarily by head-office functions in the UK. | 1.6 |
| **Total Scope 1 + Scope 2 (location-based)** | — | **2.1** |

## Climate Targets

As at the reporting date, a formal AIUK Canadian Branch climate transition plan and Branch-specific climate targets had not been finalized. In FY2026, AIUK Canadian Branch will align its future direction with Sompo Group's climate commitments and Group-level greenhouse gas reduction targets across underwriting, investments, and operations.

Sompo has established a net-zero greenhouse gas emissions target by 2050, supported by interim targets that include a 60% reduction in operational GHG emissions by 2030 from a 2017 base year, and a 40% reduction in investment portfolio emissions intensity by 2030 relative to a 2019 base year. Additionally, Sompo has an insurance target to reach ¥7.0 billion of annual GWP from transition insurance (e.g., renewable energy) by FY2026. Climate-related targets are established and periodically reviewed through Group sustainability governance and the enterprise risk management and strategy cycle.

## Management Conclusion

Based on the metrics monitored during FY2025, the AIUK Canadian Branch did not identify material changes in its climate-related risk profile. Investment-related climate exposure remained low, operational emissions were consistent with expectations, and management did not identify climate-related concentrations that would materially alter the Branch's current risk assessment.

# Appendix A

*Table 4: OSFI B-15 Guideline Index*

| B-15 Section | Disclosure Element | OSFI Disclosure Expectation | Location in Report |
|---|---|---|---|
| **Governance** | Board Oversight | Board oversight of climate-related risks and opportunities, including strategy and risk management | Governance – Board Oversight (pp. 3–5) |
| | Management Accountability | Management roles and responsibilities for managing climate-related risks and opportunities | Governance – Management Roles; Branch Oversight; Climate Reporting Framework; Post-Year-End Integration and Governance Changes (p. 4-5) |
| **Strategy** | Risk and Opportunity Identification | Identification and classification of material climate-related risks and opportunities by type and time horizon | Strategy – Climate Risk Profile; Table 1 (pp. 5-7) |
| | Business Model and Value Chain Impacts | Impacts of climate-related risks and opportunities on the business model and value chain | Strategy – Climate Risk Profile; Table 1 (pp. 5-7) |
| | Strategy and Decision-Making | How climate-related risks and opportunities are reflected in strategy and business decisions | Strategy – Implications for Investment Strategy (pp. 7-8) |
| | Climate Resilience and Scenario Analysis | Resilience of the strategy under different climate-related scenarios over relevant time horizons | Strategy – Climate Resilience and Scenario Analysis; Implications for Investment Strategy; Table 2 (pp. 7–8) |
| **Risk Management** | Risk Identification and Assessment | Processes to identify, assess, prioritize, and monitor climate-related risks | Risk Management – Risk Identification, Assessment, and Monitoring (pp. 9–10) |
| | Climate-related Opportunities | Processes for identifying, assessing, and monitoring climate-related opportunities | Risk Management – Risk Identification, Assessment, and Monitoring (p. 9) |
| | Integration with ERM and Risk Appetite | Integration of climate-related risks and opportunities into ERM, RAF, and governance processes | Risk Management – Integration into ERM and Risk Appetite; Climate Risk Controls (pp. 9–10) |
| | Capital and Liquidity Adequacy | Consideration of climate-related risks in capital and liquidity planning, including ORSA | Risk Management – Capital and Liquidity (p. 10) |
| **Metrics and Targets** | Climate Risk Metrics | Metrics used to assess and manage climate-related risks and opportunities | Metrics and Targets – Climate Metrics; (p. 11) |
| | GHG Emissions | Disclosure of Scope 1 and Scope 2 GHG emissions, measurement approach, and standards applied | Metrics and Targets – Greenhouse Gas Emissions; Table 3 (pp. 11-12) |
| | Climate Targets | Climate-related targets, performance monitoring, and governance review | Metrics and Targets – Climate Targets (p. 12) |