YE 2025

General Reinsurance Corporation – Canada Branch

General Re Life Corporation – Canada Branch

# OSFI B-15 Climate Risk Management Report

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## Purpose

This report was prepared to comply with the Office of the Superintendent of Financial Institutions (“OSFI”) Guideline B-15 Climate Risk Management and has been prepared using data as of December 31, 2025. Where appropriate, the most recent significant, unusual, or non-routine transactions and activities have been considered. Unless otherwise noted, all amounts are presented in Canadian Dollars (“CAD”) and stated on the basis of accounting principles generally accepted in Canada and/or International Financial Reporting Standards. For the purposes of this report, unless otherwise specified, “Gen Re” or “the Company” refers to the General Reinsurance Corporation, its wholly owned subsidiaries and branches.

## Background

### *Gen Re*

General Re Corporation (“GRN”) is the holding company for Gen Re. GRN is a wholly owned subsidiary of Berkshire Hathaway Inc (“BRK”). Gen Re has global insurance, reinsurance and financial service operations throughout the word and provides P&C and Life / Health (re)insurance coverage worldwide.

### *General Reinsurance Corporation (“GRC”)*

GRC is a Delaware domiciled property and casualty (“P&C”) insurance company and maintains a branch in Canada (“GRCC”). GRC is a direct subsidiary of GRN. GRC is chartered and authorized by the Delaware Department of Insurance, and is based in Stamford, Connecticut. The principal business of GRC is property / casualty treaty and facultative reinsurance underwritten on a direct basis.

### *General Reinsurance Corporation – Canadian Branch (“GRCC”)*

GRCC is the Canada Branch of GRC, which carries on property and casualty reinsurance business in Canada under license from OSFI, Financial Services Regulatory Authority of Ontario (“FSRA”), Quebec Autorité des marchés financiers (“AMF”), and BC Financial Services Authority (“BCFSA”).

### *General Re Life Corporation (“GRL”)*

General Re Life Corporation (“GRL”), a wholly owned subsidiary of GRC, is incorporated in the State of Connecticut for the purpose of conducting Life, Accident and Health reinsurance business.

### *General Re Life Corporation – Canadian Branch (“GRLC”)*

GRLC is the Canada Branch of GRL, which carries on life and health reinsurance business in Canada under license from OSFI, FSRA, AMF, and BCFSA.

GRCC and GRLC (the “Branches”) generate minimal carbon emissions by renting office space in energy efficient spaces where possible, allowing hybrid work arrangements, and only investing in government issued treasuries. Initiatives to assess, reduce, and mitigate Greenhouse Gas (“GHG”) emissions are considered from time to time as part of the Branches’ strategic planning process.

## Governance

At Gen Re, including the Branches, we nurture a culture that has a healthy respect for risk and our approach to risk management begins with the risk culture grounded in our core values:

- Honesty with ourselves and our stakeholders about our views on risk,

- Transparency in our approach and processes for evaluating risk,
- Realistic assessments of risk,
- Vigilance in continuously analyzing, monitoring, and managing risk.

We believe risk management is the core function of any risk-assuming enterprise, and view risk management as the responsibility of each and every employee, every day. Training and education of our associates are ongoing investments. Our risk culture is manifested in our decision-making framework and control environment. Our risk management competency is built on a comprehensive qualitative approach supported by extensive quantitative analysis.

The Branches are respectively managed by a group of individuals (collectively "Branch Management"). Branch Management has the responsibility and authority to oversee the business in Canada on behalf of GRC and GRL, respectively, and is responsible for the effective adaptation, implementation, and oversight of the respective:

- Business objectives, strategies, and plans, including their appropriateness for business in Canada,
- Risk management policies and procedures, and related risk management controls,
- Capital management strategy and monitoring of the Branch's financial position,
- Policies and procedures to manage the assets and liabilities recorded on the Branch's books and related accounts, and
- Independent assessments of the adequacy and effectiveness of the controls referenced above.

Members of the respective Branch Management include but are not limited to the North America Chief Financial Officer ("CFO"), Canada Branch Chief Agent, North America Property Casualty Chief Risk Officer ("CRO"), Global Chief Actuary, the Branch Manager(s), Manager(s) of the Branch's business segment(s), Manager(s) of the Branch's claims operations, the Branch Statutory Reporting Manager(s), the Global Chief Information Officer, and Global Finance Director.

The Canada Branch Management Committee ("Management Committee") provides a forum for Branch Management and others, as needed, to review, discuss and oversee the business of the respective Branch. It consists of the members of the Branch Management and meets on a quarterly basis. Functions and responsibilities of the Management Committee include, but are not limited to:

- Monitoring the Branch's strategies and business plans to ensure that they remain appropriate for the business in Canada and comply with relevant Canadian regulatory requirements,
- Receiving regulatory updates from the Chief Agent or delegate including but not limited to, status of any new legal or regulatory requirements, interactions with OSFI and any other Canadian regulatory bodies,

- Receiving an overview of the most recent financial statements, including a discussion of capital adequacy, the Branch's financial returns and solvency positions, and

- Receiving updates from the business segment member(s) in relation to market conditions and any underwriting and/or administrative issues impacting the Branch and its business objectives.

Each Branch Management Committee is ultimately accountable for ensuring that risk, including climate change risk, is effectively managed and governed within the Branches[1]. The following processes and controls leveraged by each Branch Management Committee are embedded within broader risk management strategies and support effective climate risk management:

- Proactive monitoring of climate change risk relative to the Branch's tolerance limits as part of the annual risk assessment process, .

- Amendments and updates to t climate change risk tolerance measures;

- Establishment of climate ambitions and metrics;

- Establishment and review of the climate transition plan;

- Monitoring of legal and regulatory changes that may adversely impact the Branch's future operating results. .

## Risk Management

The focus of our risk management and control activities is on insurance risks, market and credit risks, operational risks, and strategic risks. We integrate climate-related risks and opportunities into our existing risk categories (corporate risk library) and processes instead of considering them as a separate category.

The climate change perspective with respect to financial risks and opportunities is reflected, considering the results of the existing risk management processes. Climate-change related matters are a key risk consideration and are implicitly reflected in our risk assessments based on actuarial, financial, and catastrophe models. As it is usually not possible to appropriately separate these risk drivers from other risk drivers, we consider additional qualitative assessments based on expert judgements and public information to reflect both, financial and non-financial risk.

As part of these risk management processes, relevant impacts and dependencies with risks and opportunities are discussed for our strategy and business model, and consider financial impact as well as reputational, regulatory and operational impact. Risks are prioritized based on the expected likelihood and financial or non-financial impact.

Climate change risk can broadly be categorized into three main drivers of risk: physical risks, transition risks and liability risks:

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[1] Compensation and incentive plans are not directly linked to climate-related risk. Such a metric is a factor judgmentally considered

### Physical Risk

Physical risks are risks that arise from the physical effects of climate change. They include:

- Acute physical risks, which arise from particular events, especially weather-related events such as storms, floods, fires or heatwaves that may damage property (residential and commercial), production facilities, disrupt value chains and increase the frequency and quantum of potential losses.

- Chronic physical risks, which arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.

### Transition Risk

Transition risks are risks that arise from the transition to a lower carbon economy. They include:

- Government policy risks, for example because of changing energy efficiency requirements, carbon pricing mechanisms which increase the price of fossil fuels, or policies to encourage sustainable land use.

- Market sentiment risks, for example because of the choices of consumers and business customers reduce demand for certain types of products and services.

### Liability Risk

Liability risk, also referred to as climate litigation risk, is defined by the International Association of Insurance Supervisors as “the risk of climate-related claims under liability policies, as well as direct actions against insurers, for failing to manage climate risks.”

### Managing Risks

Climate change will likely have different implications for different lines of business underwritten by GRCC and GRLC, such as property and casualty reinsurance, and life reinsurance. The Branches incorporate these considerations in their approach to each segment and modifies its underwriting approach based on a variety of underwriting and actuarial techniques that consider the potential frequency and severity of natural catastrophes.

To manage the physical, transition, and other risks associated with climate change, the Company, while taking into account the Branches, conducts robust catastrophe modeling. The specific climate-related risks considered by each Branch include:

i. **Natural Catastrophe Risk**. The Company is exposed to Physical Risks of climate change, including a potential increase in severe weather-related events. The stresses include multiple 500-year events. The Branch Management Committees believe this approach is more meaningful/conservative than a time-based approach. In addition to physical damage, a steep increase in extreme heat waves can cause significant health issues impacting our life reinsurance business. However, heat waves have predominantly had an impact on elderly people, young children, chronically ill and people who live in socioeconomically deprecated areas. These groups tend to not be insured in the markets covered by the company or make up a minority of the exposure.

ii. **Transition Risk** from our own operations are also limited, due to the comparatively low $CO_2$ emissions associated with our business and operations. Our investments, which exclusively invest in local government bonds, are not expected to result in material impacts from our business activities and we consider the transition risk as limited. Although we do not expect the asset allocation of the portfolio to change in the short-term, we review our investment guidelines on an annual basis.

iii. **Litigation Risk.** The Company could be exposed to Litigation Risk if parties who have suffered losses and damages from climate change seek to recover from insureds whom they believe are responsible.

iv. **Pricing Risk.** The Company protects itself against Pricing Risk in its P&C insurance policies in the coverage term, which is customarily written for one year and repriced annually to reflect changing exposures (increased possibilities of loss translate promptly into increased premiums). This reduces the climate change driven residual pricing risk significantly and eliminates the need for a pricing risk stress. The Company, in coordination with GRCC, revisits this assumption on an ad hoc basis. Pricing Risk impacting the life reinsurance business is considered in the longer term, i.e., for time periods usually considered when assessing climate change scenarios, there may be the risk that insurance products will become more expensive for consumers due to, for example, increase in mortality or morbidity assumptions, or overall household income reduces due to increasing costs for general insurance as a result of physical risks, which in turn could increase lapses of life insurance policies and reduce our revenue or recovery of financed acquisition costs.

v. **Underwriting Risk**. Certain climate change mitigation efforts are expected to decrease the demand for insurance for industries that produce non-renewable resources (i.e., coal, natural gas, and oil). Other mitigation efforts are likely to reduce the population of insureds for certain business units (i.e., auto and airline) leading to a decreased pool of insureds and associated premium. It is a core part of our business model to ensure that our pricing models for life insurance products appropriately incorporate any factors that impact mortality, morbidity, or other relevant pricing assumptions, including climate change. We therefore monitor these factors of the climate-related physical risk closely. Our life and health reinsurance business is generally a longer-term business with our future liabilities exceeding the short-term budgeting and business forecast. Mortality or morbidity as flow-on impact from physical risks such as severe storms or wildfires are implicitly considered in our pricing assumptions. We perform regular experience investigations and monitor against valuation and pricing assumptions. If required, price changes can be implemented as we have re-pricing rights in many of our treaties

vi. **Other transition risks** may result from higher compliance costs due to increasing or changing regulation, materialising through additional operational costs or penalties for non-compliance, however, operational costs can be fully or partially passed on to clients through repricing rights, and our policy is to comply with applicable laws and regulations. We may be subject to reputational risk and associated loss of revenue in the event of a perception of our clients or potential clients that we are not adequately addressing climate-related matters. Reputational impact may also extend to loss of, or inability to attract new talent.

### Climate Related Opportunities

In the short and medium-term, there might be additional opportunities for us as a reinsurer due to climate change, as the increased awareness of the topic and associated risks on personal health might increase insurance and reinsurance demand, however, the impact is considered limited. It is our core business to help our clients manage their physical risks and we will support our clients according to their needs, even in light of changing climate trends. Also, we actively consider the appropriateness of mortality and/or morbidity improvement assumptions in our pricing tools

## Climate Related Risks

As reinsurance products are intangible, the production process is an intellectual one, combining the application of expert knowledge with capital; it does not include physical labour. The consumption of raw materials in our production process is mainly limited to energy consumption by our office building and related energy grid, business-related travel and employee commuting.

Regarding reinsurance underwriting, our business strategy is to provide reinsurance products and services in a disciplined and differentiated way for insurance company clients that want more than a commodity. Our business goals are profit-oriented, and we aim to achieve an appropriate risk-adjusted return on the risks we assume. Our core underwriting business revolves around the assessment and acceptance of underwriting risk. We have defined the risk exposures that we actively seek and those that we want to minimize.

We will engage with external vendors and other service providers in our upstream value chain. Participants in our downstream value chain will include the primary insurers, our clients, that purchase reinsurance from us, as well as the policyholders of the primary insurance contracts. However, as a reinsurer, we only engage with our clients and therefore have no direct dealing with or obligations to the original insurance policyholders.

Financial investments are managed by our affiliate New England Asset Management, Inc.  Our investment strategy is to invest to generate competitive returns over time while managing liquidity needs and investment risk accordingly.

Climate related risks are assessed over the following time horizons: Short-term (0-3 Years), Medium-term (4-10 years), Long-term (>10 years).

Considering our business model as outlined above, we have identified climate change as a risk to be monitored, however, we do not consider the risk from climate change to have a material financial impact in the short, medium or long-term as we expect adaptation measures to limit the insured physical and transition risks.

It is the Company’s policy to comply with applicable laws and regulations and while we may take additional immediate actions in those areas where we identify a business need, we adhere to legal and regulatory requirements. Therefore, based on this assessment and current legal and regulatory requirements, we have not identified separate climate-related goals.

Due to the high levels of uncertainty regarding the nature, timing, and magnitude of climate related risks, it is not possible to estimate the timing of the impacts with any level of precision.

| Risk Type | Key Risk | Timeframe | Potential Impact | Risk Mitigation |
|---|---|---|---|---|
| Physical | Business Continuity | Short/Medium Term | Interruption to ongoing operations. | Effective Business Continuity and Disaster Recovery Plans. |
| | Underwriting | Long Term | Decrease in demand for insurance for industries that produce non-renewable resources (i.e., coal, natural gas, and oil). | Superior capital strength that allows for an opportunistic approach when entering new lines of business. |
| | | Long Term | Decrease in mortality/morbidity (in those areas with concentration of risk) | Regular experience investigations, ability to re-price. |
| | | Short/Medium/Long Term | Increased mortality or morbidity as flow-on impact from physical risks such as severe storms or wildfires | Implicitly considered in our pricing assumptions, regular experience investigations, ability to re-price. |
| | Flow-On | Medium/Long Term | Affordability of life insurance policies | Superior capital strength that allows for an opportunistic approach to address changing market base. |
| Transition | Emerging | Short/Medium Term | Fines and/or penalties for failing to comply with legal and regulatory changes. | Branch Management Committee each monitors compliance with climate related regulations. |
| | Reputational | Medium Term | The Branch's reputation is negatively impacted for failing to comply with publicly stated climate ambitions. | Branch Management Committee each monitors compliance with publicly stated climate ambitions. |
| | Market (Asset) | Long Term | The investment portfolio faces a sudden drop in asset values. | Transition risk related to investments is included in the Climate |

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| | | | | Change specific stress testing. Capital adequacy is assessed post stress. Currently, all holdings are Canadian Government backed securities. |

## Climate Ambitions and Metrics

The appropriateness of each Branch's Climate Ambition and Metrics are assessed by the respective Branch Management Committee on an annual basis (at a minimum).

| Metric | Description | How it is measured | Current ambition |
|---|---|---|---|
| Transition Risk impact on the Branch's portfolio. | Portfolio exposure to carbon intensive assets. | Percentage of bonds and equities exposed to carbon risk. | The Branch's portfolio will continue to be managed to appropriately limit undue exposure to transition risk. Currently, all holdings are Canadian Government backed securities. |
| Business Continuity during inclement weather events. | Increasing volatile weather and environmental changes generate extreme storms that pose a risk to business continuity. | Percentage of employees engaged during a severe weather event. | 100% of Branch personnel are able to complete their employment responsibilities during a severe weather event that negatively impacts the ability to safely travel to / from the office. This metric would be reassessed in the event of a prolonged power outage. |

## Greenhouse Gas ("GHG") Metrics

Where appropriate, each Branch follows the GHG Protocol Corporate Standard methodology. The Branches adopted the Financial Control method to account for GHG emissions.[2] Accordingly, the Branch's leases are categorized as follows[3]:

- The Branch's Office Premises are leased under an Operating Lease. Under the Financial Control Approach, the lessee does not have ownership or financial control, therefore emissions associated with fuel combustion are scope 3 and with use of purchased electricity are scope 3.

[2] BRK global insurance group uses the Financial Control method. As a Foreign Branch of a subsidiary member of the BRK global insurance group, the Branch follows the group's financial control election for GHG reporting.
[3] Per Appendix F to the GHG Protocol Corporate Accounting and Reporting Standard – Revised Edition (June 2006, Version 1.0).

| Emissions | tCO2e (Metric Tonnes) |
| --- | --- |
| **Scope 1:** Direct GHG Emissions from company-owned buildings, fleets, or equipment (e.g., thermas, fuel consumption). | Not applicable. |
| **Scope 2:** Indirect GHG emissions from the generation of purchased energy by owner occupied offices. | Not applicable. |
| **Scope 3:** Indirect GHG emissions that occur in a company's value chain. | Scope 3 emissions are not in scope for fiscal year 2025 reporting. |

## Conclusion

Overall, the Branch Management Committees of GRLC and GRCC, respectively, conclude that the financial effects from physical and transition risks from climate change are manageable and are not considered a material risk for our strategy and business model. Due to the forward-looking nature of these scenarios and the underlying assumptions, there is high outcome uncertainty. Therefore, we refrain from providing detailed quantitative information and refer to the qualitative scenario analysis that estimates high-level impact on our investments and insurance liabilities, as well as future revenue or capital impact. We will continue to monitor the development of climate scenario modelling in the market.

Gen Re reviews climate-related risks and their impacts on our strategy and business model annually, and the results are shared within the Gen Re group.