



2024

AIG Insurance New Zealand Limited

# Climate Statement

Te Whakapuakanga mō te Āhuarangi



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# Timatanga Introduction

American International Group, Inc. (NYSE: AIG) (hereinafter referred to as “AIG” or “AIG Group”) is a leading global insurance organisation. AIG provides insurance solutions that help businesses and individuals in more than 200 countries and jurisdictions protect their assets and manage risks through AIG operations, licenses and authorisations as well as network partners.

AIG Insurance New Zealand Limited (hereinafter referred to as “AIG New Zealand”, “we”, “us”, or “our”) is AIG’s business in Aotearoa New Zealand. It is a wholly owned subsidiary of AIG Asia Pacific Insurance Pte Ltd, which is domiciled in Singapore. AIG is our ultimate parent company, headquartered in New York.

AIG Insurance New Zealand Limited is a climate reporting entity under the Financial Markets Conduct Act 2013. It does not have any subsidiaries.



## Cautionary Statement Regarding Forward-Looking Information

This report contains forward looking statements, including climate-related scenarios, transition planning, assumptions, climate projections, forecasts, statements of AIG New Zealand’s future intentions, estimates and judgements. These statements are based on current expectations, assumptions, forecasts and projections about AIG New Zealand’s present and future strategies and the environment in which AIG New Zealand will operate in the future, which are inherently uncertain and subject to limitations, particularly as to inputs, available data and information which is likely to change. The risks and opportunities described here and our plans for the future may not eventuate or may be more or less significant than anticipated. There are many factors that could cause AIG New Zealand’s actual results, performance or achievement of our objectives to differ materially from that described, including economic and technological viability, as well as climatic, government, consumer, and market factors outside of AIG New Zealand’s control.

This report reflects AIG New Zealand’s best estimate and current understanding of future climate-related events, risks, opportunities, impacts and strategies as at 28 April 2025. AIG New Zealand has sought to provide a reasonable basis for forward-looking statements and is committed to progressing our response to climate-related risks and opportunities over time but is constrained by the novel and developing nature of this subject matter. Accordingly, we caution reliance on aspects of this report, which is necessarily subject to the caveats above. We are committed to progressing our response to climate-related risks and opportunities over time, and to report our progress each year.

Nothing in this report should be interpreted as capital growth, earnings or any other legal, financial tax or other advice or guidance.

## Statement of Compliance

This document covers the climate-related disclosures of AIG New Zealand for the fiscal year 2024, from 1 January until 31 December 2024 (hereinafter referred to as “FY24”) and is compliant with the Aotearoa New Zealand Climate Standards (being NZ CS 1, NZ CS 2, and NZ CS 3).

AIG New Zealand has elected to apply the following NZ CS 2 adoption provisions for this reporting period, which is its first reporting period under the Financial Markets Conduct Act 2013:

**Table 1: NZ CS 2 Adoption Provisions**

NZ CS 2 Adoption Provision	Description
Adoption provision 1	Current financial impacts
Adoption provision 2	Anticipated financial impacts
Adoption provision 3	Transition planning – AIG New Zealand has disclosed progress to date as required by NZ CS 2
Adoption provision 4	Scope 3 Greenhouse Gas (GHG) emissions. Certain categories of Scope 3 emissions are disclosed voluntarily, and the subset of sources not disclosed is outlined within the <a href="#">Metrics &amp; Targets section</a> of this document.
Adoption provision 6	Comparatives for metrics
Adoption provision 7	Analysis of trends
Adoption provision 8	Scope 3 GHG emissions assurance

For and on behalf of AIG Insurance New Zealand Limited:



Mary Jane Daly  
Chair of the Board  
29 April 2025



Michael Schubert  
Board Audit Committee Chair  
29 April 2025

# Kāwanatanga Governance

We are committed to effective corporate governance practices that are designed to maintain high standards of oversight, accountability and transparency and benefit our stakeholders in the long term. We believe in diverse and robust leadership, in forming constructive relationships and in operating with shared ethics as articulated in our Code of Conduct. Our governance practices underpin our ongoing efforts to progress toward a more sustainable and climate-resilient future.



## Board of Directors

It is important that all parts of our business feel invested in and accountable for AIG New Zealand’s climate agenda, starting with our Board of Directors<sup>1</sup> (hereinafter referred to as the “Board”).

The Board has ultimate responsibility for the oversight of the management of climate-related risks and opportunities and our strategic plans to respond to these.

The role and responsibilities of the Board and its committees are summarised in *Figure 1* and formally covered in each charter. These charters are reviewed annually to help maintain and improve the effectiveness of our Board.

Members of the Board have a range of skills, knowledge and experience to support the Board’s understanding of our business, risks and opportunities including climate-related. It aims to have an appropriate level of relevant skills and competencies, as well as access to specialist advice, and is committed to upskilling as climate-related risks and opportunities evolve.

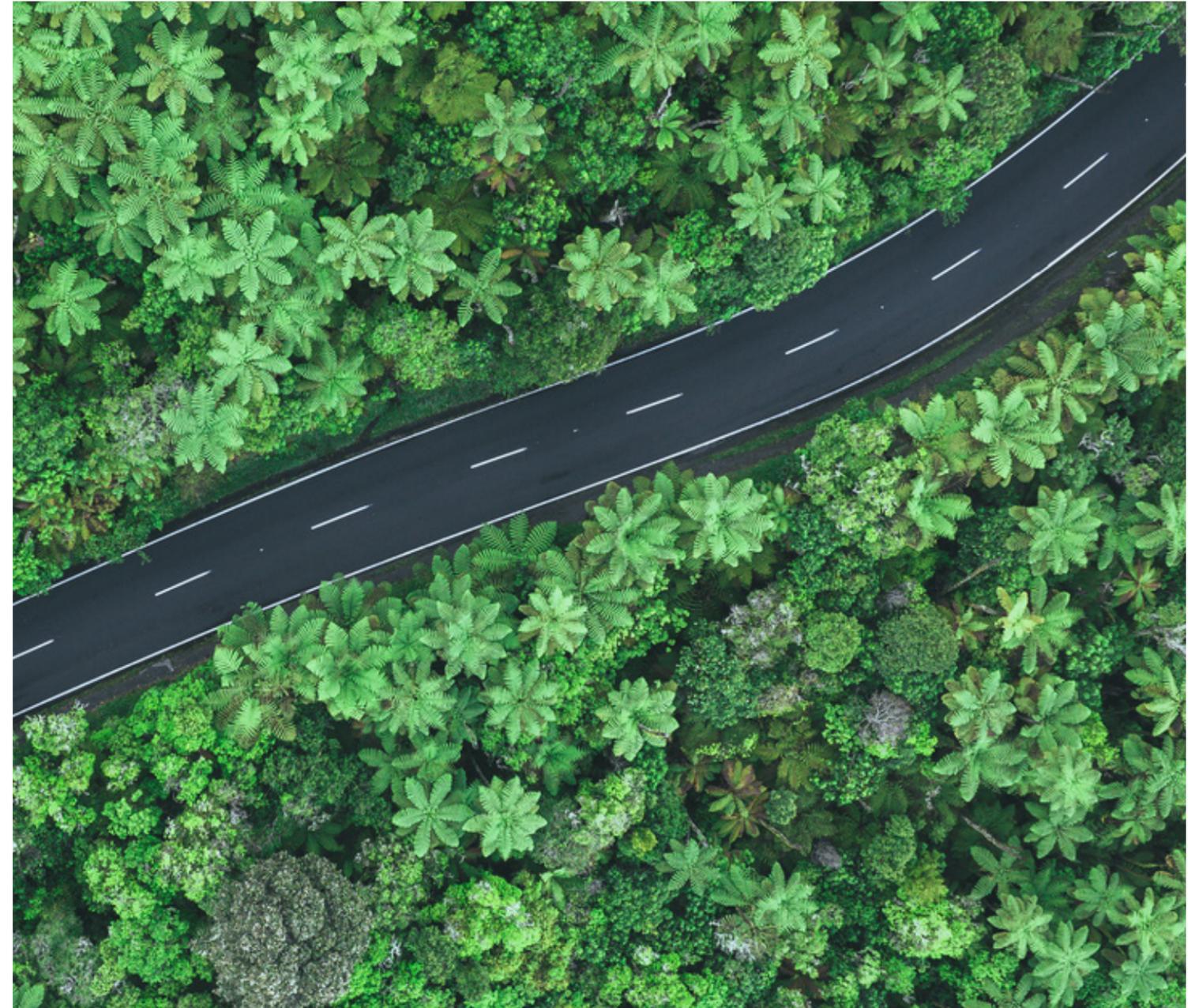
### To undertake these functions, the Board or its committees currently:

- Receives reports from management, including on climate-related matters at least quarterly; and
- Maintains visibility of our climate-related metrics and targets, and progress against them, as part of their review and approval of this Climate Statement, as well as associated discussions with management; and
- Conducts an annual self-assessment of its performance.

### In FY24, the Board conducted the following activities:

- Reviewed and updated the Board and its committee charters and workplans to include references to their respective roles in relation to climate change; and
- Board members attended an internal overview session of AIG’s climate strategy and the Asia-Pacific regulatory landscape, as well as an external legal briefing on climate-related disclosure requirements in New Zealand; and
- Independent directors also received ongoing training and exposure through external engagements; and
- Discussed potential climate-related risks and opportunities.

In prior years, Board members received external training on climate change and participated in our climate maturity and scenario analysis engagements.



<sup>1</sup> All references to the ‘Board’ are limited to the AIG Insurance New Zealand Limited entity only.

## Leadership and Management

AIG New Zealand's leadership team is comprised of those who hold senior management roles within our business, led by the General Manager. This team leads the implementation of our strategy and business plan in New Zealand and considers and addresses climate-related risks and opportunities both collectively as a group, as well as individually as risk and/or control owners, where relevant to their functional accountabilities.

In addition, other management-level bodies, comprising AIG extended management teams and subject-matter experts, support the sound and prudent management of AIG New Zealand.

The management bodies with specific roles and responsibilities in respect of climate-related risks and opportunities are outlined in *Figure 1*, as well as documented in the relevant terms of reference, where applicable.

AIG New Zealand's Chief Risk Officer has been delegated the responsibility to deliver and advance our climate-related disclosure reporting efforts, working in close collaboration with colleagues from across AIG, including the Global Sustainability Office.

More information about the Enterprise Risk Management function can be found within the [Risk Management section](#) of this document.

### In FY24, management conducted the following activities:

- Discussed climate-related risk information.
- Discussed how the investment portfolio reflects AIG's Net Zero Commitments.
- Established a Climate Steering Group to provide direction and decision-making regarding our climate-related disclosures

In FY24 and prior years, some management team members received external training on climate change and participated in our climate maturity and scenario analysis engagements.

### Management Remuneration

The variable pay components of our remuneration structure (short- and long-term incentives) are based on performance against a balanced scorecard with both financial and non-financial measures, as part of our annual performance review framework. To that end, management's remuneration attributions may be impacted by natural catastrophe losses that impact our financial results as a general insurer. Beyond that, management remuneration is not currently formally linked to climate-related risks and opportunities.

## AIG Group

The governance structures of our ultimate parent entity, AIG, also have oversight of climate-related risks and opportunities across the global organisation, including AIG New Zealand. 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 ultimate authority over AIG New Zealand's business, the AIG New Zealand 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 Net Zero Commitments.

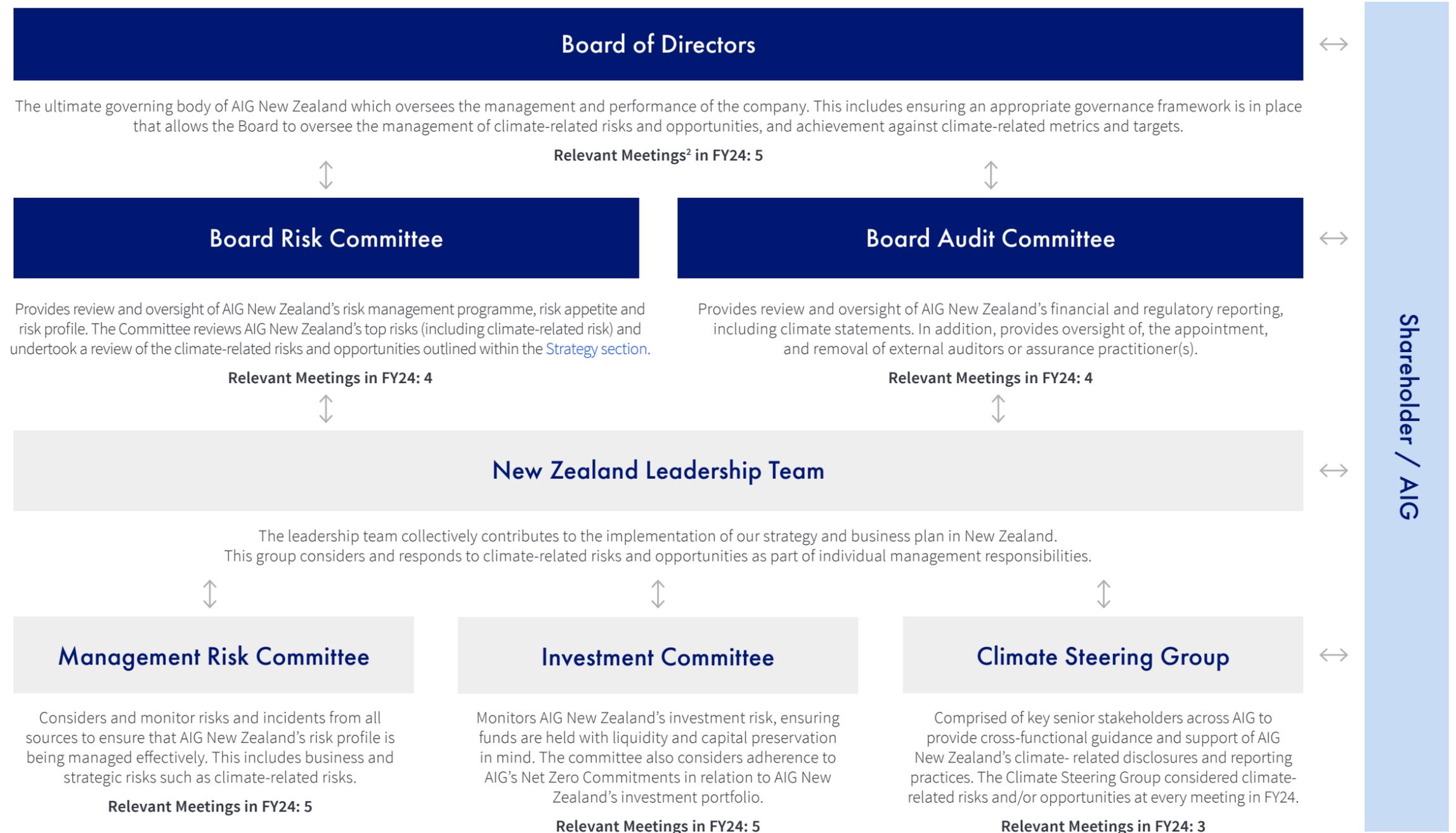
Teams across AIG have existing skills and capabilities that are highly relevant to managing climate-related risks and opportunities including but not limited to underwriting, risk management, actuarial, natural catastrophe modelling, legal and government affairs, financial reporting, and data analytics.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

AIG's Executive Vice President, General Counsel and AIG's Chief Sustainability Officer are responsible for leading the development and implementation of AIG's global sustainability strategy.

For more information on AIG's Global Sustainability Governance, see page 11 of the [AIG 2023 Sustainability Report](#).

## New Zealand Climate Governance Structure

Figure 1. Climate-Related Governance Diagram



<sup>2</sup> Relevant Meetings refers to meetings at which the climate-related matters were discussed or noted, as applicable.

# Rautaki Strategy

AIG supports the scientific consensus that climate change is a reality of increasing global concern, causing adverse impacts on nature and people across all regions of the world. Through our risk management expertise and underwriting excellence, we strive to promote climate resilience. AIG is committed to being part of the solution and helping the world responsibly navigate climate change.



## Our Business

AIG New Zealand is a general insurer offering insurance solutions to clients across New Zealand through trusted distribution partners. Our clients range from small to medium enterprises, through to large global and corporate organisations. With over 50 years' experience in Aotearoa, we are known for providing high-quality, innovative insurance cover, backed by a fast, responsive claims team, giving our customers access to global expertise with local insights.

Our business strategy is to drive long-term profitable growth and value creation. As part of our company-wide Purpose and Values, we empower AIG colleagues to make a positive impact — delivering exceptional client service, enhanced shareholder value and a better experience for all our stakeholders.

## Our Products

Our diverse offering includes the following lines of business:



**Financial Lines**



**Casualty**



**Business Package**



**Commercial Property**



**Warranty Service Programs**



**Environmental Liability**



**Energy & Construction**



**Marine**



**Corporate Travel**



**Accident & Health**



**Multinational**

Figure 2: AIG New Zealand's Value Chain



Our position as a market-leading insurer means that we have a diverse range of stakeholders across our business model.

## AIG’s Net Zero Commitments

Globally, as the parent entity of AIG New Zealand, AIG Group 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:

1. Committed to source 100% renewable energy for AIG’s operations<sup>3</sup> by 2030 or sooner.
2. Committed to work towards setting science-based emissions reduction targets.
3. Limit underwriting and investing in certain fossil fuel activities related to coal, oil sands and Arctic exploration.

AIG New Zealand intends to play its part in helping to achieve the relevant aspects of the above Group commitment – more information about our local efforts is outlined in the [Metrics & Targets section](#) of this document.

## Developing our Climate Transition Plan

AIG has committed to developing and publishing a Global Climate Transition Plan in 2025, which will include AIG New Zealand. AIG is in the process of developing this initial plan in accordance with regulatory requirements and guidance in key jurisdictions where it operates. We consider this work to be a multi-phase and iterative process that will be refined based on ongoing internal activities we identify as part of our net zero journey. AIG will continue to be transparent about its decarbonisation actions, providing regular updates on its progress.

### Path to Net Zero

AIG’s path to net zero is a holistic approach focused on four key levers: integration, engagement, innovation and stewardship as shown in *Figure 3*.

At the core of AIG’s climate strategy is promoting preparedness and engaging with our clients where appropriate to understand their decarbonisation pathways and provide innovative solutions that support the transition. In addition, since 2019, AIG New Zealand has been measuring GHG emissions from our own operations. More information on AIG New Zealand’s climate related metrics and targets can be found within the [Metrics & Targets section](#) of this document.

Figure 3. Path to Net Zero levers



<sup>3</sup> The 100% renewable energy commitment applies to scope 2 emissions from electricity usage for facilities controlled or owned by AIG.

## Scenario Analysis

AIG New Zealand has used the Insurance Council of New Zealand (ICNZ) shared climate scenarios for the New Zealand general insurance sector as the basis for our scenario analysis utilising the same framework architecture, quantitative and qualitative parameters, and narrative storylines, where appropriate. AIG New Zealand participated in this initiative during 2022 to co-design and collaboratively develop these scenarios along with other industry members.

The ICNZ scenarios utilise the Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) developed by the Intergovernmental Panel on Climate Change (IPCC) and the Shared Policy Assumptions for New Zealand (SPANZ). The narratives draw heavily on the Network for Greening the Financial System (NGFS) framework. Technical experts from the External Reporting Board (XRB), government ministries, banking partners, and the New Zealand Green Building Council contributed to ICNZ’s shared climate change scenarios.

## Our Approach

AIG takes a consistent approach to climate risk management across our organisation, including identifying and monitoring climate risks through top-down, bottom-up approaches, risk profiling and/or exposure analysis to climate-relevant sectors.

In 2023, AIG New Zealand engaged a third-party to help facilitate the scenario development and analysis process with a cross functional working group of AIG New Zealand management and business representatives, and through a series of workshops, this group:

- Developed three integrated scenarios tailored to the particularities of AIG New Zealand’s business
- Identified climate-driven risks and opportunities
- Explored the impacts and implications for AIG New Zealand’s business model and strategy

Due to the alignment of our scenarios with New Zealand’s general insurance sector and our additional efforts internally, we consider that our scenarios are relevant and appropriate for assessing resilience to climate-related risks and opportunities. Our scenario analysis was conducted as a standalone process used to help determine and validate our climate-related risks and opportunities, as well as better understand the resilience of our business model and strategy.

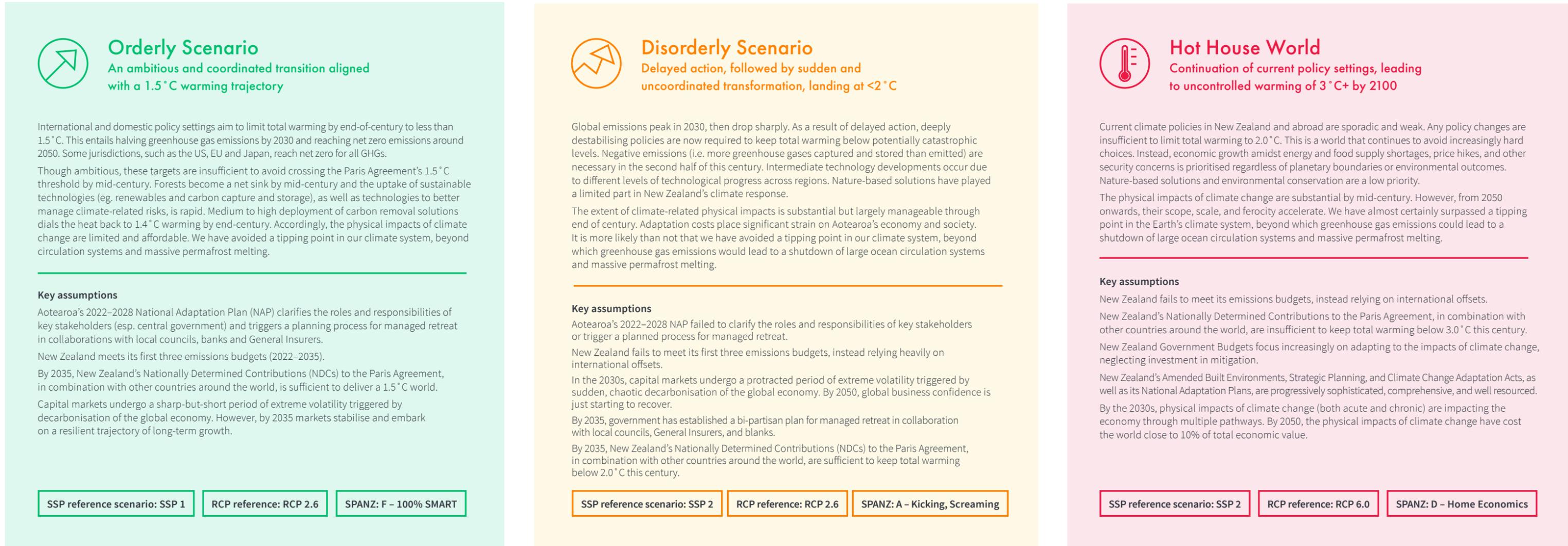
Our Board was also engaged to discuss and review our scenario analysis and the impacts and implications for AIG New Zealand.

**Table 2: Time Horizons**

The time horizons in AIG New Zealand’s scenario analysis and risk assessment are:

Horizon	Period	Description
Short term	1–3 years	Consistent with AIG New Zealand’s 3 year strategic and business planning cycle.
Medium term	3–7 years	This time horizon broadly aligns with the time taken for AIG New Zealand’s investments to reach maturity.
Long term	7+ years	AIG has set a target to achieve Net-Zero Emissions by 2050. This time horizon aligns with that commitment.

**Figure 4: AIG New Zealand’s Climate Change Scenarios**



## Climate Risk

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

- **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. This has potential impacts for AIG New Zealand’s underwriting and operations.
- **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** May arise from people or businesses seeking compensation for losses they may have suffered from physical or transition risks. This 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 failure to mitigate, adapt and/or disclose.

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

## Current Climate-Related Impacts

Our business and industry are impacted by the changing climate as shown in the increase in natural catastrophe losses driven by the continued increase in frequency and severity of climate-related hazards and perils. Climate change could present significant financial implications for AIG, including AIG New Zealand, in areas such as underwriting, claims and investments, as well as risk capacity, financial reserving and operations.

In FY24, physical and transition climate-related impacts on AIG New Zealand were not material to the business. These impacts included:

- 9 claims received for major weather events<sup>4</sup> during 2024, compared to 1860 claims in 2023. Work to resolve claims relating to Cyclone Gabrielle and the Auckland Anniversary Flooding major weather events continued throughout 2024.
- Whilst not currently material, AIG New Zealand’s resourcing and compliance costs have increased to meet the climate-related disclosure requirements.

## Anticipated Climate-Related Impacts

We consider the anticipated impacts from climate-related risks and opportunities on our business, strategy and financial planning over short-, medium- and long-term time horizons. We consider both direct physical impacts and indirect effects that may emerge through transition risks, particularly those driven by new legal and regulatory requirements as well as those from evolving investor, client and broker expectations.

In the short- to medium-term, our underwriting and investment activities may create potential legal and regulatory risks due to increased focus on climate-related litigation and regulatory action. In the medium- to long-term, chronic physical risks such as shifting temperatures, precipitation levels, droughts and sea water levels could impact our underwriting and operational exposures to climate change. Additionally, in the short-, medium- and long-term actions that government, regulators and society may take to transition towards low or net zero carbon economies may impact us.



<sup>4</sup> Major weather events are defined as weather events classified by the Insurance Council of New Zealand (“ICNZ”) to be a major event.

### Table 3: Climate-Related Risks

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

Risk	Description	Anticipated Business Impact/s	Time Horizon
<b>Natural Catastrophe Risk</b> Physical	Risk of increased frequency, severity, and simultaneity of severe weather events within New Zealand (including but not limited to flooding, cyclones, drought, heatwaves, wildfires and severe storms). These events are exacerbated by the changing climate.  Natural catastrophes can also impact AIG’s operations directly, restricting normal operational levels.	Increase in extreme weather events is likely to result in increased claims costs and volumes to AIG New Zealand. This in turn potentially impacts the overall customer experience as operational capacity is restricted.  Reinsurance costs are also likely to increase given an increased probability of risk occurrence, resulting in increased premiums and availability of peril coverages.  <i>See Operational Risk for impacts to AIG operations as a result of natural catastrophe.</i>	Medium to Long Term
<b>Climate Litigation and Legal Risk</b> Transition Liability	Risk of increased climate-related litigation in New Zealand and globally. Litigation related to companies, directors and officers, as well as actions against directors and officers for alleged “green-washing” and alleged failures with respect to disclosure or climate risk management.	As climate litigation becomes more prevalent amidst regulatory scrutiny, AIG New Zealand may be exposed to litigation-related risks directly and also indirectly via litigation related claims costs from clients. Subsequently, the increased volume of claims processing could put pressure on the capacity of our operations teams, particularly those that support high volume and/or complex portfolios.	Short, Medium and Long Term
<b>Reputational Risk</b> Transition	Investors, customers, 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. Companies that are unable to meet stakeholders’ diverging expectations could suffer from negative publicity, reputational harm or loss of customer or investor confidence, which could adversely affect operations.	Increased scrutiny and expectations from AIG New Zealand’s stakeholders both locally and globally may see potential misalignment between parties on entity response to climate change as the company strives for balance between stakeholder groups. If the AIG New Zealand brand and reputation is negatively impacted, this could affect our ability to retain/attract suitable talent, suppliers and/or garner regulatory support within the New Zealand market.	Short, Medium and Long Term

Table 3: Climate-Related Risks cont.

Risk	Description	Anticipated Business Impact/s	Time Horizon
<b>Operational Risk and Business Continuity Risk</b> Physical	<p>AIG is exposed to the physical impacts of climate change on individual sites and office locations, as well as the infrastructure, supply chains and third-parties we rely on to operate.</p> <p>Whilst AIG’s New Zealand operations span a single location within Auckland CBD, we rely heavily on other operations located globally within AIG and externally.</p>	<p>These exposures can result in operational disruption, ultimately impacting our customers, reputation and workforce. This may require reallocating resources within the global organisation to ensure critical functions continue to operate.</p> <p>Costs incurred to adjudicate and settle claims may also increase due to higher construction materials and labour costs, inflationary pressures and other supply chain congestion and demand for specialist expertise in certain communities.</p>	Short, Medium and Long Term
<b>Investment and Credit Risk</b> Transition	The dynamic nature of climate change poses a potential threat to investments and the credit market, as physical, transition, and liability risks can impact investments and credit ratings, creating a volatile market environment.	Climate-related events and shifts in government policies may potentially increase market volatility, in return applying downward pressure on our investment portfolio because of lowered corporate valuation, borrower defaults, credit rating downgrades and increased counter-party risks.	Medium to Long Term
<b>Adaptive Capacity Risk</b> Physical Transition	The scope, speed and scale of climate change physical and/or transition impacts may outpace AIG New Zealand’s ability to adapt.	Substantial increase in operational costs for specialist resources, data and technology, models.	Medium to Long Term
<b>Government and Regulatory Risk</b> Transition	Government(s) both locally and globally may increase intervention and/or regulatory requirements requiring progress against established global emissions targets.	Government and regulator intervention may impose further scrutiny on the general insurance market in relation to disclosure requirements, as well as the operation of the private general insurance market. This makes it potentially more difficult for AIG New Zealand to comply with regulatory standards in the New Zealand market. This may result in higher capital charges enforced by New Zealand regulators, increased costs of employing resources in management of regulation.	Short, Medium and Long Term
<b>Cost and Availability of Reinsurance</b> Physical Transition	Potential impact of climate change, both within New Zealand and globally, could undermine reinsurer appetite and reduce reinsurance capacity, leading to increased costs to accessing reinsurance.	<p>Increased reinsurance costs and/or capacity could lead to higher insurance premiums for customers, especially those situated in higher-risk locations.</p> <p>Decreased reinsurance capacity could result in AIG New Zealand retaining a greater level of insurance risk, which may lead to a lower level of insurance coverage provided to customers.</p>	Medium and Long Term

**Table 4: Climate-Related Opportunities**

AIG New Zealand’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	Anticipated Business Impact/s	Time Horizon
<b>Working with clients and partners</b> Transition Physical Liability	Opportunities for engagement, education and partnerships with clients and distribution networks in supporting climate-related risk mitigation, reduction and the development of bespoke insurance solutions.	There are opportunities for AIG New Zealand to work closely with our clients and distribution channels (brokers, managing general agents etc.) in supporting risk reduction and volatility reduction within portfolios that have direct impacts from climate-related risks.  Through engagements with the market and stakeholders, new insurance solutions may be developed in specific sectors, generating new revenue streams.	Short, Medium and Long Term
<b>Product innovation</b> Transition Physical Liability	Development of new insurance products that may provide coverage for solutions to climate-related risks/impacts and/or which satisfy evolving customer needs within the New Zealand market.	New insurance solutions that satisfy needs of the New Zealand market may create new revenue streams for AIG New Zealand, whilst diversifying our exposure to climate-related risks.	Medium and Long Term
<b>Technology and data improvements</b> Transition Physical Liability	Innovation and investment in technology/data improvements may provide opportunities to further analyse existing exposures to changing climate impacts and allow for potential to insure emerging risks.	Advancement in data-driven insights may allow AIG New Zealand to better understand its exposure to climate-related risks beyond the current environment, resulting in better data-driven decision making, potentially reducing risks taken by us.  Technological growth may also provide opportunities for AIG New Zealand to provide insurance coverage for emerging industries whilst supporting decarbonisation goals of Aotearoa New Zealand.	Medium and Long Term

# Te Whakahaere o Tūraru Risk Management

With multiple levels of risk management processes in place, we aim to analyse the latest climate science and policies to anticipate potential changes to our risk profile, pricing models and strategic planning. In addition, we provide insurance products and services designed to help our clients be proactive against the threat of climate change. Our internal product development, underwriting and modelling will continue to adapt to and evolve with the developing risk exposures attributed to climate change.



## Risk Management Programme

AIG New Zealand’s risk management programme outlines the objectives, principles, and process to identify, assess, and manage risks, including climate-related risks. This programme has evolved in recent years and encompasses an established risk governance structure with clear oversight and responsibilities for the monitoring and management of financial, insurance, operational and strategic risks. The Board Risk Committee support the Board of Directors in oversight over the risk management framework and its execution.

## Enterprise Risk Management Team

Our Enterprise Risk Management (ERM) function coordinates AIG New Zealand’s risk management activities and provides senior management and our Board with a consolidated view of our risk profile. Our ERM function provides support in climate-related risk management and wider sustainability-related activities which includes identification of current and emerging risks, monitoring external business and regulatory developments, design of stress scenarios, and monitoring the potential for risk aggregation and risk accumulation across underwriting, investments and our own operations.

## Risk Appetite Statement

AIG New Zealand’s Statement of Risk Appetite defines the level of risk that it is prepared to take in pursuit of objectives and sets the criteria that guide risk management decisions and actions within the organisation. The statement is organised by key risk categories, which includes climate risk.

## Climate Risk Deep Dive

In 2023, AIG New Zealand ran a workshop to identify and document its climate-related risks and opportunities and their anticipated impacts involving representatives from key parts of our business model. The workshop included understanding our business strategy, value chain and primary objectives within the New Zealand context.

The consolidated list of these climate-related risks and opportunities, and their related anticipated impacts on our business, were further reviewed and refreshed by Enterprise Risk Management in 2024 in consultation with representatives from the business and our Climate Steering Group. This was subsequently reviewed and discussed with the Board. No aspects of AIG New Zealand’s value chain were specifically excluded when identifying our climate-related risks and opportunities.

Our material climate-related risks and opportunities are included in this climate statement within the [Strategy section](#) of this document. We intend to review these risks and opportunities, at least annually, in the context of preparing our annual climate statement.

As at 31 December 2024, our top risk register included ‘climate readiness and response’ outlining the risk of mitigation and adaptation efforts not being able to adequately respond, absorb and/or reduce the impacts of climate change on our business. As our understanding of climate-related risk identification, analysis and evaluation matures, so too will our risk management practices.

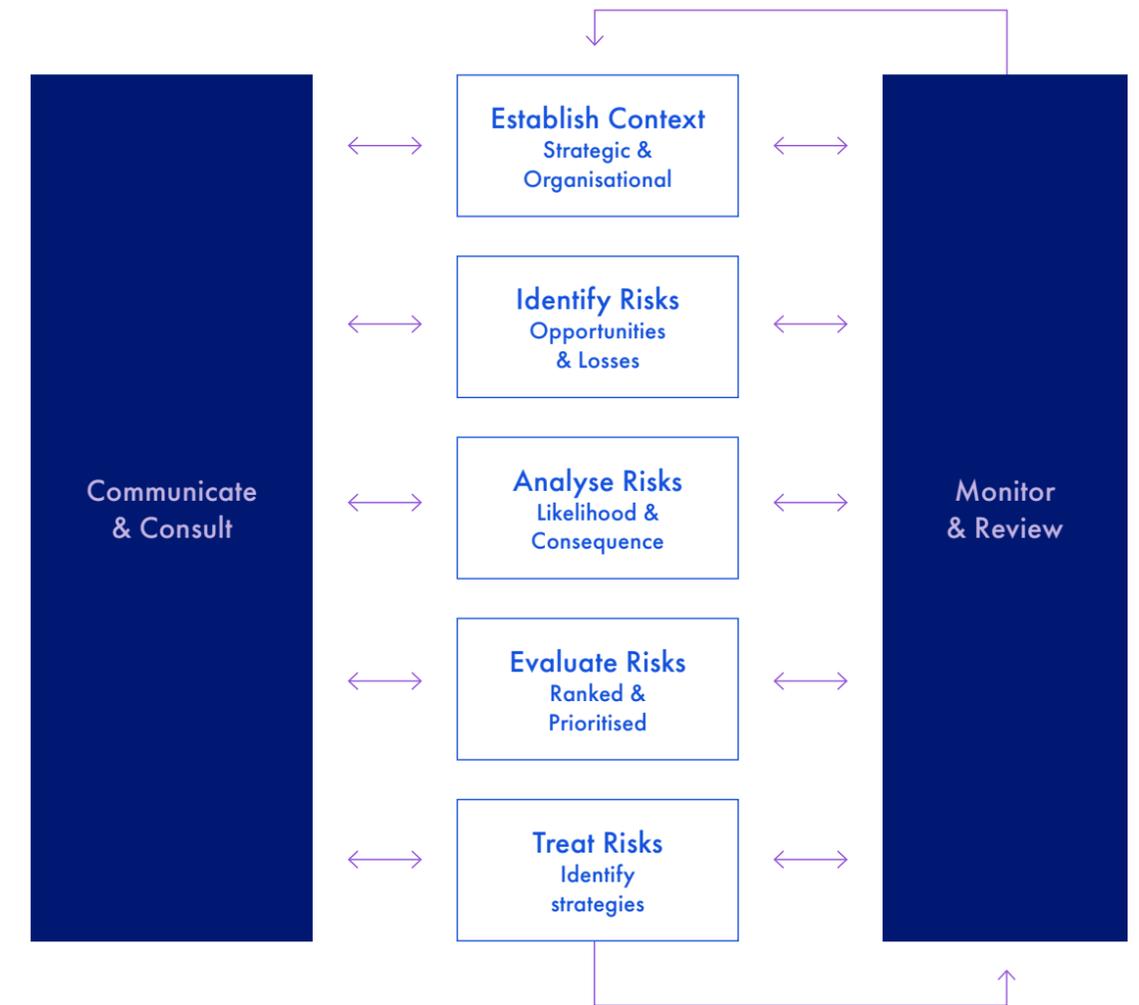
## Risk Management Process

Our Risk Management Cycle describes our end-to-end risk management process aligned with international best practice. 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:

- **Identification** AIG New Zealand identifies risks facing our business through a combination of top-down and bottom-up approaches. Key risks, or those that may pose material impacts for the organisation, are recorded consistently within a risk register.
- **Analysis** Identified risks go through an analysis process, including analysing root cause, likelihood and consequence. This is conducted using AIG New Zealand’s 4x4 Risk Rating Matrix.
- **Evaluation** Risks are further evaluated and assigned a risk rating – both from an inherent perspective (pre-controls) and residual perspective (post-controls). They are then prioritised and ranked within the overall risk profile of the business area or enterprise.
- **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.

An ongoing monitoring and review process is in place to ensure adequate oversight and governance over risk management within AIG New Zealand. This includes, but not limited to quarterly reporting to management and the Board Risk Committee of our risk profile, including monitoring of incidents, risk trends and metrics. We also conduct an annual review of the top risks with key stakeholders and risk owners.

Figure 5: Risk Management Cycle



## Underwriting and Risk Engineering

AIG New Zealand’s underlying underwriting philosophy is designed to ensure underwriters address all identified aspects of a risk before offering terms. These factors include the relevant risk rating, the deductible level, the extent of coverage, and the insured’s risk management and loss control practices, financial condition and prior loss experience. Key aspects of the processes are embedded within the business to mitigate risk, including relevant climate-related risks, arising from insurance contracts. AIG New Zealand utilises a combination of internal and external reinsurance in managing its large-loss exposures. Internal protocols and policies are in place to ensure that all reinsurers are approved and that authorised liability limits are adhered to.

Our Risk Engineering team partners with the underwriting teams and clients to assess risk and advise on how to create safer, more resilient environments by providing technical guidance for risk-based decisions. The team’s risk assessments can encompass all areas of our clients’ operations, including property and product safety, environmental and transportation risks and cyber infrastructure and incident response readiness.

The Risk Engineering team also advises clients on how to make their properties more resilient against preventable losses from natural catastrophes, such as recommending defensive barriers against floodwater or wildfires and strengthening structures against

windstorms. To learn about how AIG’s Risk Engineering Team helps improve resiliency and protect businesses and people from the impacts of natural catastrophes, see AIG’s [Catastrophe Preparedness](#) site.

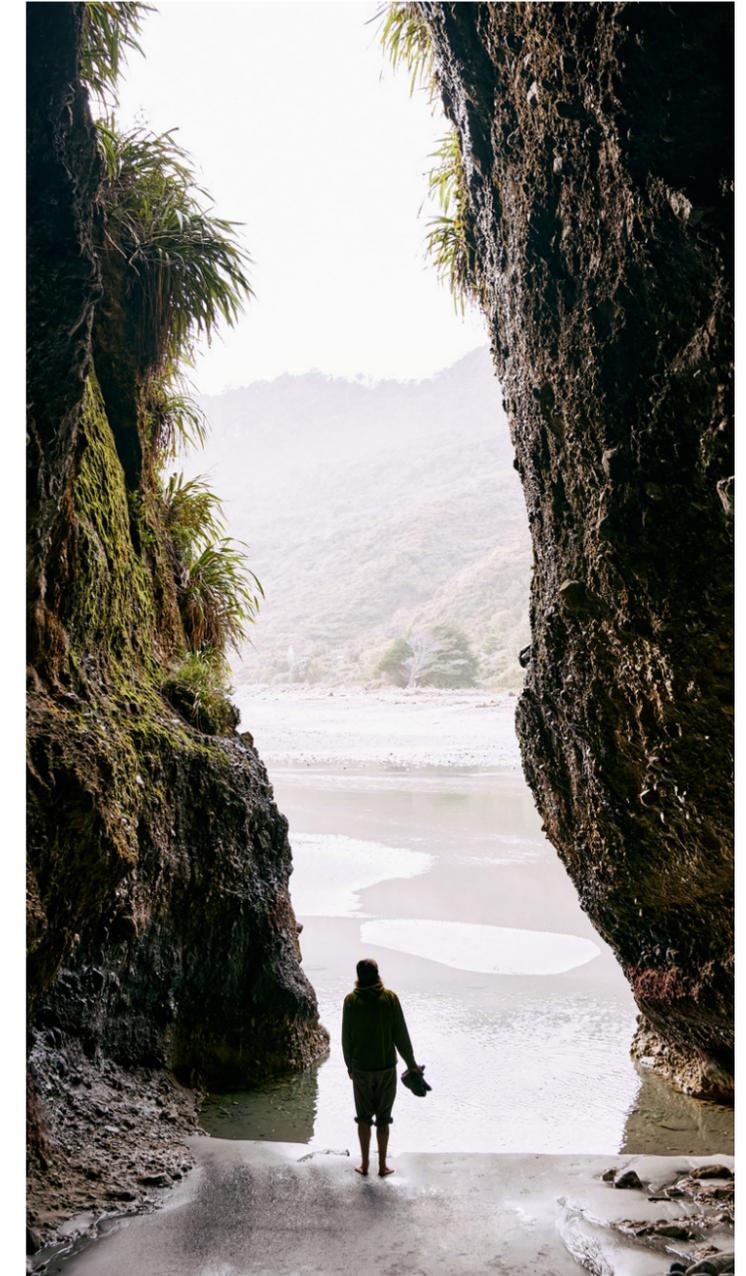
## Capital Deployment and Funding

AIG New Zealand considers climate-related risks as part of our decision-making processes for the business:

- Natural catastrophe risk is a direct input into AIG New Zealand’s capital management and funding strategy, including within the annual budget preparation and underwriting of our insurance products. As part of our risk assessment process, AIG New Zealand has identified that climate change is directly affecting AIG New Zealand’s natural catastrophe risk profile.
- Additional processes that consider risks include but are not limited to:
  - our reinsurance placement strategy (capacity, allocation split etc.);
  - assessment of reinsurance premiums;
  - internal capital provisions for natural catastrophe(s).

Opportunities may be recognised during AIG New Zealand’s risk identification process, with failure(s) to exploit opportunities identified as a risk in and of itself. Outside of this, climate-related risks and opportunities are not currently a formal input to AIG New Zealand’s capital deployment and funding-decision making processes.

We continue to identify and assess areas of improvement in the management of climate-related natural catastrophe risks across our insurance portfolio. AIG uses a combination of internally developed and externally licensed flood maps for pricing flood risk globally, inclusive of New Zealand, significantly increasing our understanding of flood-related perils.



# Ngahuru me Whāinga Metrics and Targets



## Our Greenhouse Gas (GHG) Emissions<sup>5</sup>

For FY24, we measured our Scope 1, Scope 2 (location-based) and seven categories of Scope 3 GHG emissions in accordance with the internationally recognised methodologies from the Greenhouse Gas Protocol. These figures are outlined in the following table.

For scope 1, 2 and 3 emissions, we use the operational control approach to define reporting boundaries for owned and leased assets. For AIG New Zealand this includes the following:

- **Scope 1 emissions:** Emissions from stationary combustion (natural gas), mobile combustion (motor gasoline) and refrigerants.
- **Scope 2 emissions:** Emissions from the generation of purchased electricity using the location-based method.
- **Scope 3 emissions:** Also referred to as value chain emissions – Scope 3 emissions are the result of activities from assets not directly owned or controlled by AIG New Zealand, but that AIG New Zealand indirectly affects in its value chain activities.<sup>6</sup>

AIG New Zealand is utilising first-year adoption provision 4: Scope 3 Greenhouse Gas (GHG) emissions – in respect of all GHG scope 3 emissions sources, including in relation to our investment and insurance-associated emissions. Certain Scope 3 emissions data is provided voluntarily in the following table.

Where reasonably available, GHG emissions are calculated based on actual (e.g. metered) data

received. In certain instances where actual data is not reasonably available, we rely on estimates by considering internationally accepted and recognised methodologies and standards.

Non-financial information, such as GHG emissions, and other climate-related risk factors, 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.

### Assurance

AIG New Zealand has obtained independent limited assurance over its disclosed Scope 1 and Scope 2 location-based GHG emissions metrics for the year ended December 31, 2024. Refer to the third-party limited assurance report for further information located on the [Climate Statement section](#) of our website. Our management assertion is located at [Appendix A](#).

**Table 5: AIG New Zealand’s FY24 GHG Emissions**

	Metric Tonnes of CO <sub>2</sub> E
<b>Scope 1 Emissions</b>	14
<b>Scope 2 Emissions (location-based)</b>	12
<b>Total Scope 1 + 2 Emissions<sup>7</sup></b>	<b>26</b>
<b>Emissions Intensity (Scope 1 and 2)<sup>8</sup> mtCO<sub>2</sub>e/NZ\$M</b>	<b>0.078</b>
<b>Scope 3 Emissions</b>	
Category 1 – Purchased goods and services	605
Category 2 – Purchased capital goods	
Category 3 – Fuel and energy-related activities	6.9
Category 4 – Upstream transportation and distribution	0.51
Category 5 – Waste generated in operations	7.6
Category 6 – Business travel	113
Category 7 – Employee commuting	120
<b>Total Scope 3 Emissions<sup>9</sup></b>	<b>853</b>

<sup>7</sup> For FY24, our disclosed Scope 1 and Scope 2 location-based GHG emissions are subject to independent limited assurance.

<sup>8</sup> For the avoidance of doubt, AIG New Zealand’s disclosed emissions intensity is not subject to independent limited assurance. This calculation was not adjusted for inflation. This calculation is based on AIG New Zealand’s scope 1 and 2 emissions and revenue.

<sup>9</sup> AIG New Zealand has voluntarily disclosed certain Scope 3 emissions. For the avoidance of doubt, this Scope 3 emissions data is not subject to independent limited assurance.

<sup>5</sup> From 2019 until 2022, we monitored our GHG emissions through the Toitū Carbon Reduce Programme in line with ISO 14064. In 2023, we utilised an alternative New Zealand GHG data management solution and obtained independent verification of our emissions from Toitū also in line with ISO 14064. In FY24, we leveraged AIG’s global GHG inventory and data management system. By this action, our GHG emissions estimations were revisited to align with AIG Group reporting. Therefore, we have elected not to disclose GHG emissions data from previous years.

<sup>6</sup> The Corporate Value Chain (Scope 3) Accounting and Reporting Standard defines 15 categories of Scope 3 emissions. We are currently measuring 7 of the 15 categories as outlined in Table 5.

**Table 6: Additional Climate-Related Metrics**

Description	Metric
<p><b>Amount or % of assets or business activities vulnerable to climate-related transition risks</b></p>	<p><b>Underwriting</b> Sufficient data is yet to be collected to allow an accurate determination on the proportion of AIG New Zealand’s underwriting activities that are vulnerable to identified climate-related transition risks. Due to the nature of our business model, we consider all of AIG New Zealand’s underwriting activities are, to some extent, vulnerable to climate-related transition risks.</p> <p><b>Investments</b> AIG’s global investment team utilises a number of classification methods and codes to analyse exposure of the portfolio to climate-relevant sectors, including the Bloomberg Classification System (BCLASS). This analysis indicates that the portion of AIG New Zealand’s portfolio in emissions-intensive sectors is relatively limited and therefore immaterial. In the case of these issuers, the relatively short duration of our holdings provides substantial risk mitigation, in addition to our investment portfolio as a whole having a strong weighted-average credit rating.</p>
<p><b>Amount or % of assets or business activities vulnerable to climate-related physical risks.</b></p>	<p><b>Underwriting</b> Sufficient data is yet to be collected to allow an accurate determination on the proportion of AIG New Zealand’s underwriting activities that are vulnerable to identified climate-related physical risks. Due to the nature of our business model, we consider all AIG New Zealand’s underwriting activities with exposure to Physical Damage and Business Interruption coverages are, to some extent, vulnerable to climate-related physical risks.</p> <p><b>Investments</b> AIG has purchased physical risk scenario modelling data from MSCI for estimating physical risks for each corporate issuer in our investment portfolio. MSCI’s physical risk modelling was chosen by AIG as it uses a combination of climate model projections, statistical extrapolation of historical trends from the last 40 years, and scenario analysis. Our analysis of the portfolio using this scenario data suggests that the relatively short duration of our holdings provides substantial risk mitigation. Physical risks, if they do manifest, will likely impact the issuers in our portfolio over horizons well beyond the maturities of our holdings. Based on this analysis, our investments do not face material vulnerability to enterprise value changes from physical risks over the duration of our investments.</p>

Table 6: Additional Climate-Related Metrics cont.

Description	Metric
<p><b>Amount or percentage of assets, or business activities aligned with climate-related opportunities.</b></p>	<p><b>Underwriting</b></p> <p>Sufficient data is yet to be collected to allow an accurate determination on the proportion of AIG New Zealand’s underwriting activities that are aligned with our identified climate-related opportunities. Because our identified climate-related opportunities have the potential to impact all our offerings, we consider all AIG New Zealand’s underwriting activities are, to some extent, aligned with our identified climate-related opportunities.</p> <p><b>Investments</b></p> <p>AIG’s global investment team utilises BCLASS codes in analysing exposure of the portfolio to climate-relevant sectors. This analysis indicates that the portion of the AIG New Zealand portfolio in climate-relevant sectors is relatively limited and therefore immaterial. In the case of issuers from these climate-relevant sectors, AIG uses both publicly available and privately-purchased information to assess whether a given firm may benefit from new or improved revenue streams as a result of energy transition-related policy changes. That said, the relatively short duration of the AIG New Zealand portfolio renders immaterial any portfolio benefit that might be achieved by investing in issuers with business models well positioned for medium- and long-term climate trends.</p>
<p><b>Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities.</b></p>	<p>AIG New Zealand considers climate-related risks and opportunities as part of our decision-making processes for capital deployment and funding, within the annual budget preparation, investments-management and underwriting of our insurance products, including activities that may be aligned with our identified climate-related opportunities.</p> <p>It is difficult to determine the exact proportion of deployment due to overlap between AIG New Zealand and AIG’s expenditure. AIG’s expenditure on initiatives such as dedicated sustainability working groups affect AIG New Zealand but are shared amongst the various entities within AIG. Additionally, some capital expenditure may relate to climate-related risks and opportunities but has other or ulterior motivations. Due to this lack of differentiation, we consider that none of our capital expenditure, financing and investment was explicitly deployed towards climate-related risks and opportunities.</p>
<p><b>Carbon pricing</b></p>	<p>AIG New Zealand does not use an internal carbon price as its practices are aligned with AIG Group. AIG does not use an internal carbon price given current market maturity and potential unintended risks. AIG will continue to research and evaluate this position.</p>
<p><b>Remuneration</b></p>	<p>Refer to <a href="#">Management Remuneration</a> within the Governance section of this document.</p>

## AIG New Zealand Targets

AIG New Zealand does not have interim targets of its own, however we intend to play our part in helping to achieve the relevant aspects of the [AIG Group Net Zero Commitments](#), where applicable to our portfolio.

The extent to which AIG intends to rely on offsets is uncertain at this stage, as AIG has not yet set science-based emissions reduction targets, AIG New Zealand has not formed a view on the extent to which the AIG Group Net Zero Commitments contribute to limiting global warming to 1.5 degrees Celsius.

## Performance Monitoring

AIG's Group progress is described in [AIG Group's 2023 Sustainability Report](#).

AIG New Zealand is playing its part to contribute to achievement of AIG's Group Net Zero Commitments, including by:

1. Measuring our carbon footprint, as part of the Toitū Carbon Reduce Programme from 2019 until 2022 reporting years. AIG New Zealand sought independent verification of its GHG emissions from Toitū for 2023.
2. Obtaining independent limited assurance of our 2024 Scope 1 and 2 GHG emissions inventory.<sup>10</sup>
3. Engaging an electricity provider that generates 100% of the electricity it feeds into the National Grid from renewable sources.<sup>11</sup>
4. Taking into consideration AIG's exclusionary policies related to coal-fired power plants, thermal coal mines or oil sands.
5. In 2022, AIG New Zealand downsized its physical workspace and relocated its Auckland office to Jarden House – a premium 15-story office building that achieved a 5-star rating for environmental sustainability under the New Zealand Green Star system.



<sup>10</sup> More information can be found in the third-party limited assurance report located on the [Climate Statement section](#) of our website.

<sup>11</sup> This arrangement does not affect our calculation of Scope 2 Emissions disclosures.

# Tāpiritanga Appendices



## Appendix A: AIG Insurance New Zealand Limited Management Assertion (subject to assurance)

### For the year ended December 31, 2024

With respect to the greenhouse gas (GHG) emissions metrics presented in the table below for the year ended December 31, 2024 (reporting period), management of AIG Insurance New Zealand Limited (“AIG New Zealand”, “we” or “our”) asserts that the GHG emissions metrics are presented in accordance with the assessment criteria set forth below. Management is responsible for the completeness, accuracy and validity of the GHG emissions metrics and for the selection of the criteria in accordance with the Aotearoa New Zealand Climate Standards (NZCS) issued by the External Reporting Board (XRB), which management believes provide an objective basis for measuring and reporting on the GHG emissions metrics.

### Reporting Boundary

The reported GHG emissions metrics cover AIG New Zealand. AIG New Zealand uses the operational control approach to define its reporting boundaries for owned and leased assets, which includes offices and vehicles. AIG’s leased assets are operating leases

as defined by the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard: Supplement to the GHG Protocol Corporate Accounting and Reporting Standard - Appendix A. Accounting for Emissions from Leased Assets*; therefore, emissions from these leased assets are accounted for within the reported Scope 1 and Scope 2 emissions.

Metric	Definition of Metric <sup>1,2,3,4,5</sup>	Metric Quantity (MTCO <sub>2</sub> e)
Scope 1 Emissions <sup>6</sup>	Direct emissions from stationary combustion (natural gas), mobile combustion (motor gasoline ) and refrigerants.	14
Scope 2 Emissions (location-based) <sup>7</sup>	Indirect emissions from the generation of purchased electricity using the location-based method.	12

### GHG Emissions Assessment Criteria

- AIG considers the principles and guidance of the World Resources Institute (WRI) 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.
- GHG emissions quantification is subject to significant inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions, and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.
- Carbon dioxide equivalent (CO<sub>2</sub>e) emissions are inclusive of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) and industrial gases,

which include hydrofluorocarbons (HFCs), sulfur hexafluoride (SF<sub>6</sub>), perfluorocarbons (PFCs), and nitrogen trifluoride (NF<sub>3</sub>). Emissions by individual gas is not disclosed as a majority of CO<sub>2</sub>e relates to CO<sub>2</sub>. These CO<sub>2</sub>e 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. We prioritize using the latest AR values possible, AR6 as of now, specifically in cases where a per-gas breakdown is available or are provided having used AR6 values. However, some emission factors (EFs) are only provided as CO<sub>2</sub>-equivalent using AR4 or AR5 values, which we use as published and cite accordingly.

- CO<sub>2</sub>e 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.
- MTCO<sub>2</sub>e = metric tonnes of carbon dioxide equivalent.

**GHG Emissions Assessment Criteria cont.**

6. Scope 1 emissions include the sources listed below. Approximately 42% of reported Scope 1 emissions were estimated.
  - a) Stationary combustion
    - Emissions from burning fuel (natural gas) used for heating sites were calculated based on actual data from monthly and quarterly fuel consumption collected from third-party invoices or internal usage records.
      - Landlord overhead was apportioned according to tenancy (i.e., floor area) as provided by landlord.
    - Emissions factors used: New Zealand Ministry for the Environment (MfE) 2024 converted to IPCC Fifth Assessment Report (AR5) GWP100.
  - b) Mobile combustion
    - Emissions were estimated by converting distance travelled collected from internal company vehicle records (i.e., odometer readings) into gallons of fuel burned (motor gasoline).
      - Fuel consumption (in gallons) for gasoline hybrid electric vehicle (HEV) and gasoline plug-in hybrid electric vehicle (PHEV) are estimated using the average HEV or PHEV fuel economy by vehicle type from the Argonne National Laboratory Alternative Fuel Life- Cycle Environmental and Economic Transportation (AFLEET) tool (2024). Fuel economy is combined with the distance data to calculate fuel consumption.
7. Scope 2 emissions (location-based) include the sources listed below. Approximately 1.9% of reported Scope 2 emissions were estimated.
  - a) Purchased electricity used in sites were calculated based on actual monthly consumption and estimated quarterly consumption collected from third-party invoices.
    - Emissions factors used: New Zealand MfE 2024 converted to IPCC Fifth Assessment Report (AR5) GWP100.
  - c) Refrigerants
    - Fugitive emissions resulting from leaks of refrigerants from air conditioning and refrigeration systems in sites were estimated. Building type was entered into the US EPA’s Simplified Screening Approach 1 (October 2016), which provided the refrigerant type (R- 410A and R-134a) and refrigerant (in kg) per square foot. This refrigerant by square foot was multiplied by the square footage collected from internal building records.
    - Emission factors used: IPCC’s Sixth Assessment Report (AR6). For refrigerant blends, we calculate the blended emission factor based on the 100-year global warming potential values of the component gases.
8. The GHG Protocol Scope 2 Guidance sets forth reporting under both location-based and market-based methodologies. This management assertion only includes AIG’s location- based Scope 2 emissions as AIG is only reporting location-based at this time.
  - b) Purchased electricity for electric and hybrid vehicles.
    - Emission Factors used: NZ: New Zealand MfE 2024 converted to IPCC Fifth Assessment Report (AR5) GWP10.
  - Where electricity consumption is unavailable, the quantity of vehicles, vehicle class, distance travelled, and location are used to estimate electricity consumption.
  - For PHEV, electricity consumption is estimated using the average PHEV electricity efficiency from the Argonne National Laboratory Alternative Fuel Life-Cycle Environmental and Economic Transportation (AFLEET) tool (2024). Electricity efficiency is combined with the distance data to calculate electricity use.
  - Emission factors used: New Zealand MfE 2024 converted to IPCC Fifth Assessment Report (AR5) GWP10.

