

# Climate-Related Risk Management Disclosures of Assumption Life

December 31, 2025



**Assumption Life**

## Table of Contents

1.	Introduction .....	3
	Purpose of Disclosure .....	3
	Scope of Reporting.....	3
	Cautionary statement regarding forward-looking statements and other matters .....	3
	Forward-looking statements .....	3
2.	Governance .....	4
	2.1 Board Oversight of Climate Risks and Opportunities .....	4
	2.2 Management .....	4
3.	Strategy.....	6
	3.1 Climate-Related Risks and Opportunities .....	6
	Climate-Related Opportunities.....	8
4.	Risk Management.....	9
	4.1 Identification and Assessment.....	9
	4.2 Scenario Analysis and Stress Testing .....	10
	4.3 Risk Mitigation and Controls .....	10
5.	Metrics and Targets .....	10
	5.1 Metrics.....	10
	Trends in climate-related metrics.....	11
	5.2 Targets.....	11

## 1. Introduction

Assumption Mutual Life Insurance Company (“Assumption Life”) is a Canadian mutual life insurance company founded in 1903 and headquartered in Moncton, New Brunswick. Assumption Life operates exclusively within Canada, offering a range of insurance and wealth management products to individuals and groups through a national network of licensed advisors and other distribution partners. As a mutual life insurer, Assumption Life is owned by its participating policyholders, enabling a long-term, client-focused approach to financial services.

### **Purpose of Disclosure**

This disclosure outlines Assumption Life’s approach to identifying, assessing, managing and disclosing climate-related financial risks and opportunities in alignment with OSFI B-15 Guideline, which sets out OSFI’s expectations for federally regulated financial institutions’ management of climate-related risks. It includes detailed information regarding our climate governance, strategy, risk management and metrics.

### **Scope of Reporting**

This Report includes information about the Assumption Group and all its subsidiaries, which include Atlantic Holdings (1987) Limited, Louisbourg Investments Inc. and Tech Knowledge Solutions (doing business as Lavvi). It covers the fiscal year January 1 to December 31, 2025. Unless otherwise noted, we presented all information in this Report as at and for the year ended December 31, 2025. All dollar amounts are in Canadian currency, unless otherwise stated.

### **Cautionary statement regarding forward-looking statements and other matters**

This Report is being provided solely for informational purposes and not for the purposes of promoting, either directly or indirectly, any business or business interest.

### ***Forward-Looking Statements***

Forward-looking statements are based on expectations, estimates and projections as of the date they are made and are subject to risks, uncertainties and assumptions that may cause actual results to differ materially from those expressed or implied. These risks and uncertainties include, but are not limited to, regulatory developments, economic conditions, operational risks, evolution in climate science and other factors. Readers are cautioned not to place undue reliance on forward-looking statements. Assumption Life undertakes no obligation to update any forward-looking statement, except as required by law. Any ambitions, goals, objectives, priorities, commitments or targets discussed in this report may also need to be changed or adjusted to meet our other strategic objectives and the reasonable expectations of our stakeholders, including expectations around financial performance. As a mutual life insurance company, our primary purpose is to deliver on the promises we make to our policyholders.

## 2. Governance

At Assumption Life, the Board of Directors, supported by the Executive Committee, holds ultimate responsibility for overseeing sustainability and climate-related matters. This oversight is exercised through the Audit Committee, which regularly reviews climate-related risks, opportunities and strategic initiatives. Management is accountable for implementing the Board’s directives and integrating climate considerations into day-to-day operations. This is facilitated through governance structures such as the Climate Risk Governance Committee, which evaluates climate-related exposures and resilience strategies.

The roles and responsibilities of the Board and management in overseeing climate-related risks and opportunities are outlined below, which supports alignment with OSFI B-15 Guideline and reflects the principles of the Canadian Sustainability Standards Board (CSSB) and the Task Force on Climate-Related Financial Disclosures (TCFD).

### 2.1 Board Oversight of Climate Risks and Opportunities

The Board of Directors, through the Audit Committee, holds ultimate oversight of Assumption Life’s enterprise approach to climate-related risks and opportunities. The Audit Committee receives annual formal reports on climate risk management, which include assessments of effectiveness against established targets, business risk exposure and emerging climate risks. Once a year, climate-related topics are discussed to maintain oversight of climate strategy, risk appetite and progress toward climate-related targets. Their oversight is further supported by ad hoc risk reports in response to new or material climate risks.

The Audit Committee members possess a diverse mix of skills and experience in risk management, sustainability and business operations, enabling informed decision-making. Annually, training will be provided to all members on climate-related topics.

For a detailed breakdown of roles and responsibilities related to climate governance, see Table 1: Board Roles and Responsibilities.

**Table 1: Board Roles and Responsibilities**

Committees	Roles and Responsibilities
<b>Board of Directors (via the Audit Committee)</b>	<ul style="list-style-type: none"> <li>• Ensures that climate risk is integrated into the organization's overall strategic planning and risk management frameworks</li> <li>• Approves the Company's risk appetites</li> <li>• Approves climate-related policies</li> <li>• Reviews climate risk performance indicators and ensures that the Company is on track to meet its climate-related objectives</li> </ul>

### 2.2 Management

Management-level oversight of climate-related risks is exercised by the Executive Committee and the Climate Risk Governance Committee. The Executive Committee receives annual climate risk management reports, while the Climate Risk Governance Committee meets twice a year to review the same information as well as results from climate risk scenario analyses. They are responsible for implementing the climate risk strategy, monitoring exposure, ensuring compliance with regulatory requirements and escalating significant risks to the Board as needed. Structured governance processes, including regular, periodic and ad hoc reporting, support the committees in effectively identifying, quantifying and responding to climate-related risks and opportunities. This approach ensures that climate risk management is embedded within business operations and subject to ongoing review and improvement. Management will keep up to date on climate-related topics relevant to the industry and Assumption Life's operations.

For a detailed breakdown of Management and Executive leadership oversight related to climate governance, see Table 2: Management Oversight of Sustainability and Climate-Related .

**Table 2: Management Oversight of Sustainability and Climate-Related Matters**

<b>Management Oversight of Sustainability and Climate-Related Matters</b>	
<b>Climate Risk Governance Committee</b>	<ul style="list-style-type: none"> <li>• Chaired by the Chief Financial Officer (CFO)</li> <li>• Review and maintenance of the climate risk register including emerging climate risks</li> <li>• Conducts and coordinates climate risk assessments and analyses, including quantification and considering the effectiveness of controls</li> <li>• Coordinates with business lines to convey relevant information related to climate risk that needs to be addressed and managed in their team and operation</li> </ul>
<b>Chief Risk Officer</b>	<ul style="list-style-type: none"> <li>• Member of the Climate Risk Governance Committee as a support and supervisor, but no decision-making authority</li> <li>• Ensures that the climate risk management framework is maintained, ensuring that it is consistent with regulatory requirements and best practices and that it is comprehensive including emerging risks</li> <li>• Ensures that climate risk assessments and analyses, including quantification, are conducted periodically</li> <li>• Provides training and support to the business units, ensuring they have the knowledge and tools to effectively manage climate risks</li> <li>• Independently monitors business unit compliance with policies and procedures in line with climate risk management by ensuring that they are comprehensive and effective</li> <li>• Provides annual updates to the Audit Committee on progress and challenges in managing climate risks</li> </ul>
<b>Executive Committee and Management</b>	<ul style="list-style-type: none"> <li>• Develop and execute strategies to manage climate risks, aligning them with Board guidelines and organizational goals</li> <li>• Oversee the integration of climate risk management into internal policies by ensuring that they are comprehensive and effective</li> <li>• Ensure that adequate resources, including capital and human resources, are allocated for effective climate risk management</li> <li>• Foster a culture of awareness and accountability for climate risks within the organization, ensuring that all departments understand their roles</li> <li>• Oversee the preparation and dissemination of climate risk reports to external stakeholders, ensuring transparency and compliance with regulatory requirements</li> </ul>
<b>Business Lines and Central Functions</b>	<ul style="list-style-type: none"> <li>• Identify, assess and manage climate risks in their respective areas of responsibility</li> <li>• Implement climate risk management policies and procedures (or incorporate the concept of climate risk into their policies) as defined by management</li> <li>• Monitor climate risk exposures and report them to the second line of defense</li> <li>• Develop and maintain controls to mitigate climate risks in day-to-day operations</li> </ul>
<b>Internal Audit and Consultants</b>	<ul style="list-style-type: none"> <li>• Independently audit climate-related policies and procedures to ensure that they have been implemented as intended and that they are effective, comprehensive and compliant with regulatory requirements</li> <li>• Examine and test the effectiveness of the first and second line of defense</li> <li>• Provide independent assurance to the Board of Directors on the effectiveness of climate risk management procedures and controls</li> </ul>

### 3. Strategy

Assumption Life's climate-related strategy and resilience objectives are centered on integrating climate risk management into its overall enterprise risk management (ERM) framework, ensuring that climate risks are not treated in isolation but are considered across all business activities. The company prioritizes the identification, assessment and management of climate risks through established methods, adapting its operations, investment decisions and product development to strengthen resilience to climate uncertainties.

#### 3.1 Climate-Related Risks and Opportunities

Climate risks represent the potential threats posed by climate change, with significant impacts on economies, societies and ecosystems. These risks, which are widely recognized, fall into two main categories: physical risks and transition risks.

##### **Physical risks:**

- **Acute Physical Risks:** Related to short-term extreme weather events, such as storms, floods, heat waves and wildfires, causing immediate damage to infrastructure and disrupting supply chains.
- **Chronic Physical Risks:** Associated with long-term climate change, such as sea level rise and rising temperatures, resulting in incremental impacts on operations and ecosystems.
- **Indirect Effects of Physical Risks:** Examples include public health consequences (e.g., impacts on morbidity and mortality), population displacement as well as food and water crises.

##### **Transition risks:**

These risks relate to the changes needed to transition to a low-carbon economy:

- **Regulations and Policies:** New laws and standards to reduce greenhouse gas emissions, which may result in additional compliance costs.
- **Technologies:** Adoption of low-carbon technologies that can disrupt existing markets.
- **Market and Consumer Preference:** Changing consumer expectations towards more sustainable products, requiring adaptations by companies to remain competitive.
- **Investment-Associated Emissions:** Underperformance of certain assets related to the transition to a low-carbon economy.

The Company manages and mitigates climate risks in accordance with its risk appetite. The Company currently evaluates climate risks as inherent risks that have an impact similar to other scenario analyses tested to assess potential impacts on its risk profile, business strategy and business model, while maintaining sufficient capital and liquidity buffers to address these exposures. Assumption Life continues to deepen its climate risk assessment to better manage the potential impacts on business performance. The results from these analyses will help the Company better integrate climate risk into its strategic planning process. The following sections outline the climate-related risks that could reasonably be expected to affect Assumption Life's cash flows, access to finance or cost of capital.

Table 3: Climate-Related Risks below.

**Table 3: Climate-Related Risks**

Risk	Key Risk Type	Time Horizon <sup>1</sup>	Area of Value Chain Impact <sup>2</sup>	Description
<b>Physical risk</b> Direct effects of climate change, such as extreme weather events (floods, storms, heatwaves), chronic changes in air quality and shifts in disease patterns. Can lead to higher mortality and morbidity claims, operational disruptions and increased costs for business continuity.	<b>Operational risk</b>	Short and medium term	Own operations, upstream	Severe storms, floods and heatwaves can disrupt offices, IT systems and critical third-party providers (medical services, claims managers), leading to service interruptions and higher continuity costs. Chronic air pollution and mental health impacts may also affect workforce productivity.
	<b>Credit risk</b>	Short and medium term	Own operations, upstream, downstream	Extreme weather events such as floods and forest fires may impact clients' financial stability, increasing mortgage defaults and credit deterioration. Over time, financed properties in high-risk areas could lose value, creating exposure in mortgage and loan portfolios.
	<b>Insurance risk</b>	All horizons	Own operations, downstream	Rising temperatures, wildfire smoke and poor air quality can increase mortality and morbidity claims. Over the long term, climate change may reverse mortality improvement trends, increase morbidity claims and introduce new health risks such as insect-borne diseases, driving pricing and reserving strain.
<b>Transition risk</b> Arise from the economic, regulatory, and market changes associated with the shift to a low-carbon economy. Can affect investment portfolios, product strategy, compliance costs, and reputational exposure.	<b>Market risk</b>	Medium and long term	Own operations, upstream	Climate policies, carbon pricing and rapid technology shifts may cause volatility in equity and real estate markets, while exposure to high-emission sectors could lead to asset devaluation and credit defaults. Regulatory carbon pricing scenarios may also stress investment portfolios.
	<b>Liability risk</b>	Short and medium term	Own operations, downstream	New disclosure and governance requirements from regulators or other bodies and evolving stakeholder expectations increase compliance costs and litigation risk. Reputational exposure from greenwashing or misaligned investment practices could damage trust and brand value.

<sup>1</sup> Climate-related risks are assessed over the short term (0-3 years), medium term (3-10 years) and long term (10+ years).

<sup>2</sup> Area of value chain impacts are defined as own operations (insurer's directly controlled activities), upstream (external inputs and dependencies that enable those operations) and downstream (captures climate impacts that materialize after products and capital are deployed).

Assumption Life has identified mitigation measures for these risks focusing on strengthening financial protection, enhancing prevention and improving operational resilience. Such measures will be implemented when strategically appropriate, following Assumption Life's integrated approach to climate risk management. Mitigation measures may include increased use of reinsurance, updated actuarial assumptions, targeted wellness programs, stronger disaster recovery plans, diversification of suppliers across regions and sectors, regular testing, climate-risk mapping, reducing exposure to high-emission sectors and stress testing portfolios. Finally, the organization will work to enhance data quality, further integrate OSFI B-15 into risk management, refine internal climate-modelling capabilities and ensure clear reporting to mitigate regulatory and reputational risks.

### *Climate-Related Opportunities*

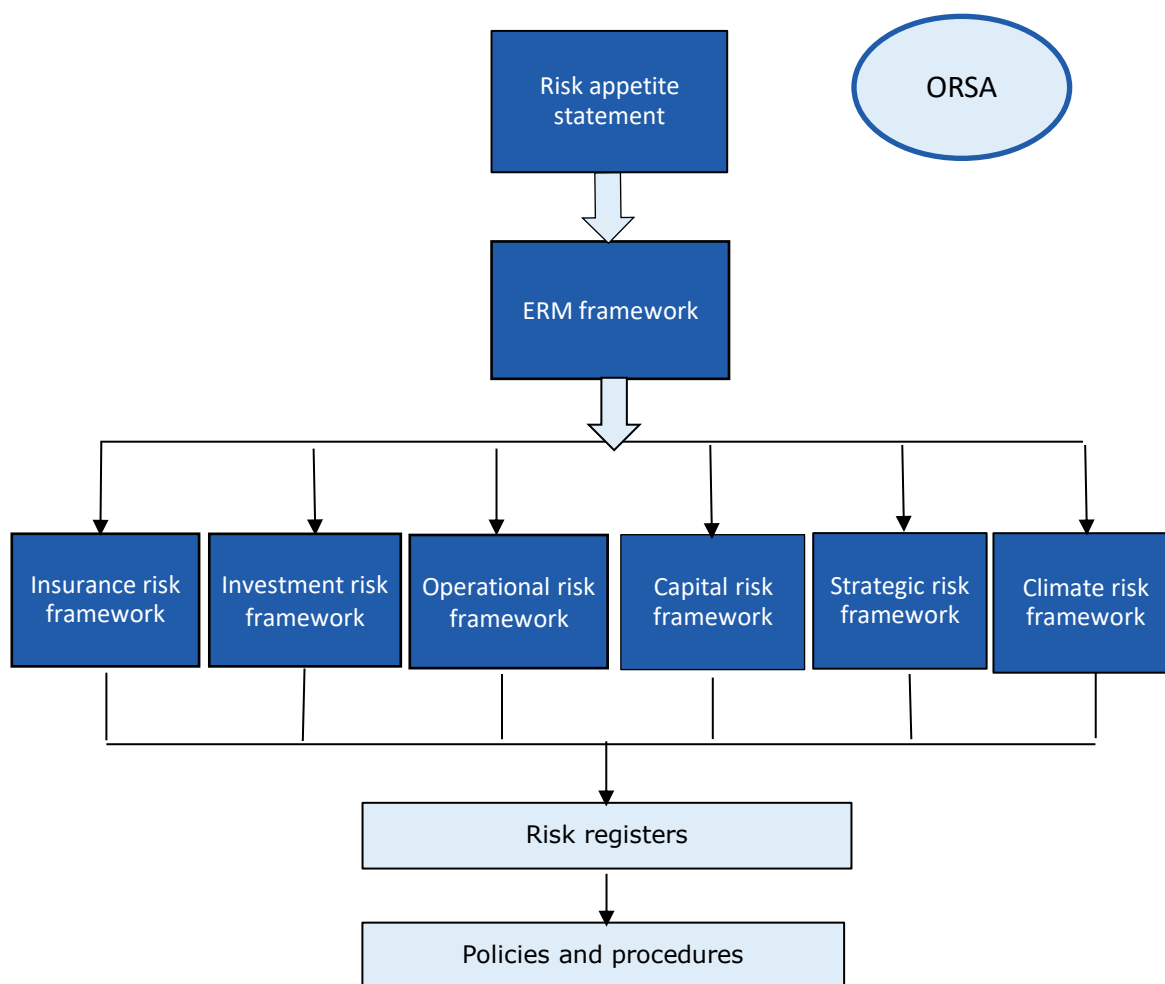
Assumption Life acknowledges that the shift toward a low-carbon economy and the need for climate adaptation present emerging investment opportunities. The Company remains committed to identifying and pursuing investments that align with its risk appetite and return expectations, while contributing to long-term resilience and sustainability. Assumption Life continues to consider how forward-looking assessments of climate-related opportunities could be further developed in the future, with a view to supporting strategic alignment and decision-making over time.

Assumption Life is dedicated to regularly reviewing and revising its framework as knowledge and industry practices evolve, ensuring continuous improvement in climate risk strategies and organizational resilience. The Company engages with stakeholders, including regulators, its Board of Directors and clients, to ensure transparency and alignment with best practices and regulatory expectations. The Company's integrated approach enables alignment of strategy, capital planning and underwriting practices with evolving climate risk profiles, supporting sustainability and regulatory compliance.

## 4. Risk Management

### 4.1 Identification and Assessment

Climate risks are integrated into risk appetite and management as part of Assumption Life's overall risk management framework.



Climate risk management is integrated at appropriate points in the management of other enterprise risks. The risk framework is supported by internal policies and procedures to adequately identify and assess climate-related risks. As a result, the Company aims to consider the potential impacts of climate change on its investment decisions and product development and adapt its operations to strengthen its resilience to climate uncertainties.

Identifying, assessing and mitigating climate risks is essential to ensure Assumption Life's resilience and sustainability in the face of the growing impacts of climate change. The identification of climate risks is done through exchanges between stakeholders to document the risks and opportunities associated with climate risks. A climate risk register is maintained and includes detailed information for each identified risk, including the type of climate risk and the risk description. The identification of risks and the maintenance of the risk register are refreshed annually during the process of reviewing all corporate risks. New and emerging risk are identified and assessed in a timely manner.

The climate risk assessment analysis is documented in the climate risk register, including potential impacts. Assumption Life collects reliable, timely and accurate data on physical and transition risks to inform analyses, risk management and decision-making.

## 4.2 Scenario Analysis and Stress Testing

Assumption Life considers and quantifies different plausible climate scenarios over three time horizons (i.e., short, medium and long term as defined in Table 4 above). These scenarios will assess the Company's overall exposure to physical and transition risks, considering the potential interactions between these types of risks.

Climate scenario analysis leverages a range of external data sources, industry benchmarks and regulatory guidance to ensure robustness and relevance. OSFI B-15 Guideline clarifies that companies may consider recognized sources, such as the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC) and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), in determining climate scenarios, as appropriate.

Assumption Life has adopted a proportionate approach focused on potential material impacts. Outcomes are documented in a climate risk register, which includes the expected impacts, mitigation strategies and associated time horizons for each risk, and are regularly reported to senior management, the Board and relevant governance committees.

Climate scenario analysis is embedded in the own risk and solvency assessment (ORSA) and financial condition testing (FCT), ensuring that capital planning reflects potential climate-related exposures and that sufficient capital and liquidity buffers are maintained. The FCT also includes a stress scenario that considers the combination of different risks. In addition, other climate scenarios may be assessed as part of the ORSA, as required. The Appointed Actuary ensures that the climate scenarios assessed comply with the Canadian Institute of Actuaries' standards of practice.

In addition, the climate risk register includes the expected resilience responses, as well as the time horizon associated with each risk.

The Company continues to consider how its existing approach to climate risk assessment could evolve over time, including the potential incorporation of more business-specific quantitative and qualitative climate scenario analysis, to support a deeper understanding of potential impacts on its business and operations.

## 4.3 Risk Mitigation and Controls

Following the identification and analysis of climate risks, including the quantification of stress scenarios, the results of these assessments are then included in the ORSA report, thus allowing climate risks to be considered in integrated risk management. This allows the Company to consider climate factors in its risk profile.

Limits and targets related to climate risk will be set for material climate risks. These indicators will be assessed and measured annually, or more frequently, based on the materiality of the potential impact and included in the relevant monitoring reports.

# 5. Metrics and Targets

## 5.1 Metrics

Assumption Life reports on climate-related metrics for GHG emissions across Scope 1 and 2. Reporting for Scope 3, in accordance with OSFI B-15, will be provided in future years.

In alignment with the GHG Protocol, as referenced by OSFI B-15, Assumption Life has selected the operational control approach to define its organizational boundary for the calculation of GHG emissions. This approach reflects Assumption Life's consolidation method under the GHG Protocol, whereby it accounts for emissions from operations over which it has full authority to implement operating policies. Under this approach, only the parent company, Assumption Life, will be included in Scope 1 and 2 emissions calculations.

**Trends in Climate-Related Metrics**

Metric	Unit	2025	2024	Trend	Notes
Direct emissions (Scope 1) <sup>3</sup>	tCO <sub>2</sub> e	0,1	0,3	▼	
Indirect emissions (Scope 2) <sup>4</sup>	tCO <sub>2</sub> e	229	152	▲	Despite lower electricity consumption in 2025, emissions increased due to a rise in the electricity emission factor in New Brunswick.

**5.2 Targets**

Assumption Life's greenhouse gas reduction ambition is to progressively enhance its ability to measure and manage emissions from its activities over time. In the near term, we aim to establish a reliable baseline for our Scope 1 and location-based Scope 2 emissions and integrate key emission considerations into our decision-making. We will also assess the relevance and materiality of Scope 3 emissions to inform a future approach. We will identify reduction opportunities across our operations and report annually on our progress in alignment with OSFI B-15 expectations.

<sup>3</sup> Scope 1 is defined as "emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment" (Greenhouse Gas Protocol, Chapter 4, p. 25). Scope 1 emission factors have been sourced from Environment Canada's Annual National Inventory Report, Part 2, Annex 6, Table A6.1-6.

<sup>4</sup> Scope 2 is defined as "emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated" (Greenhouse Gas Protocol, Chapter 4, p. 25). Scope 2 emission factors have been sourced from Environment Canada's Annual National Inventory Report, Part 3, Annex 13, Table A13-5.