



# Climate-Related Disclosure for Financial Year 2025

AIG Malaysia Insurance Berhad

# Table of Contents

Introduction	3
Governance	4
Board of Directors	
Management	
AIG Group	
Training	
Strategy	6
AIG's Net Zero Commitments	
Insurance Products and Solutions	
Climate-Related Risks & Opportunities	
Risk Management	9
Management of Climate-Related Risks	
Metrics and Targets	11
Operational GHG Emissions	

# Introduction

American International Group, Inc. (NYSE: AIG) (together with its consolidated subsidiaries, referred to as “AIG” or “AIG Group”) is a leading global insurance organization. AIG provides insurance solutions that help businesses and individuals in over 200 countries and jurisdictions protect their assets and manage risks through AIG operations, licenses and authorizations as well as network partners.

AIG Malaysia Insurance Berhad (hereinafter referred to as “AIG Malaysia” “Company”, “we”, “us” and “our”) 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 Malaysia does not have any subsidiaries.

This Report has been prepared in accordance with the revised Climate Risk Management and Scenario Analysis Policy Document (BNM/RH/PD 028-124) (“CRMSA PD”) issued by Bank Negara Malaysia on 17 March 2025.



# Governance

## Board of Directors

It is important that all parts of our business feel invested in and accountable for AIG Malaysia's sustainability agenda, starting with our Board of Directors (hereinafter referred to as the "Board"). The Board has the overall responsibility and accountability to safeguard AIG Malaysia's resilience against the adverse impacts of climate change while actively promoting the transition to a low-carbon economy. In fulfilling this role, the Board evaluates the risks and opportunities arising from climate change on a periodic basis and considers these risks and opportunities in assessing and approving AIG Malaysia's strategies and business plan.

To enhance oversight, the Board has delegated authority to the Risk Management Committee to assist in overseeing risk management strategies, emerging risks, risk mitigation strategies and other matters related to the management of risks, including climate risk.

In Financial Year 2025 ("FY2025"), four Board meetings were held, during which climate-related issues and initiatives were deliberated. These included, but were not limited to, status updates on Bank Negara Malaysia's CRMSA Gap Analysis and Implementation Plan, as well as the status update of Bank Negara Malaysia's Climate Risk Stress Testing Exercise ("CRST").

## Management

The Board approved the appointment of two senior management officers ("SMO") from AIG Malaysia to oversee the effective management of climate-related risks in 2023. The SMO are responsible for leading the local development and implementation of AIG Malaysia's company-wide sustainability strategy, as per AIG Group's direction.

In addition, other management-level bodies with expanded roles covering climate-related risk, comprising of AIG Malaysia's extended management teams and subject-matter experts, are in place to support the sound and prudent management of AIG Malaysia. The management bodies with specific roles and responsibilities in respect of climate-related risks and opportunities are outlined in **Figure 1**.

In FY2025, the Risk and Capital Committee ("RCC") and Investment Committee ("IC") received climate-related risk

information at each quarterly meeting. In addition, the Climate Risk Subcommittee, a subcommittee of the RCC, continues to provide direction and decision-making regarding our climate-related matters.

## AIG Group

The governance structures of our ultimate parent entity, AIG, has oversight of climate-related risks and opportunities across AIG Group's global organisation, including AIG Malaysia. Locally, AIG Malaysia works 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 Malaysia's business, the 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 relevant to managing climate-related risks and opportunities, including but not limited to underwriting, risk management, actuarial, natural catastrophe, legal and finance. Additionally, AIG has a dedicated Global Sustainability Office which supports and partners with AIG Malaysia.

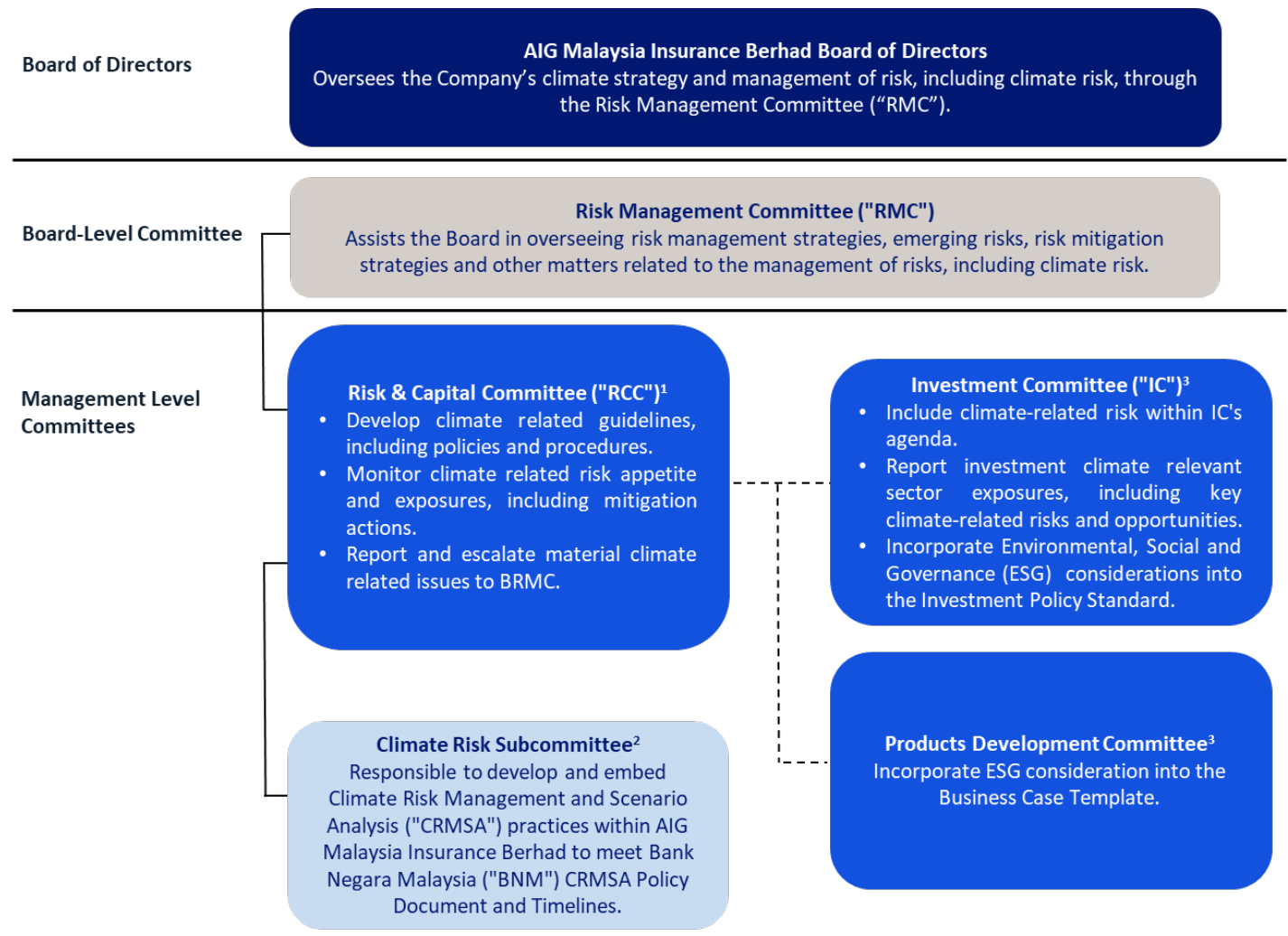
AIG's Executive Vice President & General Counsel and AIG's Chief Sustainability Officer are responsible for leading the development and implementation of AIG's group-wide sustainability strategy by effectively engaging business leaders and leveraging the internal governance structure.

For more information on AIG's group-wide Sustainability Governance, see AIG's latest Group 2025 Sustainability Report at [Sustainability | AIG Insurance](#).

## Training

Sustainability Training Library is available to all colleagues to explore climate-related issues in more detail. These resources foster a culture that supports our sustainability journey and seeks to empower employees to integrate sustainability into their day-to-day activities. Locally, AIG Malaysia provided climate-related risks trainings to its Risk and Compliance Ambassadors.

**Figure 1: AIG Malaysia Insurance Berhad's Climate-Related Governance Structure**



**Notes:**

1. Delegated responsibility by RMC.
2. Delegated responsibility by RCC & subcommittee of RCC.
3. Standalone committee but escalate key activities to RCC.

# Strategy

AIG Malaysia recognizes the effects of climate change and how it could influence the way we operate, how we serve and collaborate with our clients and distribution partners, how we support the communities where we live and work, how we develop and support our colleagues, how we engage with policymakers and regulators and how we fulfill our responsibility to create value for our shareholders.

We believe in promoting preparedness for the impacts of climate change and resiliency through diverse energy portfolios around the world. This approach includes the disciplined underwriting of and investment in renewable and lower-carbon energy, as well as fossil fuel energy producers and users who are on a path to transitioning.

As a general insurer, AIG Malaysia generally operates with shorter-duration underwriting policies and investment portfolios compared to other financial institutions. Whilst shorter durations provide greater flexibility in adjusting our portfolios and managing evolving risk profiles dynamically, they can also limit our direct long-term influence over client or investee strategies.

The regulations, standards, methodologies, assumptions and estimates underlying our climate-related and other sustainability-related strategies, analyses and data continue to develop.

AIG's global Climate Transition Plan is intended to drive a unified strategy and companywide alignment. AIG Malaysia is committed to contributing to the execution of AIG's transition strategy locally, as applicable to the business.

## AIG's Net Zero Commitments

Globally, AIG has committed to navigate climate challenges through the following actions:

Reach net zero Greenhouse Gas ("GHG") emissions across operations, underwriting and investments portfolios by 2050 or sooner.

- a. Source 100% renewable energy for AIG's operations by 2030 or sooner<sup>1</sup>;
- b. Work toward setting science-based emissions reduction targets.

- c. Limit underwriting and investing in certain fossil fuel activities related to coal, oil sands and Arctic exploration.

AIG's path to net zero is a holistic approach focused on four key levers: integration, engagement, innovation and stewardship, as shown in **Figure 2**. These levers guide the Group's approach to embedding climate considerations and advancing decarbonisation strategies across Operations, Underwriting and Investments to drive meaningful progress toward a sustainable future.

## Insurance Products and Solutions

**Renewable Energy:** In support of renewable energy projects, AIG Malaysia offers multi-line coverage options and risk engineering expertise across the entire value chain, such as offshore and onshore wind, solar, hydro and battery storage.

**Mobile solutions:** Auto insurance solutions catered for Electric Vehicles (EVs) and Hybrid Vehicles to support emergence of new energy vehicles.

<sup>1</sup> The 100% renewable energy commitment applies to scope 2 emissions from electricity usage for sites controlled or owned by AIG.

**Figure 2. Path to Net Zero Levers**



AIG's Transition Plan takes a business-centric approach to addressing climate risks and opportunities, enhancing transparency and adapting to evolving regulatory and market expectations.

This Transition Plan was developed with the goal of providing a pragmatic and structured approach for implementing AIG's climate strategy with actionable steps.

These steps focus on three key areas of AIG's business model:

- **Operations:** Endeavour to reduce AIG's environmental impact through responsible resource management and sustainable practices.
- **Underwriting:** Aim to integrate climate data into AIG's underwriting practices in order to guide decision-making and customer engagement.
- **Investments:** Continue to evaluate strategies that support sustainable growth while preserving financial stability.

For more information on AIG's Climate Transition Plan, refer to [2024 Sustainability Report](#).

## Climate-Related Risks & Opportunities

Climate change has three distinct yet highly interrelated mechanisms that create risks for AIG Malaysia:

- **Physical Risk:** Both direct and indirect impacts from event driven (acute) or longer-term (chronic) shifts in climate patterns. Climate change contributes to an increase in the frequency and severity of natural disasters and the creation of uncertainty as to future trends and exposures.
- **Transition Risks:** Transitioning to a lower carbon economy may entail extensive policy, legal, regulatory, technology and market changes to address mitigation and adaptation requirements related to climate change.
- **Liability Risks:** These risks may arise from people or businesses seeking compensation for losses they may have suffered from physical or transition risks. These actions may be due to policy and technological changes, as well as from third parties who seek to influence policy or recover losses from others whom they believe are responsible by means of failure to mitigate, adapt and/or disclose.

AIG considers the potential impact from climate-related issues on its business, strategy, operations and financial planning over three complementary time horizons, generally defined as: short term (1-3 years), aligned to business planning cycles; medium term (3-7 years), broadly aligned to the maturity of assets and liabilities; and long term (7+ years), supporting the understanding of emerging climate and sustainability risks. AIG considers 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, AIG's 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 seawater levels could impact AIG's property and casualty underwriting and operational exposures to climate change. Additionally, actions that governments, regulators and society may take to transition toward low or net zero carbon economies may potentially impact AIG in the short, medium and long term.

Climate change can present significant financial implications for AIG in areas such as underwriting, claims and investments, as well as risk capacity, financial reserving and operations. In the pages to follow, AIG presents the risk categories that AIG are actively monitoring. In addition, see Item 1A of AIG's [2025 Form 10-K](#) for a detailed description of the material risks and uncertainties that could affect the company.

Below are the risk categories that are being monitored:

- Natural Catastrophe Risk
- Operational Risk and Business Continuity Risk
- Regulatory Risk
- Investment and Credit Risk
- Reputational Risk
- Technology Risk

AIG Malaysia's ability to adapt to ever-changing market conditions helps drive innovative insurance solutions that unlock value for clients and business partners. Becoming climate resilient and implementing sustainable business practices can entail technological, financial and regulatory risks and complexities. Conventional insurance products don't always address these new and developing sustainability-related issues. AIG Malaysia's underwriters work closely with the Claims and Risk Engineering teams to assess data insights and evaluate the portfolio of offerings on an ongoing basis, identifying potentially unmet client needs. The result is a continually updated range of insurance products and services that support clients in their sustainability journeys.

# Risk Management

## Management of Climate-Related Risks

With multiple levels of risk management processes in place, AIG aims to analyze the latest climate science and policies to anticipate potential changes to AIG's risk profile, pricing models and strategic planning. In addition, AIG provides insurance products and services designed to help AIG's clients be proactive against the threat of climate change. AIG's internal product development, underwriting and modeling will continue to adapt to and evolve with the developing risk exposures attributed to climate change.

## Risk Expertise & Climate Adaptation Solutions

AIG's Risk Engineering team partners with AIG's 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 cross-functional team works across lines – property, casualty, energy, marine and cyber – reviewing resiliency and sustainability as both an insurable interest and an enterprise exposure. The team's risk assessments may encompass all areas of AIG's clients' operations, including property and product safety, environmental and transportation risks and cyber infrastructure and incident response readiness.

AIG's Risk Engineering team considers several different components of resilience for AIG's insureds in order to help improve resiliency in AIG's portfolio. The team uses this portfolio perspective to work across the organization with Claims, Enterprise Risk Management and Underwriting Analytics to help the field-level insights become part of the data that forms the foundation for portfolio and catastrophe models. The Underwriting Analytics teams are then able to more accurately stress test the portfolio against climate risk scenarios. This allows underwriting risk models to be further augmented with actual losses to contribute to the feedback loop, which assists AIG's Actuarial, Claims and Underwriting teams in working together for insureds and AIG's organization.

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. In this way, sustainability factors inform AIG's risk management process holistically.

## Risk Appetite Statement

AIG's Risk Appetite framework integrates stakeholder interests, strategic business goals and available financial resources. AIG strives to balance these interests, goals and resources by taking measured risks that are expected to generate repeatable, sustainable, profitable earnings and produce long-term value for shareholders. The framework includes Risk Appetite Statement, approved by the Board of Directors, and a set of supporting tools to effectively manage AIG's risk profile and financial resources, including operating ranges and tolerances, control measures for risks and risk limits.

AIG's Risk Appetite Statement articulates AIG's philosophy and principles of risk-taking in relation to AIG's strategic and business objectives and meets local regulatory requirements. As part of AIG's risk appetite framework and in support of AIG's Risk Appetite Statement, AIG has defined, where relevant, a set of risk tolerances to provide appropriate support of aggregate risk-taking. This includes identifying the appropriate set of metrics and calibrating a specific tolerance for each metric, as appropriate.

AIG's risk tolerances take into consideration regulatory requirements, rating agency expectations and business needs. Risk identification and measurement are key tools used to inform the risk appetite framework. AIG identifies risk through several processes at the business entity and corporate level and are focused on capturing material risks. A key initiative is AIG's integrated bottom-up risk identification and assessment process, which is conducted down to the product-line level, including country aggregations where relevant. AIG also performs an annual top-down risk assessment to identify top risks and assign owners to appropriately address and manage these risks.

In addition to AIG Malaysia's Risk Appetite Statement, we integrate climate risk into our stress testing exercise which is part of the Internal Capital Adequacy Assessment Process ("ICAAP"). Business functions are increasingly monitoring climate risk in their activities, and business leads are considering how to address climate risk challenges in their strategic plans and track climate-related activities across the year.

## Emerging Risk Framework

AIG has established an Emerging Risk Framework to monitor, assess and analyze key emerging risks facing AIG, including climate-related risks. The Emerging Risk Framework includes horizon scanning designed to facilitate cross-functional dialogue, improve information flow across AIG, catalyze risk management action and spark product innovation.

AIG intends to coordinate assessments of climate-related physical and transition risks to better understand and define climate-related risks and opportunities, and more effectively direct expert insights and opinions to lines of business that could be possibly impacted. This approach complements AIG's existing management of climate-related risks through natural catastrophe modeling, reinsurance strategy, business continuity planning and regularly revisiting the organizational appetite for such risks.

In 2025, AIG Malaysia conducted an Emerging Risk exercise, identified climate risk as a major concern, leading to its elevation from an Emerging Risk to the Monitoring List of AIG Malaysia's Top Risks.

## Climate Scenario Analysis

AIG Malaysia aims to take a consistent approach to climate risk management across the organization. These efforts include identifying and monitoring climate risks through bottom-up approaches, and exposure analysis to climate-relevant sectors.

In 2025, AIG Malaysia conducted an annual stress test exercise, including a climate scenario, assessing physical, and liability risk. Physical Risk incorporate two climate-related scenarios (Orderly Transition, and Hot House World) which are aligned with the Intergovernmental Panel on Climate Change ("IPCC") Representative Concentration Pathways. The scenarios incorporated short term time horizons only. The Physical scenario used is aligned with the IPCC Representative Concentration Pathways. In addition, AIG Malaysia has completed 2024 Climate Risk Stress Testing as prescribed by Bank Negara Malaysia.

AIG has developed a Global Climate Scenario approach to foster an increased understanding of AIG's gross exposure from a consolidated insurance and investments portfolio perspective. This method incorporates three stress narratives aligned with Network for Greening the Financial System ("NGFS"), including an orderly transition, disorderly transition and hot house world narrative. The three stress narratives reflect transition, physical and liability risks. The transition risk component considers AIG's

investment portfolio exposure in a low-carbon economy. The physical risk component incorporates annual loss adjustments to global wind, wildfire and flood modelling. The liability risk component considers relevant climate cases in the development of the scenario. The Global Climate Scenario aims to determine the aggregate climate exposure for AIG.

AIG expects insights from this scenario analysis to help AIG in refining insurance policy design and appetite, portfolio adjustments and referral program decision-making. This analysis is also integrated into routine risk reporting to senior leadership to facilitate portfolio monitoring, action and mitigation planning, and escalation, as appropriate.

## Reinsurance

Reinsurance is insurance against losses experienced within the insurance portfolio. AIG deploys a reinsurance strategy to manage the overall capital adequacy and mitigate insurance loss exposure for the various business lines.

The increased levels of natural catastrophes on a global scale have impacted the reinsurance market, but we believe AIG is in a strong position with regard to reinsurance purchases, given the improved quality of the global portfolio coupled with considerable efforts to reduce the gross portfolio peak exposures.

AIG's 2025 worldwide property catastrophe reinsurance program provides both aggregate and per-occurrence protection, with differing aggregate and per-occurrence retentions for North America, Japan and the rest of the world.

In 2025, AIG made changes to the North America property catastrophe reinsurance program to reduce AIG's exposure. To help support AIG's coverage of renewable energy businesses, AIG has purchased reinsurance that covers the liability resulting from losses in connection with the operation of offshore wind farms in certain geography and the construction of offshore wind farms without geographical restrictions.

# Metrics and Targets

## Operational GHG Emissions

AIG measures scope 1, scope 2 and scope 3 GHG emissions based on operational control by considering the internationally recognized methodologies from the Greenhouse Gas Protocol (GHGP).

AIG uses the operational control to define reporting boundaries for owned and leased assets across scope 1, 2 and 3 emissions. In FY2025 for AIG Malaysia, this included the following:

- **Scope 2 emissions:** Indirect emissions from the generation of purchased electricity and heat using the location-based method.
- **Scope 3 emissions:** Also referred to as value chain emissions, these are the result of activities from assets not directly owned or controlled by AIG Malaysia, but that AIG Malaysia indirectly affects in its value chain activities. The GHG Corporate Value Chain (Scope 3) Accounting and Reporting Standard defines 15 categories of scope 3 emissions. We are currently measuring one (category 6 business travel) of the 15 categories.

AIG Malaysia does not have scope 1 emissions as energy consumed through landlord-controlled heating, cooling or generator equipment at sites within AIG's operational control are deemed indirect, not direct, emissions. Therefore, emissions from landlord-control equipment would be accounted in scope 2 (cooling) or scope 3 category 8 upstream leased assets (emissions from refrigerants and fuel from generators) in alignment with GHGP.

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

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

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

AIG Group have obtained limited assurance over scope 1 and scope 2 (location-based) GHG emissions for the year ending December 31, 2025. See the [Report of Independent Accountants](#) for the assurance statement and AIG Group's Management Assertion for details on the GHG emissions methodology.

See **Table 1** for more details about AIG Malaysia's emissions.

**Table 1. AIG Malaysia Insurance Berhad's 2024 - 2025 Scope 1, 2 and 3 Emissions**

	<b>2025</b>	<b>2024</b>
Scope 1 (metric tonnes of CO <sub>2</sub> e) (MTCO <sub>2</sub> e)	0	0 <sup>2</sup>
Scope 2 (location-based) (MTCO <sub>2</sub> e)	228	313
<b>Total Scope 1 and 2 (location-based) (MTCO<sub>2</sub>e)</b>	<b>228</b>	<b>313</b>
<b>Scope 3 Emissions</b>		
Cat. 3.6 - Business travel (MTCO <sub>2</sub> e)	279	
<b>Total Scope 3 emissions (MTCO<sub>2</sub>e)<sup>3</sup></b>	<b>279</b>	

<sup>2</sup> As a result of data refinements, FY24 scope 1 emissions were adjusted to conform to current year presentation. In FY24, refrigerant emissions from HVAC systems at sites within AIG's operational control were included within scope 1 emissions. In FY2025, AIG determined that it should be included in scope 3 category 8 (upstream leased assets) emissions as on-site HVAC equipment falls under the operational control of the landlord, not AIG, hence are indirect, not direct, emissions. This resulted in an adjustment of -18 tCO<sub>2</sub>e in FY24 Scope 1 emissions.



**American International Group, Inc.**

[www.aig.com](http://www.aig.com)