

OFSI B-15 Climate Risk Management Report

SECTION 1 – PURPOSE AND SCOPE

As required, OSFI Guideline B-15 - Climate Risk Management is applicable to Green Shield Canada Insurance's reporting period ending December 31, 2025, for specific disclosure elements.

This addendum report should be read alongside GreenShield's 2025 Impact Report, *Innovating with Purpose*, which outlines our broader ESG, environmental performance, and sustainability information. These reports together provide disclosures expected by OSFI for federally regulated financial institutions' management of climate-related risks. It includes information regarding our climate-related governance, risk management, strategy and metrics.

This addendum focuses specifically on climate related financial risks and reflects a proportionate approach based on the size, nature, complexity, and risk profile of Green Shield Canada Insurance, as a federally regulated life insurer that primarily underwrites health benefits.

SECTION 2 – GOVERNANCE OF CLIMATE-RELATED FINANCIAL RISK

2.1 Board Oversight

The Board of Directors for GreenShield Canada Insurance oversees climate-related financial risks as part of its broader oversight of risk governance mandate supported by the Audit, Risk Management and Investment Committee (ARMI). Climate-related risks are considered alongside enterprise-wide risk exposures, emerging risks, and risk appetite through established governance processes.

Climate-related financial risks are overseen within the Company's Board-approved Risk Appetite Framework, under which GreenShield evaluates and manages climate, social and governance-related risks across its operations, consistent with its overall risk profile and governance processes.

Climate-related financial risks are also considered within the context of GreenShield's enterprise risk management framework and are assessed alongside other financial, non-financial and strategic risks.

2.2 Senior Management Accountability

Senior management is responsible for identifying, assessing, monitoring, and managing climate-related risks within GreenShield's existing risk management processes. Accountability for climate risk management is embedded within existing management roles and committees rather than through standalone climate-specific governance forums.

Climate-related risks are managed as part of GreenShield's established enterprise risk management framework, consistent with the three lines of defense model and supported by regular reporting to management, the Risk Committee, and the Board.

SECTION 3 – INTEGRATION INTO RISK MANAGEMENT PROGRAMS

Climate-related risks are incorporated into GreenShield's enterprise risk management framework, using the same processes applied to other enterprise risks.

GreenShield identifies and assesses:

- Physical climate risks (e.g., extreme weather events affecting operations and service delivery), and
- Transition climate risks (e.g., regulatory, economic, and market changes associated with the transition to a lower-carbon economy)

These risks are evaluated through established risk identification, assessment, and monitoring processes and are considered in risk reporting and escalation protocols.

3.1 Climate Risk Appetite

GreenShield has a low appetite for unmanaged climate-related financial risk. Consistent with its risk appetite framework, GreenShield expects climate-related exposures to remain within established enterprise risk tolerances, particularly in relation to operational resilience, third-party dependency, investment risk, regulatory compliance, and capital adequacy. Where climate-related exposures are assessed as potentially material, management would evaluate mitigation actions, escalation, and reporting through existing enterprise risk management and governance processes.

As part of an annual solvency assessment process, GreenShield considers the potential of materiality of climate-related risks. Based on current assessments, climate-related financial risks are not considered material drivers of capital or liquidity requirements. As a result, GreenShield has not established separate climate-specific capital requirements or risk limits at this time.

SECTION 4 – STRATEGY AND BUSINESS IMPACT

Green Shield Canada Insurance operates primarily as a health and dental insurer with limited direct exposure to climate sensitive underwriting risks and a conservative investment profile. Climate-related risks are therefore assessed primarily through:

- Potential impacts on operational resilience and service continuity
- Supplier and third-party dependencies
- Investment portfolio's exposure to climate-related market and transition risks

At present, climate change is not expected to have a material impact on GreenShield's business model, insurance liabilities, or financial performance under reasonable and plausible scenarios. This assessment reflects GreenShield's risk appetite which emphasizes maintaining appropriate capital and limiting exposure to non-financial risks and the relatively low climate sensitivity of his core health insurance operations. The organization continues to monitor external developments, including regulatory, economic, and environmental trends, to reassess this view over time.

SECTION 5 – CLIMATE SCENARIO ANALYSIS

Consistent with OSFI Guideline B-15, the organization has considered climate scenario analysis at a proportionate level. Climate-related scenarios have been incorporated into broader enterprise and solvency stress-testing activities where relevant.

Given GreenShield's size, business mix, and low exposure to climate-sensitive assets, scenario analysis remains qualitative and high-level. To date, the outcomes of these assessments have not identified material vulnerabilities requiring strategic or capital response.

GreenShield is committed to maturing its climate scenario analysis over time. We will broaden the scope and rigor of these scenarios as data quality and modeling tools improve, ensuring that our business remains resilient under a range of future climate conditions and that we meet evolving regulatory expectations.

SECTION 6 – METRICS AND TARGETS

6.1 Climate-Related Metrics

GreenShield publicly discloses operational greenhouse gas (GHG) emissions, including Scope 1, Scope 2, and selected Scope 3 categories, in the annual Impact Report using methodologies aligned with the GHG Protocol. These disclosures support transparency and accountability but are not used as primary indicators of climate-related financial risk.

The organization has not adopted climate-specific financial risk metrics (such as financed emissions or portfolio-level alignment metrics) due to:

- The limited materiality of these exposures given the current investment portfolio
- Data availability and proportionality considerations

6.2 Targets

Operational emissions reduction targets and net-zero ambitions are outlined in the Impact Report. These targets are environmental in nature and are not intended to represent commitments tied to financial risk or capital adequacy.

SECTION 7 – PROPORTIONALITY AND LIMITATIONS

This disclosure reflects a proportionate application of OSFI Guideline B-15 based on size, complexity and risk profile of Green Shield Canada Insurance.

GreenShield will continue to enhance its climate risk assessment and disclosure practices over time as regulatory expectations, data quality, and industry practices evolve.

SECTION 8 – FORWARD LOOKING STATEMENT

Climate-related risk assessments and disclosures involve inherent uncertainty and rely on assumptions about future environmental, economic, regulatory, and technological developments. Actual outcomes may differ as conditions change. This disclosure will be reviewed periodically and updated as necessary to reflect material changes in GreenShield's risk profile or regulatory requirements.