

LLOYD'S

2025

Canada Climate  
Risk Management  
Report

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# Introduction

## About Lloyd's

Lloyd's is the only insurance marketplace of its kind in the world.

In 2025, the Lloyd's market wrote over £57.9bn of insurance premium. Risks are considered, priced and insured by a marketplace of sixty thousand risk professionals, protected by over £49.5 of capital.

Lloyd's is the most flexible and efficient insurance marketplace in the world, uniquely structured to connect the global insurance ecosystem. We are committed to bringing together risk takers to protect and advance global progress and economic growth.

From its inception more than 300 years ago, Lloyd's has been a market of firsts – helping global commerce flourish by allowing risk to be pooled and shared. It has developed into a key pillar of risk management in the global financial system. Lloyd's has consistently turned emerging threats into insurance realities – from shipping and aviation, space and cyber, to renewable energy and storage. The risks have changed over the years. But our fundamental principle – helping people, organisations and businesses move forward boldly and with confidence – has not.

The insurance written at Lloyd's is brought by brokers and coverholders managing agents oversee syndicates who price and underwrite the risk. Sat behind the market is the Society of Lloyd's "Society", often referred to as the "Corporation". The Corporation is not itself an insurance company, but an independent organisation which protects and maintains the market's reputation as well as providing services, research and reports. Lloyd's also provides a common financial security and strong ratings through our capital structure, often referred to as the "chain of security", which sits behind and protects all insurance policies written at Lloyd's.

## Purpose of this report

This report incorporates the Office of the Superintendent of Financial Institutions (OSFI) Guideline B-15: Climate Risk Management, and the Autorité des Marchés Financiers (AMF) Climate Risk Management Guideline.

This report is prepared for Lloyd's Underwriters (Canada) ("Lloyd's Canada"). Lloyd's underwriters are licensed to operate across Canada, offering non-life insurance and reinsurance solutions in over 60 lines of business. Lloyd's Canada acts as

the representative office, overseeing and facilitating the effective operation of Lloyd's underwriters' insurance policies within Canada. Strategic growth and sales plans for the Canadian market are established and managed by the respective Lloyd's managing agents, through their syndicates.

Unless stated otherwise, the disclosures relate to the activities of Lloyd's Canada and the oversight activities performed by the Society of Lloyd's (the "Society" or "Corporation") insofar as they support Lloyd's Canada's governance and risk management. The Society is not itself an insurance company and does not underwrite insurance risk; insurance is underwritten by Lloyd's market participants (syndicates). Where relevant, we reference publicly available Society disclosures (including those in the Society's Annual Report) to provide context and describe group-wide frameworks that are adopted by Lloyd's Canada. These references do not change the scope of the disclosures, which remain specific to Lloyd's Canada.

Separate climate-related disclosures made at the Group-level for the Society of Lloyd's may be found in the 2025 Annual Report.

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We are committed to bringing together risk takers to protect and advance  
global progress and economic growth.**

# Governance



# Governance

## Governance bodies

The Council of Lloyd's holds ultimate accountability for the Society's strategy, long term direction, and oversight of risks, including systemic and emerging risks such as climate-related risks. The Council also approves the Society's risk appetite and ensures governance arrangements remain effective. Further details can be found in Lloyd's Annual Report 2025.

The Council and its committees maintain oversight through scheduled meetings during the year and through ad hoc briefings as required. Climate-related risk is managed through established risk management tools, including the risk register, risk appetite monitoring, stress and scenario testing, and the ORSA process.

Specific to climate and sustainability risk, the committees and working groups set out across form the basis for our approach to climate risk management and the associated strategy for the Society.

Lloyd's Canada's governance of climate-related risks is overseen at the Society and at the highest levels of the organisation through the Council of Lloyd's, its delegated committees, and senior management set out in the diagram across. Lloyd's Canada leadership report directly into the Chief Commercial Officer and CEO of Lloyd's Americas who sits on the Executive team.

## Management

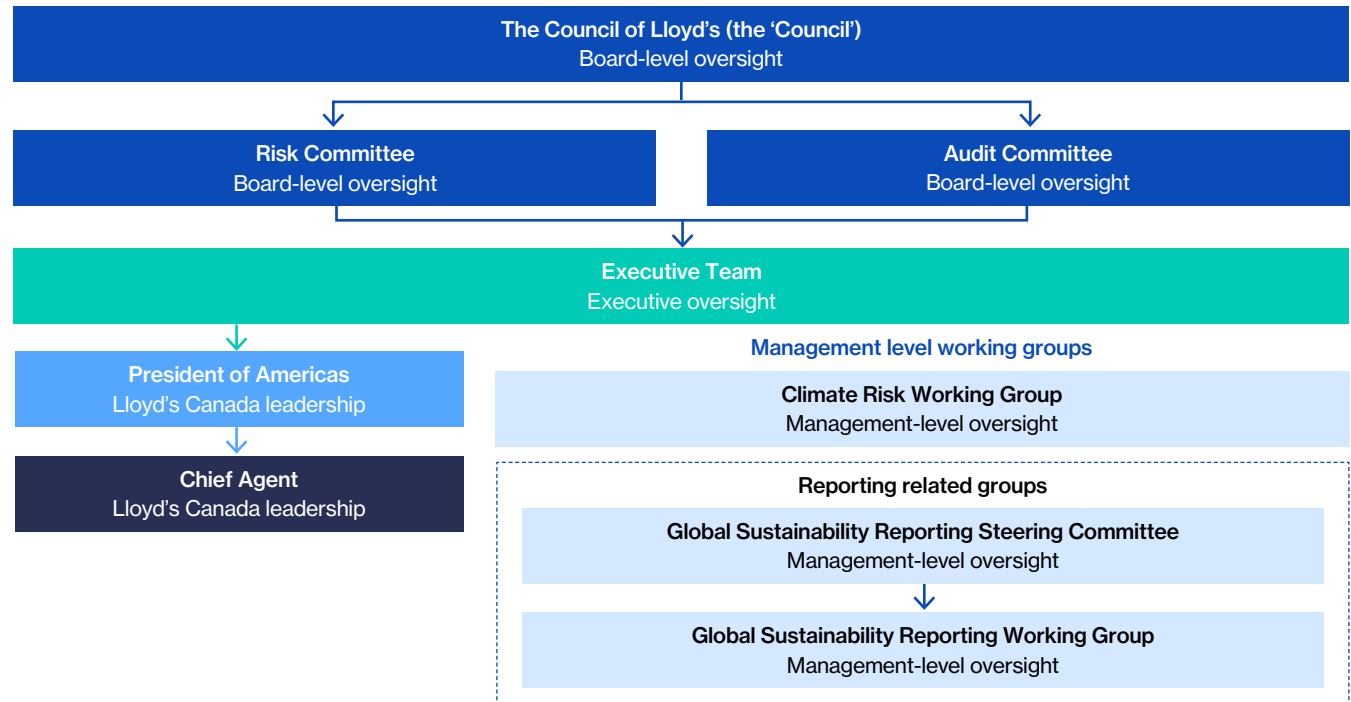
Climate-related risks at the Society are monitored through established risk governance and reporting (including risk appetite monitoring, stress and scenario testing and ORSA-related processes), supported by relevant cross-functional working groups, such as the Climate Change Risk Working Group, and Global Sustainability Reporting Working Group, and specialist functions (e.g., Risk Management, Exposure Management, Investments, Finance and Sustainability Reporting).

The Society's Climate Change Risk Working Group meets quarterly and is chaired by a representative from the Financial Risk Management team. The working group forms and maintains a holistic and cross-functional view of the financial risks arising from climate change at a Society level and works to understand key risks and their implications and prioritise and drive actions to manage risks as they emerge. The working group escalates matters to the Market Oversight Group, Executive Risk Committee and the Risk Committee via the Lloyd's Corporation Annual ORSA.

The Society's Global Sustainability Reporting Working Group, chaired by an International Finance team representative, meets fortnightly to review horizon scan results, determine regulatory applicability to Lloyd's and its subsidiaries, including Lloyd's Canada, and approve reporting methods and timelines for

submission to the Global Sustainability Reporting Steering Committee. A risk representative for Lloyd's Canada sits on the working group. The Global Sustainability Reporting Steering Committee meets on a quarterly basis to consider and approve the Society's sustainability reporting ambition and timeline, and to approve sustainability disclosures and regulatory reports prior to publication. It is chaired by the Chief Commercial Officer and CEO of Lloyd's Americas and is attended by senior leaders from Lloyd's Canada. Any material items arising from these meetings are escalated to the Executive Committee and the Audit Committee, as required.

Management at Lloyd's Canada is responsible for leveraging the Society's frameworks and oversight processes to embed climate-related risks and opportunities into day-to-day risk management and decision-making for Lloyd's Canada.



# Strategy



# Strategy

## Risks and opportunities

### Climate-related risks

Climate-related risk from physical, transition and litigation risk has the potential to impact the Society across short, medium and long-term time horizons and across the risk profile. The following time-horizons apply with respect to our climate-related risk assessment: short term (0 to 3 years), medium-term (3 to 5 years) and long-term (5+ years). Full details of the Society's climate-related risk and opportunity assessment can be found in the 2025 Annual Report.

Lloyd's Canada's identification and management of climate-related risk is built upon the risk management frameworks that exist at the Society-level.

For Lloyd's Canada, physical risk, including risk arising from extreme weather events (acute physical risk) or changing climate patterns (chronic physical risk) over a long-term time horizon is considered a more material aspect of climate risk. Without appropriate controls in place, physical climate risk has the potential to incur outsized catastrophe losses impacting profitability and financial strength.

Litigation risk includes climate-related legal action, insurance liability claims, or non-compliance with sustainability reporting at Lloyd's Canada. Currently, Lloyd's Canada is not party to any climate-related proceedings, however, recognises that this risk could materialise.

Transition risk, including reputational impacts to Lloyd's Canada could also be reasonably expected to impact Lloyd's Canada over all time horizons.

### Climate-related opportunities

The climate transition also presents several opportunities for the Society which facilitates innovation in new products and services for the market through several mechanisms: TCX (transition) and ICX (innovation) classes of business; Lloyd's Lab InsurTech Accelerator programme; and Lloyd's Lab Challenge and FutureMinds programme. Lloyd's Canada can access the product innovation and service offerings available through these group-led initiatives.

## Impacts associated with risks and opportunities

### Business model and value chain

At a group level, the Society's central assets, including the Central Fund, are held to protect policyholders in the rare event that a member of the Lloyd's market needs additional assets to meet its liabilities. As the Society itself does not sell, arrange or issue insurance policies, or manage claims, impacts associated with climate-related risk are assessed on an aggregated view of the market, to support the understanding of the potential risk to the Central Fund.

Presented on page 7 are the climate-related risks, and their impacts that could have an impact on the Society's operations over the next 30 years. The impacts associated with these risks are based on the aggregate view of the whole Lloyd's market, to support the Society's understanding of the potential financial risk to the Central Fund. More information on Lloyd's Chain of Security and the Society's climate risk reporting can be found in the 2025 Annual Report.

Similar to the Society, Lloyd's Canada itself does not sell, arrange, or issue insurance policies, nor does it manage claims. Its primary role is to advance the Lloyd's market in Canada and provide services for Lloyd's Underwriters who are registered insurers in Canada.

As a subsidiary of the Society, the climate risks and their impacts that are relevant to the Society, are also relevant to Lloyd's Canada. However, it is noted that without controls, physical climate risk in particular presents the greatest climate-related threat to Canada which has experienced a rising frequency and severity of climate-related natural disasters with rising incurred losses. In the long-term, the impact to Lloyd's Canada could include: an increase in claims (volume and cost), increasing compliance costs, and insurance gaps and insurability.

# Strategy

continued

Risk type and description	Impacts without controls
<p><b>Physical:</b> Physical risk arising from extreme weather events or changing climate patterns</p> <p><b>Time horizon:</b> long-term</p>	<ul style="list-style-type: none"> <li>Impacts to underwriting profitability, catastrophe exposure, capital and reserving, and inadequate pricing of risks due to likelihood and/or severity of natural catastrophes not being adequately captured in models.</li> <li>Reputational impacts to the Lloyd's brand if certain perils or regions become "uninsurable" or prohibitively expensive for policyholders.</li> <li>Direct damage to the Society's infrastructure due to extreme weather events.</li> </ul>
<p><b>Transition:</b> Reputational risk if the Society fails to deliver on its sustainability commitments or meet stakeholder expectations for sustainability</p> <p><b>Time horizon:</b> short-term</p>	<ul style="list-style-type: none"> <li>Impact on risk profile through new entrants or changes to underwriting strategies.</li> <li>Changes to sustainability strategy and associated risk implications (reputational, legal, operational, underwriting).</li> <li>Compliance with changing regulations and reporting requirements may be impacted by failure to deliver on sustainability commitments.</li> </ul>
<p><b>Litigation:</b> Climate-related legal action, non-compliance with sustainability reporting, or failure to oversee the international sustainability reporting requirements of underwriters in the Lloyd's market</p> <p><b>Time horizon:</b> all time horizons</p>	<ul style="list-style-type: none"> <li>Direct claims against the Society and/or its directors.</li> <li>Insurance liabilities in respect of current/future policies for the Lloyd's market.</li> <li>Insurance liabilities in respect of historic policies for the Lloyd's market.</li> <li>Ongoing uncertainty around the impact to the market and to the Society.</li> </ul>
Key controls	
<ul style="list-style-type: none"> <li>A robust business planning and capital setting process for the market, including annual capital raising in line with risk exposure.</li> <li>Independent assessment of the adequacy of reserves for every syndicate, taking account of any emerging trends, including climate change and litigation.</li> <li>Holding a well understood asset portfolio across the Chain of Security, in line with UK Solvency II rules.</li> <li>A global sustainability reporting framework with horizon scanning to ensure regulatory changes are monitored and responded to accordingly.</li> <li>Annual re-pricing and re-writing of risks by the Lloyd's market, overseen by the Society.</li> </ul>	

## Strategy and decision making

The controls and processes in place for Lloyd's Canada to manage and mitigate the exposure of climate-related risks as they emerge are adopted from the Society and are set out in the table to the left.

## Financial position, financial performance and cash flows

Physical risk is considered the most material aspect of climate risk to Lloyd's Canada, reflecting the potential for outsized catastrophe losses to impact profitability and financial strength, without appropriate controls and mitigation. Stress and scenario testing performed as part of the ORSA indicates that Lloyd's Canada remains resilient to severe but plausible events, including Canadian catastrophe scenarios.

In 2025, Lloyd's Canada also undertook the Canadian Standardised Climate Scenario exercise (SCSE) which further demonstrated that Lloyd's Canada remains well positioned to manage the potential physical and transition impacts arising from climate.

# Risk Management

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# Risk Management

## Risk management oversight

Climate-related risks at the Society are considered within the wider risk management tools, including: the risk register, risk appetite framework, the Own Risk and Solvency Assessment (ORSA) process, the Stress and Scenario Testing (SST), the Risk and Control Self-Assessment (RCSA) process and the risk incident reporting process.

The Society identifies, assesses, prioritises and monitors climate-related risks for Lloyd's Canada through the Society's risk management framework and tools outlined above which are supported by Society-wide oversight and specialist functions (including Risk Management and Exposure Management).

The Society's Climate Change Risk Working Group maintains a holistic, consistent and up-to-date cross functional view of the financial risks arising from climate change and is responsible for understanding key risks, their implications, prioritising and driving actions to manage the risks.

The Society on behalf of Lloyd's Canada also has a responsibility not only to monitor its own climate-related risks and opportunities, but also to monitor how climate-related risks present in the Lloyd's Canada market could impact Lloyd's Canada. To support the ongoing monitoring of current market members and new entrants writing business in Canada, Lloyd's Canada leverages the Society's Principles-Based Oversight (PBO) framework.

Specific to Lloyd's Canada, a Canadian ORSA is undertaken as part of the capital setting process for the funding held locally in Canada.

## Climate opportunities

Currently, climate-related opportunities are not identified through any scenario analysis activities. Opportunities for Lloyd's Canada are identified by the Society through broader engagement with the Lloyd's market and ongoing horizon scanning activities.

## Climate risk integration

Physical climate risks resulting from natural catastrophes are a core part of exposure management for the Society with regular monitoring of in-force aggregate market exposure through the Exposure Management team which includes stress-testing through the Realistic Disaster Scenarios (RDS).

Monitoring of in-force aggregated market exposure in Canada is carried out through the Realistic Disaster Scenario Lite (RDL) an annual process that collects Canadian Wildfire and Flood return period loss information at the 1-in-30 and 1-in-200-year level. This is considered a core process of ongoing monitoring of physical climate risk in Canada. Additional information on aggregated exposure in Canada has been collected through the RDS from 2025 to support a developing understanding of other physical climate perils in Canada.

Stress testing for climate-related stresses on solvency and profitability is also carried out regularly for Canadian ORSA purposes, annual business plan stress testing and validation of the Lloyd's Internal Model.

# Metrics and Targets

# Metrics and Targets

## Key metrics

At the Society, overall physical risk exposure is monitored through the 1-in-200 from the top atmospheric region-perils, as a proportion of aggregate capital. Transition risk exposure is monitored via key risk indicators in the 'Investments' risk category.

Lloyd's Canada monitors a range of metrics to assess exposure to physical climate-related risks including the aggregate 1-in-30 and 1-in-200-year level return period for Canadian wildfire and flood.

Lloyd's Canada will be looking to develop additional metrics for future years' reporting against OSFI's cross-industry metrics.

## GHG emissions

### Absolute emissions

The combined absolute gross GHG emissions for Lloyd's Canada branch for 2025 is 11.8 tCO<sub>2</sub>e. Lloyd's Canada emissions include electricity, purchased steam and purchased chiller water for heating and cooling.

	tCO <sub>2</sub> e GHG emissions
Scope 1	-
Scope 2 Location-based	11.8

### Emissions methodology

The methodology used to compile the greenhouse gas (GHG) emissions inventory is in accordance with the requirements of the World Resources Institute GHG Protocol Corporate Standard (revised version) and DEFRA's Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting (SECR) requirements (March 2019).

The reporting does not cover the Lloyd's Canada market or any of its participants. These are separate entities which have their own strategies, over which the Society, and Lloyd's Canada have no operational control. This is an accepted consolidated approach under the GHG Protocol.

Full details of our emissions methodology, including inputs and assumptions used to measure the Scope 1 and 2 emissions and the underlying reasons for these decisions can be found in the 2025 Carbon Management Report.

## Climate targets

Managing agents in the Lloyd's market set their own targets for climate-related risks and opportunities. Lloyd's managing agents are expected to comply with any applicable UK and international government obligations in the countries in which they operate and write business.

Targets applicable to Lloyd's Canada are set at the group-level. The Society aims to manage its environmental footprint by reducing its own emissions and optimising resource use. In line with UK government targets, the Society's ambition is to reach net zero by 2050. This target is dependent upon the action of UK and global governments and whether or not they enact policy to transition to lower carbon economies and net zero by 2050. Our interim target to be carbon neutral in our own operations by 2025 has been achieved through a combination of emissions reductions activities and the use of carbon offsets. The carbon offsets procured by the Society are equivalent to our total gross global Scope 1 and 2 emissions, as outlined in the 2025 Annual Report.

