

2022 EU Taxonomy Disclosures – AIG Europe S.A.

EU Taxonomy Regulation

In line with [AIG's Group purpose and values](#), the following paragraphs provide information on the requirements of **Regulation (EU) 2020/852**¹ on the establishment of a framework to facilitate sustainable investment and its delegates acts (the “*EU Taxonomy*”).

The AIG Group fully understands that leading in the uncharted waters of the greatest energy transition in history is to lead in the face of many unknown factors, challenging us to bring to bear the expertise and skills that make AIG the global market leader that it is. We recognize there are risks, but also enormous rewards to being a catalyst for positive change.

AIG Europe SA prepared FY22 EU Taxonomy Regulation in line with the EU Taxonomy requirements to disclose, for financial year 2022, the proportion of EU Taxonomy eligible and EU Taxonomy non-eligible non-Life insurance, re-insurance and investments in economic activities, in accordance with the EU Taxonomy Technical Screening Criteria for climate change adaptation.

As a matter of fact, the EU Taxonomy Regulation introduces two key concepts:

1. **TAXONOMY ELIGIBLE:** an economic activity is said to be eligible if it is identified in the delegated acts as having a high potential to contribute to at least one of the six environmental objectives, irrespective of whether the activity meets the technical criteria set out in those delegated acts.
2. **TAXONOMY ALIGNED:** the second of these concepts is alignment, which confirms the significant contribution of this eligible economic activity to at least one of the six environmental objectives based on technical criteria specified through a delegated regulation.

As at the publication of this report, the technical screening criteria of the economic activities that could qualify as substantially contributing to at least one environmental objective has only been published for the two EU Taxonomy's climate objectives, namely climate change mitigation and climate change adaptation.

Consequently, this report's disclosure **does not consider** the other four other EU Taxonomy's environmental objectives, namely: sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems.

Furthermore, these disclosure **do not indicate** whether or to what extent the identified eligible activities will be considered as Taxonomy-aligned.

¹ Regulation (EU) 2020/852 : [EUR-Lex - 32020R0852 - EN - EUR-Lex \(europa.eu\)](#)

Focus on Non-Life insurance Economic Activities

	<i>Gross premium written (EUR)</i>	<i>% to Total non-life premiums</i>
<i>Non-Life insurance activities eligible to EU Taxonomy</i>	1.155.435.592,07	26,9%
<i>Non-Life insurance activities not eligible to EU Taxonomy</i>	3.140.126.579,30	73,1%
<i>Total Non-Life Insurance Activities</i>	4.295.562.171,37	100%

The EU Taxonomy has identified eight (8) categories of non-Life insurance lines of business, which could be considered as eligible under the Regulation, in case they include specific policy terms related to the underwriting of climate-related perils²: (a) medical expense insurance; (b) income protection insurance; (c) workers' compensation insurance; (d) motor vehicle liability insurance; (e) other motor insurance; (f) marine, aviation and transport insurance; (g) fire and other damage to property insurance; (h) assistance.

AIG Europe SA conducted the analysis on direct lines of business. AIG Europe SA has identified 7 lines of business which are EU Taxonomy's eligible:

1. Medical expense insurance
2. Worker's compensation insurance
3. Motor vehicle liability insurance
4. Other motor insurance
5. Marine, aviation and transport insurance
6. Fire and other damage to property insurance
7. Assistance

The gross written premiums reported in relation to these lines of business have been classified as EU Taxonomy Eligible.

The premiums of products for which climate-related perils are explicitly excluded from the insurance policy terms or for which climate-related perils cannot trigger any claims are considered to be 0%.

In addition, the reader should note that AIG Europe SA currently excludes reinsurance line of business from the current eligibility assessment due to the complexity of the related analysis. The reported eligibility percentage for FY22 is hence set to 0%.

On other potentially eligible lines of business (i.e., Income protection insurance), further assessment will be performed by AIG for FY23.

² Ref. to Appedix A to the Annex to the Commission Delegated Regulation 2021/2800.

Focus on Taxonomy-Eligible Investments

	<i>Value (EUR)</i>	<i>Percentage</i>
Total Investment	7.558.233.904,14	100 %
Covered Assets	58.433.033,46	1%
Total Non-Covered Assets	7.499.800.870,69	99%

The above table simplified the key percentages of exposures to EU Taxonomy eligible and EU Taxonomy non-eligible activities as the weighted average value of invested assets directed at funding, or associated with, EU Taxonomy eligible/non-eligible economic activities relative to the value of total invested assets included for the purpose of the calculation of the KPI (the “Covered Assets”).

The Covered Assets correspond to all assets invested on the balance sheet (including cash), excluding exposures to central governments, central banks, and supranational issuers, in accordance with article 7.1 of the Commission Delegated Regulation (EU) 2021/2178³.

The Covered Assets thus include exposures to investments in properties, equity securities, debt instruments (excluding sovereign exposures), non-consolidated investment funds, derivatives, loans, cash, and cash equivalents. Assets backing contracts where the financial risk is borne by policyholders are also included.

The eligibility percentages reported in the simplified table are based on the given eligibility MSCI %, at issuer level.

Exposures to undertakings not subject to articles 19a and 29a of Directive 2013/34/EU⁴ and derivatives cannot be assessed for Taxonomy eligibility so far.

³ Commission Delegated Regulation (EU) 2021/2178 : [EUR-Lex - 02021R2178-20230101 - EN - EUR-Lex \(europa.eu\)](#)

⁴ Directive 2013/34/EU : [EUR-Lex - 02013L0034-20230105 - EN - EUR-Lex \(europa.eu\)](#)

Focus On Methodology Applied for the Eligibility Assessment

The EU Taxonomy assessment of eligibility has been designed with the purpose of reviewing all AIG Europe SA's economic activities undertaken in the reporting period, classified as *insurance services (other than life insurance)* as defined in Annex I of Commission Delegated Regulation (EU) 2015/35⁵ of 10 October 2014 related to the underwriting of climate related perils set out in Appendix A to the Annex to the Commission Delegated Regulation 2021/2800⁶, assessed against:

- Delegated Regulation (EU) 2021/2139⁷ of the European Commission of 4 June 2021 and its annexes supplementing Regulation (EU) 2020/852 by specifying the technical criteria for determining under which conditions an economic activity may be considered to contribute to climate change mitigation or climate change adaptation. The assessment performed was focused on the premiums and investment activities connected to AIG's business model dealing with non-Life insurance services related to the underwriting of climate related perils as per Annex A mentioned above. Moreover, the assessment excluded reinsurance activities due to the complexity of the related analysis. Given that the coverage is set out in an agreement between insurer and reinsurer specifying the insurers' products from which the ceded risks originate, additional contractual agreements would have been necessary to review. This is also due to the potential presence of a reinsurance intermediary involved in the preparation or conclusion of the contractual agreement between the insurer and the reinsurer. For FY23 AIG will perform further assessments for the reinsurance activities.

AIG relied on the NACE classification below for the identification, respectively, of the non-Life insurance and reinsurance activities:

- NACE code K65.12
- NACE code K65.20

and

- Delegated Regulation (EU) 2021/2178⁸ of the European Commission of 6 July 2021 and its annexes, namely Annex IX, Annex X and Annex XI, supplementing Regulation (EU) 2020/852⁹ specifying respectively how to calculate the KPIs, the narrative information to be published and the qualitative disclosures to include for insurance undertakings.

Based on the above-mentioned regulations, AIG Europe SA applied an analytical methodology which involved definitions, assumptions, and specific calculations. A top-down assessment has been conducted to identify the EU Taxonomy eligible and non-eligible activities for FY22.

The Group commits to develop its analytical methodology as the EU Taxonomy evolves, enhancing the EU Taxonomy Disclosures for the next reporting year.

⁵ Commission Delegated Regulation (EU) 2015/35: [EUR-Lex - 02015R0035-20220802 - EN - EUR-Lex \(europa.eu\)](#)

⁶ Commission Delegated Regulation 2021/2800: [taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf \(europa.eu\)](#)

⁷ Delegated Regulation (EU) 2021/2139: [EUR-Lex - 02021R2139-20230101 - EN - EUR-Lex \(europa.eu\)](#)

⁸ Delegated Regulation (EU) 2021/2178 and its annexes, namely Annex IX, Annex X and Annex XI: *supra* n.2

⁹ Regulation (EU) 2020/852: *supra* n.1

Insurance and Reinsurance Undertakings Indicators

Please note that the table below should be populated **only** in relation to **Taxonomy-aligned** activities. For FY22 AIG Europe S.A. **does not** disclose such activities and all the information concerning **Taxonomy-eligible** activities can be found summarized in the simplified tables above.

As a consequence, the Reader should note that AIG Europe S.A. has populated the template below with 'N/A' for FY22.

Economic activities (1)	Absolute premiums, year t (3)	Proportion of premiums, year t (4)	Proportion of premiums, year t-1 (5)	Climate change adaptation (6)	DNSH (Do No Significant Harm)						Category (transitional activity (T)) (13)	Category (transitional activity (T)) (14)
					Climate change mitigation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	Biodiversity and ecosystems (11)	Minimum safeguards (12)		
	Currency	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.1.1 Of which reinsured	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.1.2 Of which stemming from reinsurance activity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.1.2.1 Of which reinsured (retrocession)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.2 Activities not included in A1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total (A.1 + A.2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

"Premiums" in columns (3) and (4) shall be reported as gross premiums written or, as applicable, turnover relating to non-life insurance or reinsurance activity.

The information in column (5) shall be reported in disclosures in the year 2024 and thereafter.

Non-life insurance and reinsurance can only be aligned with Regulation (EU) 2020/852 as activity that enables climate change adaptation. The information reported in column (5) is therefore the same for all insurance and reinsurance undertakings with non-life and/or reinsurance activities.