Hudson

An Odyssey Group I Fairfax Company

OSFI B-15 Climate Disclosure Report

For year ended December 31, 2025

HUDSON INSURANCE COMPANY, CANADIAN BRANCH

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This Climate Disclosure Report has been prepared in accordance with OSFI Guideline B-15 by the Canadian Branch of Hudson Insurance Company (the "Branch"). Hudson Insurance Company (Hudson) is an insurance company with its home office located in New York, New York, USA. Hudson Insurance Company is a part of Odyssey Group Holdings Inc., whose companies are collectively known as Odyssey Group ("Odyssey").

B-15 Disclosures

Governance

Branch Management

Branch Management includes the Chief Agent, the Branch CFO, the Chief Compliance Officer and the Appointed Actuary, and maintains overall accountability for the Branch's climate risk management, with the support of Odyssey's home office senior management, including its Chief Executive Officer, Chief Financial Officer, Chief Actuary and Chief Risk Officer, who play key roles in assessing and managing climate-related risks and opportunities across the enterprise. Odyssey's Board of Directors, through its Climate Risk Committee, also plays a meaningful role in climate risk assessment, monitoring and management.

At the Branch level, the Group ERM framework is relied upon to manage major risks, including climate-related risks. Branch Management is responsible for ensuring that the risks the Branch assumes are consistent with its guidelines, policies and operational plans. In addition, Branch Management uses the following tools/processes to manage risk, including climate-related risks and opportunities:

1. Own Risk and Solvency Assessment (ORSA)
2. Financial Condition Testing (FCT)
3. Stress Testing
4. Internal BAAT ratio targets

Strategy

In the context of climate, physical risk within our business relates to the risk of increasing number and cost of claims associated with various weather perils. Shifting climate patterns and sustained increased frequency and severity of climate extremes can significantly impact our business and financial stability over time.

Transition risk is the risk inherent in the transition to a low emissions and climate-resilient economy, including changes in government policies, the legal environment, technologies and financial markets. The risk on our investment portfolio is the potential decline in the valuation of assets we hold in sectors vulnerable to transition risks.

Physical and transition risks may also lead to liability risk, stemming from the risk of climate-related claims under liability policies.

Physical and transition risks relevant to the Branch's business are presented on the following pages, along with the time horizon for which these risks may be most impactful and the ways in which we are managing these risks. The time horizons represent the following periods:

Short-term = 0-1 year i.e. arise within the horizon of the reporting timeframe

Medium-term = 2-5 years i.e. arise within the operational and strategic planning horizon

Long-term – greater than 5 years i.e. arise beyond the medium-term strategic planning horizon

Climate-related risks: physical risk

Frequency and severity of weather-related claims

Time horizon: Short-term

As the Branch does not write any property insurance policies at this time, there is no exposure to climate-related physical risks.

Climate-related risks: transition risk

Change in market demand

Time horizon: Long-term

In some sectors, the transition could lead to contraction of market demand and has the potential to negatively impact certain businesses, adding risk to the assets we hold and to the underlying risks we might insure in certain sectors. We also expect new industries to emerge and market demand for certain sectors to increase.

Change in cost of claims

Time horizon: Long-term

Changes in the operational cost base or claims profile due to new or unproven technologies associated with the transition.

Change in asset valuations

A decline in the valuation of assets we might hold in certain sectors that are vulnerable to transition risk. We also anticipate that some assets will appreciate and be viewed favorably as supporting the transition.

Management of transition risk:

Investments – The Branch currently holds only cash in investments and therefore there is currently no transition risk to manage for investments.

Underwriting –

Transition risk is systemic and forward-looking, requiring scenario-based underwriting approaches. Effective management requires integration across underwriting, risk, and capital functions. There is both downside protection and upside opportunity in capturing transition-aligned growth. Insurers that act early can differentiate through pricing discipline, risk selection, and innovation.

Climate-related opportunities

Physical risk:

As the Branch does not currently write any property policies and have no immediate plans to do so, we do not anticipate any physical risk climate-related opportunities at this time.

Transition risk:

Insuring industries critical to the transition could provide opportunities – strategically focus on supporting our clients that are helping to facilitate the transformation of industries that are key to the transition, including, but not limited to, renewable energy, carbon recapture and climate resilience technologies.

Investing in industries critical to the transition could provide opportunities although there are no plans to do so at this time.

Risk Management

Managing climate-related risks

Odyssey's Enterprise Risk Management (ERM) framework guides the processes by which Hudson identifies, assesses and responds to strategic, financial and operational opportunities and risks for the purpose of enhancing the potential for meeting its objectives and commitments to regulators, policyholders, employees and its majority shareholder, Fairfax Financial Holdings Limited.

The Branch relies on the Group ERM framework to manage the major financial risks affecting the Branch. Substantially all of the Branch's opportunities and risks arise from property & casualty insurance and related investing activities. Acceptable risk exposure levels are established before risks are assumed through the use of underwriting and investment guidelines. Underwriting guidelines define acceptable classes of business and types of contracts well as referral protocols. Investment guidelines similarly describe acceptable asset categories and limitations by class, sector etc. After risks are assumed, key underwriting and investment exposures are monitored on an ongoing basis. The appetite for future exposures is calibrated based on a combination of factors, including the current level of GAAP equity, the in-force aggregate risk profile, the perception of prospective risk and opportunity trade-offs, and management judgement.

The Branch uses individual underwriter letters of authority to ensure that significant underwriting risks are reviewed by more than one underwriter and that certain risks are referred up to senior underwriting management. Additionally, underwriting risk-taking is controlled through an annual planning process during which aggregate exposure limits are set for key underwriting risks, with particular attention to natural peril catastrophe risks and other types of potentially overlapping exposures.

The Branch is responsible for ensuring that the risks it assumes are consistent with its guidelines and operational plans.

Managing climate-related opportunities

Climate-related opportunities are managed through our existing risk management processes. Management regularly monitors progress against key objectives.

Metrics and Targets

Scope 1 emissions are direct emissions from owned or controlled sources.

Scope 2 emissions are indirect emissions from the generation of purchased energy.

Scope 3 emissions are other direct emissions that occur in the value train.

Scope 1 emissions

Greenhouse gas (GHG) emissions that occur from sources that are owned or controlled by the Branch fall under Scope 1 emissions. For example, these emissions can originate from combustion in company vehicles, boilers, furnaces etc. Scope 1 is broken down into two main components, stationary and mobile combustion.

The Branch does not have any stationary or mobile combustion sources.

Table 1: Division of Scope 1 Emissions

Type	CO_2*	CH_4*	N_2O*	CO_2e*
Mobile Combustion	-	-	-	-
Stationary Combustion	-	-	-	-
Total	-	-	-	-

* Figures under these headings are in CO_2 equivalents and given in tones

Scope 2 emissions

Scope 2 emissions include greenhouse gases that are emitted due to the generation of electricity. The Branch purchases electricity for various uses, such as lighting the office.

Purchased electricity is defined as electricity that is purchased or otherwise brought into the organization boundary of the Branch. Scope 2 emissions physically occur at the facility where the electricity is generated. Purchased heat similarly is heat and associated emissions brought within the boundaries of the organization, which lie outside the operational control of the Branch. The Branch's Scope 2 emissions arise from the leased office premises at 55 University Avenue in Toronto. The data is requested and collected from the building office management.

The GHG emissions sources included in this inventory were identified with reference to the methodology in the GHG protocol and ISO14064-1:2006 standards. GHG emission for purchased electricity was determined by the kilowatt hour (kWh) usage of purchased electricity. Unique national emission factors specific to Canada were

used to calculate each greenhouse gas for all GHG scope 2 calculations. All emission factors are from the internationally accredited resource International Energy Agency.

For electricity consumption, actual usage as provided by the Branch's building office management based on the Branch's square footage of occupancy were used. For purchased heat, natural gas was recorded in hundreds of cubic feet (CCF) or kWh and converted into meters cubed (m^3) using the international conversion factor 1CCF=2.83168m^3) or 1 m^3 = 10.55kWh. As the International Energy Agency lacks steam emission factors, EPA emissions were used instead.

Table 1: Division of Scope 2 Emissions

Type	CO_2*	CH_4*	N_2O*	CO_2e*
Electricity	0.06	0.00	0.00	0.06
Purchased Heat	0.07	0.00	0.00	0.07
Total	0.14	0.00	0.00	0.14

* Figures under these headings are in CO_2 equivalents and given in tones

Table 2: Purchased Electricity Breakdown by Data Source

Type	kWh	CO_2*	CH_4*	N_2O*	CO_2e*
Estimated Usage	-	-	-	-	-
Office Usage	578.06	0.06	0.00	0.00	0.06
Total	578.06	0.06	0.00	0.00	0.06

Table 3: Purchased Electricity Breakdown by Location

Type	kWh	CO_2*	CH_4*	N_2O*	CO_2e*
Toronto	578.06	0.06	0.00	0.00	0.06
Total	578.06	0.06	0.00	0.00	0.06

Scope 3 emissions

Scope 3 emissions are a consequence of the activities of the Branch but occur from sources not owned or controlled by the Branch. Reporting of Scope 3 emissions is not required at this time.