Long term risks

Our assessment identified the transition to a low-carbon economy, litigation claims, reputational and technological risks. Whilst we recognise that the transition to a low-carbon economy is gradual and relatively slow process, we monitor and work closely with our stakeholders to keep abreast of changes in this area. AIG Life holds long-term investment for future periods and, as efforts to move away from a carbon-intensive economy gather pace we recognise the possibility that financial market participants may fundamentally reassess the value of carbon-intensive assets and the businesses that rely on them. Accordingly, we attempt to consider the relevant and material factors as part of our initial investment underwriting process. In recent years the industry has seen an overall increase in various climate-related litigation claims brought forward for a multitude of reasons. We will continue monitoring litigation trends to assess the potential impact of any developments and overall risk mitigation strategies. Climate change has been identified as a potential source of indirect reputational risk to AIG's corporate brand due to the prospect of a changing customer base or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy.

Environmental Strategies

During the year the Company has developed a Climate Risk Plan to support management in their duties to incorporate Climate Risk Management into the business processes. Examples of the key activities undertaken thus far are:

- The Company has appointed a Senior Management Function (SMF) role responsible for the identification and management of financial risks from climate change;
- The AIG Life Board has specific mention of its duties with regard to Climate Risk in its Terms of Reference;
- Participation in discussions and round tables regarding new and additional climate testing scenario analysis being introduced by PRA;
- Investment portfolio analysis with a view to assess the exposure to fossil fuel production, power generation and renewable energy; and
- Climate scenarios were considered in the Year End 2019 and 2020 Own Risk and Solvency Assessment (ORSA) reports.

The Company is committed to reducing its global carbon footprint and we recently achieved and exceeded an emission reduction target in our UK operations through our participation in the UK Carbon Reduction Commitment. The Company shares facilities and facility related services with other AIG companies in the UK, principally AIG UK. AIG in the UK have demonstrated this commitment by increasing the efficiencies of internal company operations and physical assets under the company's control and reducing energy usage. Examples of this include continuous update to our offices, including the use of high efficiency lighting, sustainably manufactured products, and energy-efficient mechanical infrastructure installation of water saving washroom facilities and computer server technologies. In addition to this, AIG Life, working with AIG UK Limited, is a supporter of the UK Carbon Reduction Commitment and has committed to reducing the Scope 1 and Scope 2 carbon emissions and has already had significant success in this area.

AIG Life Limited

All material Greenhouse Gas emissions are reported using 'tonnes of CO2 equivalent' ('tCO2e') as the unit of measurement and energy use in kWh. Our report for 2020 is shown below:

Greenhouse Gas Emissions Source	FY 2019	FY 2020	Trend
Scope 1 - Fuel combustion in vehicles and buildings (tCO_2e)	47	**31**	-34%
Scope 2 – (Location-based) - Electricity (tCO_2e)	126	**84**	-33%
Scope 2 – (Market-based) - Electricity (tCO_2e)	0	**0**	0%
Scope 3 - Business travel (tCO_2e)	1,197	**244**	-80%
Scope 3 - Indirect emissions from water (tCO_2e)	1	**1**	-38%
Scope 3 - Fuel and energy-related activities (tCO_2e)[1]	117	**40**	-66%
Total Scope 1 & 2 (Location-Based)	173	**115**	-33%
Total Scope 1 & 2 (Market-Based)	47	**31**	-34%
Total Scope 3	1,315	**285**	-78%
tCO_2e per net premiums written (Scope 1 & 2 Location-Based)[2]	0.84	**0.42**	-50%
tCO_2e per net premiums written (Scope 1 & 2 Market-Based)[2]	0.23	**0.11**	-51%

1 Includes WTT emissions from fuels and electricity transmission and distribution losses

2 Value of net premiums written on the last day of the financial year, expressed in £m.

Overall, our Scope 1 and 2 emissions have decreased by 33% between 2019 and 2020. This was primarily due to office closure and reduced occupancy in our buildings because of COVID-19. We purchase our electricity from 100% renewable sources. Our measured Scope 3 emissions totalled 285 tCO2e, with a 78% decrease from the previous year. Again, this decrease is primarily due to the global lockdowns and subsequent travel restrictions introduced during the COVID-19 pandemic.

During the year, our total fuel and electricity consumption totalled 522,140 kWh. The split between fuel and electricity consumption is displayed below.

Energy consumption (kWh)	FY 2019	FY 2020	Trend
Electricity	489,647	**358,955**	-27%
Natural gas	203,801	**149,858**	-26%
Fuels	33,999	**13,327**	-61%
Total energy use	727,447	**522,140**	-28%

We have also chosen to use net premium written as an intensity metric, the value of net premiums has increased between 2019 and 2020 and this coupled with the reduction in Scope 1 and Scope 2 emissions, has caused a decrease in the emissions by 50% per net premiums written.

The above information has been prepared in accordance with the new environmental and climate change regulations and summarises how we have incorporated climate-related initiatives into our governance, strategy and risk management approaches, as well as the metrics and targets we use to track performance.

Independent Auditors

An ordinary resolution of the Company for the re-appointment of PricewaterhouseCoopers LLP as auditor of the Company will be proposed to the members of the Company in accordance with Section 485(4) of the Companies Act 2006.

Information provided to the auditor

The members of the Board, and the dates of their appointment and resignation as applicable, are shown on page 9. The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board of Directors on 6th April 2021 and signed on its behalf by:

Donald MacLean
Chief Financial Officer